

P U B L I C H E A R I N G

before

ASSEMBLY TRANSPORTATION AND COMMUNICATIONS COMMITTEE

on

ASSEMBLY CONCURRENT RESOLUTION NO. 120

(Proposing an amendment to the Constitution to dedicate certain motor fuels taxes to a "Transportation Improvement Fund")

Held:

June 24, 1982

Assembly Majority Conference Room

State House

Trenton, New Jersey

MEMBERS OF COMMITTEE PRESENT:

Assemblyman Thomas F. Cowan (Chairman)

Assemblyman Wayne R. Bryant

Assemblyman Edward K. Gill

Assemblyman John W. Markert

ALSO:

Laurence A. Gurman, Research Associate

Office of Legislative Services

Aide, Assembly Transportation and Communications Committee

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ASSEMBLYMAN THOMAS F. COWAN (Chairman): Good morning, ladies and gentlemen. My name is Assemblyman Cowan. I am Chairman of the Assembly Transportation and Communications Committee, and I hereby call this public hearing to order.

I would like to welcome you here this morning. At this time, I will introduce the other members of the Committee who are present: Vice Chairman Wayne Bryant, senior member, John Markert; and our junior member, along with me, Edward Gill. We also have our aide to the Committee, Larry Gurman, with us this morning.

This public hearing is called pursuant to Article IX, Section 1, Paragraph 1 of the Constitution of the State of New Jersey. Its purpose is to discuss Assembly Concurrent Resolution No. 120. This concurrent resolution, as you know, proposes an amendment to our State Constitution and this public hearing is being held pursuant to Rule 17:4 of the New Jersey General Assembly, which requires that there be a public hearing with respect to any constitutional proposal.

Before I begin, let me say that I will call those witnesses who have already requested to testify. If you would like to testify but have not yet submitted your name to us, please see Mr. Gurman of our staff and he will add your name to the list.

Assembly Concurrent Resolution 120 is companion legislation to Assembly Bill No. 1541 of 1982. That bill, which is now being considered by the Senate, calls for the establishment of a Transportation Improvement Fund for the support of transportation programs. It is the intent of the bill that revenues derived from various motor fuels taxes will be credited to the fund and used exclusively for transportation purposes. A-1541 specifically provides that even if the bill is passed by both Houses of the Legislature and signed by the Governor, the Act shall expire on July 1, 1983, unless an amendment to the Constitution to establish a dedicated fund for transportation is approved at the November 1982 general election.

Our purpose today is to consider ACR-120. If this concurrent resolution is passed by the General Assembly and the Senate, the issue of dedicated funding for transportation projects will be placed before the voters in November. The issue is whether Article VIII, Section II of the Constitution of the State of New Jersey should be amended so as to create a Transportation Improvement Fund as a separate account in the General State Fund, dedicating all the revenue from the motor fuels surtax and at least five-eighths of the revenue from the motor fuels excise tax into the fund. Money in this fund could be appropriated by the Legislature only for transportation purposes. In addition, at least 10 percent of the money appropriated from the fund would be set aside for transportation aid to counties and municipalities.

At this time, I would like to call upon the sponsor of the concurrent resolution, Mr. Markert, for a few opening remarks.

A S S E M B L Y M A N J O H N W. M A R K E R T: Thank you, Mr. Chairman.

My name is John Markert, Assemblyman, 39th District. Concurrent Resolution No. 120 is the companion legislation to Assembly Bill-1541, as reflected in the opening remarks by the Assembly Transportation Committee Chairman, Mr. Cowan.

The purpose of this legislation, as also stated, is to be able to place this before the voters, so they have a true feeling of participation in government and to establish credibility for the purpose of the additional sales tax that creates the transportation fund in the State of New Jersey.

At one point in time, our roads - the system of bridges and highways - were rated number one in the country. That was as far back as the late 1940's, 1947 and 1948, when the dedication to the Department of Transportation for funding was eliminated by a change in our Constitution.

Since that period of time, our roads and our bridges have been deteriorating at an alarming rate to a point where not only are the roads and the transportation system in the State of New Jersey being deteriorated, but we have greatly lessened the funding for the Department of Transportation.

In the early '50's, we were looking toward 20 percent of the existing budget of the State of New Jersey ending up in the area of transportation needs. Currently, as late as last year, the budget reflected only 5 percent.

With the inflation that has taken place throughout the country and, of course, in New Jersey, this 5 percent has become nothing more than a ripple in a lake. There is no way that we are going to increase the economy of the State of New Jersey and there is no way that we are going to entice business into the State of New Jersey if we cannot provide a network of roads that is going to be conducive to the movement of goods and the movement of people back and forth to places of employment. If the condition of the roads is not such as to be safe and sound, we certainly are not going to induce these people to ride upon them.

The cost of maintenance to the trucking industry, the transportation system and the individual car owners has been increasing because of the poor conditions and, therefore, we have a need for the new surcharge and the stable funding provided by this resolution going before the general public.

I feel that the public, when they know these funds will be totally dedicated, that any type of additional revenue acquired through unspent funds would remain in the fund, itself, that it cannot be touched by the State Legislature or the Appropriations Committee or the Governor for any purposes than that which has been spelled out, will support such a proposal.

I must remind you that as of January 1st, 1983, we will be in the mass transit business with Conrail eliminating its hold and its use in operating our mass transit system. It will be impossible for the commuter to be able to pay out of the fare box the total amount of funds necessary to operate the system. Assistance will be needed. And in this bill and in the legislation that has just passed this House, that assistance has been provided. Over \$19.2 million will assist the fare riders in mass transit.

This is important to all of New Jersey and for that reason I hope that the people here today who will be addressing this proposed resolution will lend their support. Thank you.

ASSEMBLYMAN COWAN: Thank you, Assemblyman.

Our next witness is the Commissioner of the Department of Transportation John Sheridan.

J O H N P. S H E R I D A N, J R.: Good morning.

Mr. Chairman and members of the Committee, thank you very much for inviting me this morning. I have heard you describe the resolution, Mr. Chairman; and I have heard Mr. Markert give awfully good arguments for the stable funding program. And I won't rehash the items of the bill in any detail. I would just like to make a few points.

We all know that we have a serious transportation problem. I think that that has become clear to members of the Legislature over the past years and particularly in the last two months when we have focussed on that problem. I think over the next four months - and I am hopeful and confident that

the stable funding program will be approved by the Legislature today - that we can convince the general public that this program is a wise program.

This issue really in my opinion transcends politics. It is an important statewide issue. It is at the heart of our economic recovery program. Without a sound transportation system, we will not be able to have the kind of economy that we all want in the State of New Jersey; and I think in a relatively short time, it would affect our entire way of life. We are a mobile society; we depend on mobility. We are a highly industrialized state and we are a densely populated state. There is nothing that is more keyed to our way of life than a sound transportation system.

The referendum is important because I think that this issue is so essential to New Jersey that the voters should decide whether they want a sound transportation system. That is the way I view the issue in November because I don't see how we are going to have a sound transportation system without a dedicated source of funds that we know we can count on year after year to do what must be done in New Jersey.

As you know, there are two major sources of funding that would be dedicated: first of all, the motor fuels surtax, which is tied to the rate of the sales tax; and at least five-eighths of the present motor fuels excise tax.

One point that may be overlooked is that this Constitutional amendment would provide that some or all of the remaining three-eighths could be dedicated by future legislation. So we are not saying that we are limited forever to the five-eighths of the present motor fuels tax. Another important feature is that at least 10 percent of the funds must go back to counties and municipalities for State aid.

Counties and municipalities have equally critical needs as the State system. There has been no regular program since 1974 to address those needs. This fund will provide a major step in the right direction to help local governments deal with the same kinds of problems that we have at the State level.

The most important thing is that these funds must be spent for transportation if it is approved by the voters in November. But it does not limit the flexibility of the Legislature within the program. Other than the 10 percent requirement that must go back to counties and municipalities, there is a lot of room for the Legislature to decide what the priorities are within the overall sphere of transportation. Those issues will be addressed on an annual basis, I am sure, by the Legislature.

In effect, by dedication, we are creating a user-fee system in New Jersey. I think people in this State already think we have a dedicated transportation tax in New Jersey. We obviously do not. The members of the Legislature understand that, but I don't think the general public does. I think when they pay that present gas tax at the pump, they think that those funds are dedicated to transportation.

The user fees are based on two sound principles, I believe. First of all, people will pay in proportion to the level of use. The more you drive, the more the tax will cost you. That is important because the people who are paying are those who receive benefit and they will receive benefit in proportion to the amount of driving that is done. Those people, in my opinion, ought to pay more than people who do not use the system and do not have the benefit of the system.

Having a dedicated tax also helps us at the Department of Transportation. It is cost effective and efficient for us to know that we will have a regular source of funds over the years. We can actually have a planned program rather than trying to guess on an annual basis what we will be able to do the following year.

It also provides a sound budgetary policy. It allows the State to isolate transportation expenditures from the budget. It is the only way to ensure that the public receives the full benefits from their contributions. And, as pointed out before, it is most equitable to the users.

Let me just make some other points. Most of the states in this country have realized that they have a problem and that there needs to be a regular planned source of funds for transportation. Forty-three of the 50 states already dedicate at least a portion of their transportation user fees for transportation purposes.

To talk of providing some type of assured funding system for transportation is meaningless unless the system provides for adequate funds to address the dangerous situation transportation is in and provides the department with the capacity to meet future needs.

Finally and most importantly, I believe that this is a major issue for this State and this referendum gives the issue to the public and lets them make the final decision on whether they want to have a good, sound transportation system. I think that is where a decision of this magnitude ought to reside. I hope that the Committee will recommend the resolution and that the Legislature will adopt it.

Thank you very much. I would be pleased to answer any questions.

ASSEMBLYMAN COWAN: Assemblyman Bryant.

ASSEMBLYMAN BRYANT: Commissioner, you talked about a user fee. I have some problems with the concept that you projected that those who use the roads the most should pay the most. How do you then balance the fact that South Jersey has been neglected in mass transportation, therefore, by necessity the highway system must be used more in South Jersey in order for people to go to work? To follow your logic, they should, therefore, because they have been neglected in the past be the ones who should have the brunt of the burden to fund mass transportation because of the State's neglect of that section of the State. It seems to me to be an inconsistent and not a rational approach for justification for the user tax when one section of the State might not have the type of mass transportation systems the other sections have.

COMM'R SHERIDAN: It is true that not every section of the State has a good mass transit system. It is also true that of the new money that is involved in this program, one-sixth of it this year has been appropriated by the Legislature for mass transit. There seems to be a misconception that all of this money is going to mass transit. That is not the case. The vast bulk of the new money is going to upgrade our highway and bridge systems, our \$42 billion investment which we have neglected over many years.

I think that we have to view this in an overall statewide perspective. We can't have a different situation in different areas of the State. But South Jersey, which has greater need for road repair and rehabilitation than most areas of the State will, because of the proportion that is devoted to highways, receive a fair benefit. In addition, there are many parts of South Jersey that do have, in my opinion, a good transportation system. We have what I believe is an excellent bus system in the Camden area. You also have, although it is not directly funded by the State of New Jersey, the PATCO system in Camden County. There is also bus service to Atlantic County and to Cape May. There is rail service to Atlantic City. Part of this program also provides for --- there is a freight program and a substantial portion of those funds are going to go to South Jersey because those areas have been

among those which have been the hardest hit by Conrail's cuts in freight service.

In addition, as I see what is going to happen in the highway system over the next years, there is a real need for new construction. And this program does not principally address new construction. But the new construction in this State, most of it is going to have to be in our growth areas of the State and that would be South Jersey.

So I think, on balance, if you look at the whole program from a broad perspective, you will see that it is a fair program.

ASSEMBLYMAN BRYANT: I guess my question was: How do I use that as an argument to justify to my voters that they should then endorse such a program, if it is their view that they lack mass transportation and since now they are the users of the roads because they have been neglected in the past, they should then bear a disproportionate burden for that failure of the State to provide what other portions of the State might have?

COMM'R SHERIDAN: I guess what I am saying to you is that I don't think under this program they will bear an unfair burden.

ASSEMBLYMAN BRYANT: I am not talking about under the program. But mass transportation in South Jersey is nowhere near as adequate as in North Jersey or Central Jersey.

COMM'R SHERIDAN: I guess I am saying to you that we have an overall program. Most of the funds are for highways. Your people, if they are more dependent on highways, will receive a greater proportion of benefit. Not everybody in the State uses mass transit. The mass transit that we have helps to keep our highway system more usable and it gives us greater capacity. It makes sense to support mass transit.

I don't believe that there is a disproportionate amount going to be paid by people in South Jersey under this tax. To the contrary, because most of the funds are devoted to highways, at least under the way the Legislature has made the appropriations this year, I think more money will go to those areas that are more dependent on highways. It is within the power of the Legislature under the appropriations process to decide how the funds will be spent over the remaining years, and including this year. It is the Legislature that is going to decide how to spend these funds. The recommendations have been that roughly one-sixth of the new money would be spent to stabilize fares in mass transit. And there is not throughout all of the areas in South Jersey mass transit because some of the more rural areas are not conducive to good mass transit. But there is substantial mass transit in South Jersey, particularly in the Camden area.

ASSEMBLYMAN GILL: I have just one question. Commissioner, what part of the dedicated funds can be used as matching funds for federal funds, if any?

COMM'R SHERIDAN: Under the local aid program, there is \$40 million. There is an additional \$8 million which would be used to match federal funds in the area of federal aid: urban systems and in the rural secondary program. That \$8 million would produce another \$23 million in federal funds this year. Without the passage of this program, we are going to lose that \$23 million. That is one of the programs that has substantial benefit in South Jersey. In addition to that, there is \$13 million in this program that would be used as a match for an interstate construction program. It will produce approximately \$110 million in interstate federal funds under this program. Those are the two main areas that would provide State match. Without the program this year, we would lose those funds.

ASSEMBLYMAN COWAN: I certainly want to commend you for taking the time

to come here this morning. It has been said that perhaps the Assembly Transportation and Communications Committee was being a little overanxious in anticipating something that may happen, awaiting action in the Senate, as I indicated in my opening statement, where the bill is presently resting. It was not our intent in any way to anticipate or to try to precipitate an action by the Senate, but to make sure that we held this hearing in enough time for the public to be able to respond to this, as Assemblyman Markert indicated in his statement. We certainly are leaning heavily toward that. We know you have a very difficult program to sell to the public. But I think, Commissioner, by having presented what you have here today and having known you for a few months, that the program is resting in your hands and I think you have the capability and the potential of selling it.

COMM'R SHERIDAN: Thank you very much, Mr. Chairman.

ASSEMBLYMAN MARKERT: Mr. Chairman, before going any further, I would just like you to know that I would welcome any and all members of the Transportation Committee as co-sponsors of this resolution, putting this measure before the general public in November on the ballot. If anyone wishes to join me on this resolution, I would be happy to accept their co-sponsorship.

ASSEMBLYMAN COWAN: You have two Republican on there now and I think perhaps we could add another Republican and two Democrats.

Robert Starosciak from the New Jersey Alliance for Action.

R O B E R T S T A R O S C I A K: Good morning, Mr. Chairman and Committee members.

My name is Robert Starosciak representing the New Jersey Alliance for Action. The Alliance is a statewide coalition of more than 270 business, labor, professional and governmental organizations committed to New Jersey's economic development and creating jobs - in short, improving the quality of life for every citizen of New Jersey.

We are in the midst of a crisis in transportation in this State. The evidence of neglect confronts us everywhere we drive or ride. Without a stable and dedicated source of funding for transportation, the crisis will become an economic disaster for business and working people.

How did New Jersey's transportation infrastructure deteriorate from one of the best in America to one of the worse? New Jersey simply stopped investing in the maintenance and repair of a transportation network that represents a \$42 billion investment for the citizens of New Jersey.

In 1961, for example, approximately 20 percent of our State budget was spent on transportation. This figure dropped to less than five percent in 1981, a 75 percent decrease in only two decades, while at the same time transportation needs and costs escalated sharply.

New Jersey now has the sad distinction of being the lowest of the 50 states in the percentage of transportation user revenues returned to transportation uses.

The membership of the Alliance for Action strongly supports a Constitutional Amendment to dedicate these transportation fees to transportation, as all but a handful of other states now do.

The people of New Jersey must be assured that their roads and transit systems will receive the money necessary for survival and improvement. Dedication is essential. Without it, transportation needs are susceptible to cuts, transfers or other reductions when there are budgetary pressures to use our transportation user fees for other services.

Without a viable, efficient transportation system, the Alliance believes

that there is little hope to rebuild New Jersey's economy and create jobs.
Thank you.

ASSEMBLYMAN COWAN: Thank you. Are there any questions?

ASSEMBLYMAN GILL: I would like to ask one question. It is an "iffy" one. If this particular Joint Resolution is passed by the Assembly and indeed comes for vote in November, I assume the New Jersey Alliance for Action and all of the organizations it represents would heartily respond and support this in any way they can.

MR. STAROSCIAK: Absolutely.

ASSEMBLYMAN MARKERT: Your ad campaign will be certainly appreciated.

MR. STAROSCIAK: Thank you.

ASSEMBLYMAN COWAN: Bob, I note - and, of course, maybe you have seen figures - there are always a lot of percentages thrown around of what has happened in the last 20 years, etc. I know the Alliance and you, yourself, have done a thorough background study on this. I was just wondering if it would be possible for you to give us any actual figures, real figures, and then inflationary figures, as to what has actually happened when we are talking dollar value, as to what has really been denied in the past twenty years.

MR. STAROSCIAK: I can try to provide all the information that we can get our hands on and give it to you as speedily as possible.

ASSEMBLYMAN COWAN: Thank you.

We have Mr. John D'Amico from the Irate Shore Commuters.

J O H N D ' A M I C O: Good morning, Mr. Chairman. How are you?

ASSEMBLYMAN COWAN: How do you feel?

MR. D'AMICO: Irate as ever. I did make it.

We are irate because on July 1, our fares on the North Jersey Coastline are going up an average of 30 percent. Unfortunately, that is not a good development for us particularly, but for the New Jersey economy generally.

What I would like to do is give you from the perspective of a rail commuter, a user of mass transportation, some of the reasons why we support the concept of stable, dedicated funding. It has been said many times before that affordable rail-bus transportation is essential to the economy.

If you look at the New York State income tax statistics for 1981, as an example, they show that over \$5 billion was earned in the City of New York by New Jersey residents, 40 to 50 percent of whom commute to New York from New Jersey by bus and train. That is over \$2 billion a year that is brought back to the New Jersey economy by New Jersey citizens who work in the City of New York but spend that money in this State. If we add to that comparable numbers from the City of Philadelphia, you get some feeling for the importance of mass transportation and commuter transportation to the State. The impact is not only up in North Jersey, but also in the southern part of the State, at least in those areas where the commuters from the Philadelphia area live. That has a domino effect obviously as these people purchase goods and services, homes, etc., in the suburban areas of the State.

Look at downtown Newark as another example. Almost \$200 million worth of new office construction is underway, most of which is clustered around the two major railroad stations in the City of Newark: Pennsylvania Station and the Erie Lackawanna Station. My company, which is Mutual Benefit Life, is participating in the construction of a substantial office building at 1 Washington Place. We are considering another addition to our home offices in Newark. Prudential is building Gateway Three next to the Gateway One and Gateway Two complexes, which have thrived

primarily because of the ease of access by rail. So there is no question that that is a critical factor in the economy.

If you talk about energy conservation, again there are statistics that highlight the need for proper funding for mass transportation. The Department of Energy, which I think is still in existence if I am not mistaken, states that transportation accounts for 30 percent of New Jersey's gross energy consumption and that over 40 percent of all petroleum products consumed in New Jersey are related to travel. Therefore, looking at those facts, the Department of Energy in its energy master plan, which is required reading, but I guess is not read by too many people, says that significant energy savings are possible through transportation-conservation strategies, meaning the improvement of our extensive mass transportation system and a fare policy which is recognized as a tool for the marketing of mass transportation services and a State subsidy program which is maintained at preventing the further deterioration of mass transportation and the further loss of ridership by maintaining fares at levels which are competitive with the cost of automobile traffic.

Now, it is true that gas prices have declined recently. The significance of that is that it is now becoming as cheap for me or my fellow commuters, let's say, from the North Jersey coast area, to drive to Newark as it is to take the train. There should not be that closeness, that competitive advantage, to automobile traffic if we are trying to encourage energy conservation.

Similarly, if we are serious about our air pollution problem, if we look at the recommendations of the Tri-State Regional Plan Association, which is no longer in existence but which before its demise published, as required by law, the State Implementation Plan under the federal Clean Air Act, we will read in that report New Jersey, Northern New Jersey and parts of suburban Southern New Jersey do not presently meet federal air quality standards for ozone and carbon monoxide. As they studied that problem, they came quickly to the conclusion that the only way we are going to get into compliance is by having a transportation program which discourages the use of the automobile and decreases automobile travel in the urban areas. So there too, the State Implementation Program recommends preservation and improvement of mass transportation and a fare policy which limits fare increases to the rate of inflation.

Look at the highway system. We have talked about congestion. The State Implementation Program again shows that 46 percent of the major urban arterial mileage in Northern New Jersey is congested during peak rush-hour traffic periods. There are over 20 million daily trips; 90 percent of all personal travel, in Northeastern New Jersey is by automobile. About a third of these trips converge in centrally located work locations every day. So there is no question of that relationship.

The problem is, if you don't support mass transportation and you have increased mass transit fares, that you reduce mass transit ridership; you increase automobile use. Increased automobile use increases roadway congestion. It hastens the decline and deterioration of our roadways. It also increases our demand for roadway capacity so that you are in a catch 22 situation. You are damned if you do - that is, you do build more roadways because of the usage of the roadways - and you are damned if you don't help mass transportation because that is also going to ultimately result in a higher highway bill. So you pay now or you pay later.

Also there is a social impact. There are a lot of poor people that use the trains. Not all commuters are rich people. The really rich commuters commute by limousine or helicopter or seaplane from Monmouth Beach. But there are a lot of people from Asbury Park, New Brunswick, Trenton and Long Branch who depend on trains to get to and from work. How is a clerical person from Asbury Park going to

afford to pay over \$125 a month to go to Newark to work at a job that pays maybe \$150 or \$160 a week? There is no way.

Again, the Department of Energy has summarized that by saying that the burden of fare increases falls regressively on the transit dependent and that continued acceptance of decreased transit use and decreased mobility is no longer feasible from an equity standpoint. I think the statistic is roughly that 15 to 20 percent of the people in New Jersey do not own automobiles. How are those people going to move around unless we have buses and trains?

Another point, a very crucial one, is that to fail to provide stable and adequate funding for mass transit is inconsistent with the capital moneys and the capital commitment that the State has already made to our rail and bus system. For example, New Jersey Transit has a \$1.1 billion rail capital improvement program. On the North Jersey Coastline, we just finished spending almost \$50 million, extending electrified service to Matawan, and many millions more are reserved for electrification to Long Branch. We have purchased 55 new diesel coaches for \$47 million and seven new locomotives for \$8.2 million. After spending all that money, I ask you: Is an additional appropriation of \$19.5 million out of this dedicated fund, which only replaces the \$19.5 million that President Reagan is taking away from us, an adequate contribution to our mass transportation system? I submit, gentlemen, that it is not; and not only do we support the concept of dedicated funding, but also increased funding.

In that connection, I think it is very important to look at the wording of the referendum. As I understand it, it would require the dedication, if enacted, of the 5 percent sales tax on motor fuels. Then it would add to that five-eighths, not less than five-eighths, out of the revenues derived from the gas tax. I think if you were to ask the man on the street whether he realized that the 8-cent tax was not now going entirely for transportation, he would say, "I don't believe you."

It seems to me if we have such staggering needs and if we are really short-funding in a short-sighted way our mass transportation needs, it would make more sense to dedicate the full proceeds of the gas tax, eight-eighths instead of five-eighths. So we would suggest that modification.

Just to sum up, I think this is a very important concept that a lot of people don't realize: all transportation is interdependent. Rail commuters also drive cars and use the roads. The automobile and bus commuters are dependent on a good mass transportation system as well. Because if we get off the trains and pack the roads, they are going to be adversely affected. So we are all in this boat together. I, therefore, urge all of the citizens of New Jersey and I certainly urge my commuter group and the bus commuters and the automobile commuters to support a package which we hope you can improve by adopting the suggestion we have made.

Thank you very much.

ASSEMBLYMAN COWAN: Thank you, John.

ASSEMBLYMAN MARKERT: I am sure you were sitting in the room, John, when you heard the Commissioner state, which is a fact, that once we have a dedicated system, there is nothing to stop the legislative body from incorporating all or part of that remaining three-eighths or three cents to transportation funding. So there is a possibility once we have the dedication mechanism by amending the Constitution, then it is possible for us to deal with dedication within that fund.

MR. D'AMICO: The problem, Mr. Chairman, is that there is also nothing to stop the Legislature from taking that money and using it for other purposes, which, in fact, has been the history of the use of the gas tax ever since the

Constitution was amended in 1948 to remove the dedication. The problem obviously has been that transportation cannot compete effectively with other demands on the budget which have a more immediate social impact: education programs, social programs and the like. Potholes do not have constituents, unfortunately. But potholes can damage automobiles and can cost people more than the increase in the gas tax will. The need so far outstrips even the fund that would be created by a full dedication of the gas tax that in view of the history of this, we are not going to be sure we are going to get our hands on that money unless it is fully dedicated.

ASSEMBLYMAN GILL: Early in your testimony, you indicated, if I recall correctly, that about 40 percent of the users of our highways were there because of travel or recreation, am I right?

MR. D'AMICO: I think what I was talking about was that 46 percent of the major urban arteries were congested during the peak morning rush hour and that over 20 million daily trips in North Jersey are taken by automobile and that represents 90 percent of all the personal travel in that region. I don't know if they are the statistics ---

ASSEMBLYMAN GILL: No, those weren't the ones I was looking for. I thought you indicated in your opinion 40 percent of all the highway use was recreation. What I was leading up to was, then the other 60 percent would be either business or commuter.

MR. D'AMICO: I don't have those numbers. But certainly during the rush hours, the studies would indicate substantial congestion occurs. Most of that is commutation. The people who are going shopping and so forth really don't fight the traffic. They wait until the rush hour is over. It is the rush hour congestion that is creating our problem.

ASSEMBLYMAN COWAN: Thank you, John. Do you have a copy of your statement?

MR. D'AMICO: Unfortunately, I don't. But I can submit any additional data that Mr. Gurman might wish.

ASSEMBLYMAN COWAN: We would like to have a copy of it.

Our next witness is Clifford Heath from the New Jersey Asphalt Pavement Association.

C L I F F O R D J. H E A T H: Good morning, members of the Committee.

I am Clifford J. Heath, Executive Director of the New Jersey Asphalt Pavement Association.

I might call this: Loss pride in the reversals of time.

This Committee has heard and will hear further the statistics relating to the current deterioration of our road transportation network. So I would like to reflect back to the days immediately after World War II when traveling on New Jersey highways was a smooth and pleasurable experience. Bouncing around the war-ravaged roads of Europe was fresh in my memory in the spring of 1946, as I borrowed the family car and took off for a tour of New Jersey colleges, driving again on the great roads of New Jersey.

Thirty-six years later and frequent motor trips in the interim through Europe on beautifully restored roads, I returned to New Jersey with a distinct sense of sadness that our once proud system of highways is beginning to resemble Europe after the war, where driving jeeps around mortar craters is much like what we all must do on many occasions now as we dodge potholes all year long.

Historic perspective leads us to recall that dedication of highway users' fees was eliminated at a State Constitutional Convention shortly after World War II. In retrospect it appears that our roads have suffered a resultant

neglect that can be traced directly to the loss of the dedicated users' fees.

As a construction-oriented association that cooperates with the State Department of Transportation and who fully appreciates the structural deficiency of our highway system, we urge this Committee to pass favorably on Assembly Concurrent Resolution 120 so that the citizens of New Jersey may be heard in November on this vital issue.

Thank you, Mr. Cowan and members of the Committee.

ASSEMBLYMAN COWAN: Thank you, Cliff.

Any questions?

ASSEMBLYMAN BRYANT: Not referring particularly to your comments, but I would like to make it clear, Mr. Chairman, to the public that I am in full support of dedicated funding for mass transportation. I might differ with the method of funding, but not the concept of dedicated funding for mass transportation.

ASSEMBLYMAN MARKERT: I would just like to know if I can use a few of your lines here and take them out of context as I travel around the State trying to sell this proposal. Thank you.

ASSEMBLYMAN COWAN: Assemblyman Gill?

ASSEMBLYMAN GILL: I would only say that I think you deserve accolades for your presentation.

ASSEMBLYMAN COWAN: Thank you.

Mr. A. D. Pistilli from the American Society of Civil Engineers.

(No response.)

Fred De Phillips. (No response.)

Rudolph E. Denzler from the Lackawanna Coalition.

RUDOLPH E. DENZLER: Mr. Chairman and members of the Committee, I am Rudy Denzler from the Lackawanna Coalition. We are a rail commuter group. If you don't know about us, you can read the first half of the page and it will give you the background.

I am going to talk heavily dollars and cents and I think, to put this whole thing in perspective, we have to look at the gross dollars that the dedicated tax is supposed to generate.

The numbers at the bottom of my first page come from the Regional Plan Association. There are a couple of asteriks because now I understand the 5 percent fuel tax would generate \$185 million and not \$200 million. If that is true, several numbers in my page will go down by that much.

But, for starters, if Assembly Concurrent Resolution 120 goes through, it would dedicate the first two items on my list: the 5 percent, essentially the sales tax, no matter what you call it; and at least 5/8ths of the 8 cents for \$200 million and \$175 million.

The Governor's proposition included the emergency transportation tax which runs to \$54 million, collected mostly from New Yorkers who work in New Jersey. This is not mentioned in ACR 120, but is a vital part of getting the \$429 million that the Governor talked about and which the Regional Plan reported.

I think those numbers are the basis for looking at the whole picture. On page 2, I have broken them down as completely as I can for the current year 1982 and the coming 1983. The bottom of the '83 column shows the \$429 million that we talked about on the first page.

The main thing I would like to point out is that those are big numbers and many people might think that these are dollars available for operating purposes. They include a lot of other things: as you see, debt service and some capital costs

which New Jersey Transit assures me is not available to them - it must be for highway use - and some local road money. These are all good things. But some of these have necessarily had to be paid by the State in the past perhaps under other line items in the budget. You certainly had to pay your debt service.

So what it comes down to is New Jersey Transit - this is my next point somewhere down the line --- Whereas New Jersey Transit is getting \$104 million this year - that is the total operating money they get out of the DOT budget - this would go up by \$20 million to \$124 million. That sounds good. But as someone else mentioned, the catch is that all that does is offset the \$20 million that we are losing from Washington. So we are just spinning our wheels, replacing one \$20 million block with another one.

It should also be mentioned that the reason New Jersey Transit is in a bind in this coming year is because of two items which are not provided for in this proposal. There was a one-time windfall lump sum of \$15 million that became part of the current fiscal year's budget. That happened to be some old UMTA money that Washington and New Jersey Transit kicked back and forth. Finally, New Jersey Transit was allowed to use it. It had been held, I guess, in escrow for some project that didn't pan out. There will be no replacement for those \$15 million.

There is a natural inflationary increase in all of New Jersey Transit's costs. It is only estimated to be 7 percent, which is thoroughly reasonable. But it means \$30 million which is also not being provided for in this plan.

My real point is that the biggest bind in all of this is operating money and New Jersey Transit, which we are most particularly concerned with, is not really being helped out very much at all by the distribution that is proposed of the available amount of money.

Another item - our Executive Committee started with a draft of this and kicked it around for an evening. I think a very good point was made by several of the members, which I call the omissions section. There are some other moneys coming to New Jersey Transit or to the Highway Department which are not in any way mentioned in this resolution. We think that these and anything like them should be incorporated as money that should also go into the Transportation Improvement Fund. There certainly will be some freight railroads using New Jersey trackage and New Jersey Transit ought to realize the benefit of whatever the value of that is. New Jersey Transit is still renting cars out to Maryland and possibly other states. That produces some revenue. New Jersey Transit runs over the New Jersey line into Suffern and up to Port Jervis. There is about 50 miles of that route which is in New York State and for which New York MTA pays New Jersey. And, finally, there is various miscellaneous advertising income. None of these things is real substantial. Each one is a million or two dollars. Collectively, it may be eight or ten million. They may grow. These are moneys that should also go into the Transportation Improvement Fund rather than go into the general fund.

I mentioned before that the emergency transportation tax is not included in ACR 120. I have tried off and on for a year to find out what dedicates that. I keep hearing that the emergency transportation tax is dedicated to transportation. I have not been able to find out what dedicated it, if anything, or how sure that is. In fact, the nearest thing to an answer is that this is under litigation and the less said about it the better right now. But it is \$54 million that we can't afford to lose because the \$429 million on the first page isn't enough to start with. We certainly can't afford to lose a \$54 million chunk of it.

On other comments - the resolution here does not seem to limit the

relative distribution of money between capital and operating purposes. We think that is good because certainly the need will vary from year to year. For example, current operating money is the most acute thing, partly because Washington is cutting down on operating subsidies, not particularly on capital assistance.

Another point is that much has been said about how New Jersey spends a smaller percentage of its transportation-derived revenue on transportation than most other states. It runs in the neighborhood of 60 percent. If you put the resolution through and generate several hundred million dollars more of money, according to Regional Plan's numbers, at best only \$117 million is actually going to increase the transportation budget. So it means that when you divide the numbers out, New Jersey will still only be using something like 57 or 60 percent of its transportation-derived revenue for transportation. We are sort of extending a low figure that puts us in a bad relative position compared to most other states.

Another way - and I think these numbers and ratios are very vital to understand - if we do spend \$429 million, that is still less than 7 percent of the State budget. Many people have pointed out that it used to be 20 percent and it is now only 5 percent. We would like to suggest that if the budget could be inched up a percent at a time, to be 7 and then 8 and possibly get up to 10 some day, 10 wouldn't be like 20, all the numbers have changed from inflation, etc. --- but if anything like 10 percent of the budget could be used for transportation, then we could start to make some dents in the broken-down bridges and broken-down pavements, etc., that are so often mentioned.

Also it is worth mentioning that back then when it was called the Highway Department, when they had their 20 percent, they had something like half the number of lane miles of road to maintain that they do now and they had no responsibility for buses or trains, the mass transit that has been acquired of necessity in the last several years.

Just a general statement with regard to anyone who opposes the general idea of dedicating money for transportation - all around you you see the vast amount of bridge work and road work that is sadly in need of rehabilitation. On the other hand, at least, hundreds of millions of dollars, maybe a billion, have already been spent in the last few years for upgrading trains and buses. This would simply be penny wise and pound foolish to jeopardize by not continuing the upgrading program.

We are saying that we approve of Resolution 120. But, in other words, we think like others have said that there is really an urgent need for much more money than what it would provide. But it is still a start and it is better than what is happening right now. We certainly would endorse it. And if it is offered to the voters in the fall, the Lackawanna Coalition will be very energetic in promoting its adoption. Thank you.

(Written statement submitted by Mr. Denzler can be found in the appendix of this transcript.)

ASSEMBLYMAN COWAN: Thank you, Mr. Denzler.

Are there any comments or questions by the Committee?

ASSEMBLYMAN MARKERT: No, other than I want to thank you for your initial support. I realize this resolution and its funding is not a panacea. However, it is the beginning and I would like to think your support with that of others who came before you and will follow you will, at least, start that panacea and eventually put us in position to once again reach the levels that you addressed today. I want you to realize that under this resolution these dedicated funds can be addressed by the State Legislature, itself, through the individual products, but that they must deal with rehabilitation, maintenance, operation and improvement

of the transportation system. It is outside of the capital funding which will operate through bonds and through the repayment of those bonds which will come out of general revenue. Therefore, it will not affect the overall general transportation budget.

ASSEMBLYMAN COWAN: I think in your statement here, Mr. Denzler, as far as other payments are concerned, I too have noticed something and you raised one of the issues here with the advertising income. I happened to notice that our new buses that are coming in don't seem to have any outside advertisements at all. Of course, they have a very esthetic appearance. Yet I do think if we are subsidizing them and attempting to put some dedicated money in, we should get the full return for it. I think that is something, if it isn't already addressed by the DOT, it will be.

MR. DENZLER: They have a group in Transit working on this. I don't know what progress they have made. But they are very well aware, and we and other groups have reminded them many a time, that every little million you can pick up, is all to the good.

ASSEMBLYMAN COWAN: Thank you very much. John Dorer, from the Associated General Contractors of New Jersey.

J O H N D O R E R: Good morning, gentlemen. My name is John Dorer and I am here for the Associated General Contractors of New Jersey. The Association represents the firms that have constructed and maintained the majority of New Jersey's roadway systems over the past forty-five years.

We subscribe fully to the recent report of "trip" - the road information program - which outlines only too graphically the crisis conditions of our transportation system. I assume that the Committee has been provided with a copy of that report. I don't know that for a fact, but some of the findings and their summary of findings are very germane to the problems at hand. They say that if 37% of New Jersey's State maintained roads are not surfaced soon, it could cost the State an additional \$583 million at today's prices to rebuild the roads. Resurfacing of the 830 miles of state maintained roads within the next years would cost approximately \$250 million compared with the cost of \$833 million required for reconstruction after they deteriorate to a poor condition. The difference is a \$583 million saving.

In addition to that, there is 1128 miles of roads that are already in poor condition and that must be reconstructed at the cost of \$1.13 billion. These roads could have been resurfaced a few years ago when they were still in fair condition at a cost of \$338 million. The difference there would be another \$790 million. These are impressive figures and they certainly bring home the point that we have a crying need. I have been privileged to attend several of the Assembly and Senate sessions concerning the bill, and I was impressed with the fact that no one ever got up and questioned the need for the funding. The method of funding was the only thing that was questioned. That certainly is a change, I think, from what we have seen in the past.

For the economic health of our state, we can ill afford to allow it to continue. The time has passed when the budget can be balanced by the continual postponement of the proper maintenance of our transportation infrastructure. We agree with the Governor that once the people of New Jersey fully realize and understand the problem, they, too, will agree that dedication is the answer. The voters deserve the opportunity to make the choice and we urge your support in putting it on the ballot in November. Thank you.

ASSEMBLYMAN COWAN: Thank you. Our next witness will be James Morford, Director of Governmental Relations, State Chamber of Commerce.

JAMES MORFORD: Good morning, Mr. Chairman, members of the Committee. I am James C. Morford, Director of Governmental Relations for the New Jersey State Chamber of Commerce. We are a membership organization whose policy is established by a board of directors elected by all the members.

I thank you for the opportunity to speak briefly with you this morning on the issue of ACR-120. The New Jersey State Chamber of Commerce recognizes the urgent need to address our neglected and rapidly deteriorating transportation system in New Jersey. A transportation budget that has declined from 20% to approximately 5% of the state budget in twenty years is not a record that this State can be proud of.

The State Chamber has been in support of A-1541 to raise needed revenues to fund improvements in our highway and transportation system. It has, however, been the long-standing policy of the New Jersey State Chamber of Commerce to oppose the Constitutional dedication of state revenues. Indeed, had not the legislature insisted on dedication of the income and casino taxes, the state budget crisis would not be as severe as it is today. While dedication is politically the easy way out, it is the least fiscally responsible. We would urge that revenues from the motor fuels taxes and other sources be legislatively dedicated rather than constitutionally dedicated.

It was not without careful thought and recognition of past practice, especially with respect to the Highway Trust Fund, that the framers of our present State Constitution rejected the idea of dedicated revenue sources over 30 years ago. We urge the legislature to do what is fiscally responsible, rather than opting for that which is most politically expeditious at this time. We recognize that this is not an easy issue for the legislature or for the administration. The Governor has stated that he is not inclined to support dedication himself. It is not an easy issue for the State Chamber of Commerce, because we must improve our highway and transportation system. We also must assert that it is the policy of the Chamber to state that Constitutional dedication of yet another source, another revenue source, is in our view unwise. Thank you for considering our view, Mr. Chairman.

ASSEMBLYMAN MARKERT: I have just one statement, if I might, Mr. Chairman. If you realize it, I am wearing two hats here as a member of the Committee and also a sponsor of the legislation or resolution, I should say.

MR. MORFORD: Yes.

ASSEMBLYMAN MARKERT: I think one of the main reasons that I, myself, and other supporters of this particular resolution along with the A-1541 tax was that the period of time that legislators occupy the seats of the General Assembly, where all revenue and spending measures take place, is very limited. The turnover is very, very heavy. Probably the seniority, as you well know, six is almost maximum and we have a few that go beyond that point.

To be able to understand some of the long-range problems in the area of transportation is very hard for someone just coming on-board. And, by the time they have been able to understand the problems within the State on transportation, they are moving over to other situations, or possibly have lost their seat, or just have left the Legislature. Just as you have said, we have a responsibility to take as legislators the statements that were made on the floor during the

period of time that we voted on the bill, and even as the statements were made here today during the hearing, there was nobody out there lobbying for the maintenance programs for the roads and the bridges in the State, no one. The handicapped with their limited numbers speak a million times louder than any pothole ever spoke to take some words out of context.

I would really say, if it were ever a point where dedication, I felt, was necessary, it was in an area that could not be addressed by the people themselves as spokesmen. That is one of the reasons I did support and move with this legislation.

MR. MORFORD: Senator, I understand and the Chamber appreciates that. I think that hopefully the tenure at least is our philosophical opposition to, and being somewhat on the horns of the dilemma because we recognize what is a desperate need in this state to address transportation needs. Certainly, the business climate, as far as attracting businesses to the state, is impacted in part by our transportation and not in any small part. We need good transportation in this State to attract business, and that is why I mean to suggest that we find ourselves somewhat on the horns of a dilemma on this issue, and hope you will accept it in that light.

ASSEMBLYMAN MARKERT: I did and I am sure we will.

ASSEMBLYMAN GILL: I would just like to add one point, or possibly ask a question. We seem to be, as you say, on the horns of a dilemma. I appreciate the fact that you are not opposed to dedication of funds except as a constitutional amendment.

Would you also agree in somewhat following the comments made by Assemblyman Markert, that dedication as a non-constitution--- In other words, each Assembly session has not worked for the past twenty or thirty years. You may be expecting too much of a group that meets possibly as infrequently as we do. And, in view of the fact that New Jersey Transportation, possibly more than any other area of government, requires long-range planning, requires capital improvements, requires a program to be developed years advanced which can only be maintained or met by dedication over the years.

I just wonder, in view of all this, why the State Chamber won't reconsider its position and indeed take any action which is going to stimulate business, stimulate travel, stimulate commuting and so forth?

MR. MORFORD: Well, recognize, Assemblyman Gill, that in our view first of all the dedication of the income tax strictly to a property tax release system, and the casino revenue strictly for senior citizen needs limited major sources of revenue to the State, and limited the way in which they might be able to spend it. We are concerned with a continuing pattern of seeking to dedicate parcels, in whole or in part, of major sources of tax revenue because it so ties the hands of the administration and the legislature, so restricts your flexibility in dealing with budget issues in a time of sagging economy and shrinking revenues. There is the question of the wisdom of so restricting your flexibility to deal with budget issues, that you face crisis after crisis with limited solutions available to you.

There is a piece of the proposal for the monies to go into the transportation fund, and maybe, John, you can refresh my memory on it. I know that it is 5/8 of the present gas tax and the revenue from the 5% sales tax - and there was another piece in it and it just escapes me right now--- The emergency transportation tax, that has been legislatively dedicated, it is my understanding, for a number

of years. So, it is possible to legislatively dedicate and to have that commitment met. Yes, you are more at risk, and I guess the question is weighing whether the risk is greater to legislatively dedicate it or to tie up for all time by constitutional dedication your ability to deal with all the needs of the State.

It is not an easy issue, as I said before. It is not an easy issue for us, and I know it has not been an easy issue for you. We are in sympathy with that problem.

ASSEMBLYMAN COWAN: Thank you. Our next witness is Jim Appleton from the Automobile Clubs of New Jersey.

J A M E S A P P L E T O N: Good morning, Mr. Chairman. My name is Jim Appleton, and I am with William J. Kohm Associates. With me today is Mr. Jack Staskewicz, who is the State Chairman of the Public Affairs Council for the AAA Auto Clubs of New Jersey.

J A C K S T A S K E W I C Z: Good morning. Mr. Chairman, members of the Assembly Transportation and Communications Committee, ladies and gentlemen. My name is Jack Staskewicz, and I am the State Chairman of the Public Affairs Council of the AAA Auto Clubs of New Jersey. Our organization is made up of six separate chapters of the American Automobile Association located in the State of New Jersey, and we represent approximately 600,000 motorists throughout the State.

It is, indeed, a pleasure to come before this Committee today to support ACR-120, a resolution to permit the voters of the State of New Jersey to decide whether or not to dedicate certain highway user taxes for transportation purposes. For several years now, our organization has been pushing this idea as a means of reversing the shocking decline in the condition of New Jersey's transportation network.

It doesn't take an expert to realize that the condition of New Jersey's highways and bridges has deteriorated to a dangerous level. And continued neglect will only cost millions of dollars more in the future, as deteriorated road conditions get worse, as maintenance and construction costs rise, and as industry leaves our State in search of a better transportation system elsewhere.

And it is important for the members of this Committee to recognize that the poor conditions which exist on the State's roads and highways may eventually cost New Jersey something far more important than tax dollars. It may cost motorists their lives. This possibility alone should serve to illustrate that few state government responsibilities rank as high as the maintenance of a safe, efficient transportation network. This responsibility includes establishing a stable and secure source of funding transportation maintenance and improvement projects.

In the past, the AAA Public Affairs Council has suggested that the State follow the lead of many other states which have faced similar problems in funding transportation improvements and solved them through a method of funding known as "dedication." New Jersey is one of only three states in the nation which does not currently dedicate a portion of its highway user revenues - such as taxes and motor vehicle fees paid by the motorist - specifically for maintaining and improving our transportation system.

The only way to establish this type of stable and secure source of funding in New Jersey is through a public referendum. ACR-120 would allow the voters of the State to decide whether or not dedication is an appropriate means of safeguarding the quality of New Jersey's transportation system. We encourage this Committee and the Legislature to give the voters this opportunity by approving ACR-120.

Later today, the Senate may once again struggle with the passage of a gas tax proposal which has already been approved by the Assembly. Much of the support which came from the public and the members of the Assembly who voted "yes" for the gas tax was based on the promise that this would be a dedicated tax - not just one more attempt by our government to balance its budget on the backs of the State's motorists. It would be a cruel hoax to play on the public and the courageous members of the Legislature who supported this unpopular tax for this Committee to refuse, at this late date, to dedicate the new gas tax revenues. Even if the gas tax is destined to go down to defeat in the Senate, this Committee should support ACR-120 because it was the promise of a dedicated tax which convinced many of the bill's supporters that A-1541 was needed.

Although we support ACR-120, we would like to recommend one amendment. We believe that this legislation should specify a minimum percentage of this dedicated fund to be allocated for highway transportation projects. The AAA is concerned about the possibility that other transportation needs, such as mass transit, will consume an inordinate amount of the revenues dedicated for all transportation projects, but generated by taxes levied against the motorist. I would suggest a minimum of 50% be allocated for highway maintenance and improvement projects.

In closing, let me just point out that the AAA sees this program only as a beginning. Under this bill, the State would dedicate approximately \$429 million for transportation programs. But let's keep in mind that if the gas tax is approved, New Jersey motorists will be sending well over \$700 million per year to Trenton in the form of gasoline taxes and motor vehicle license and registration fees. Let there be no mistake about it, if ACR-120 is approved by the Legislature and ratified by the voters in November, the AAA will be back here fighting to see that the balance of these highway user fees are included in the dedicated fund so that they can be put to work improving the State's transportation system.

This concludes my formal statement. I would be happy to answer any questions you may have.

ASSEMBLYMAN MARKERT: I was wondering whether I could hire you as a PR person. I think you did pretty well there, and I might need it.

MR. STASKEWICZ: Thank you; you are very kind.

ASSEMBLYMAN COWAN: I am just wondering, Jack, you are saying here that you represent 600,000 motorists in the State of New Jersey, have you done anything so far as your membership is concerned with any type of polls? We have seen polls regarding this, and I am not talking specifically now on this ACR, but polls as far as other taxes are concerned. In that relationship, I base that on the fact that it has been dedicated.

Have you done anything in that regard with relationship to your membership to date?

MR. STASKEWICZ: Well, let's put it this way, dedication is one of the foundations of the AAA. AAA believes in dedication, and this is one of its purposes, and one of the things that we preach to our membership constantly. Now, we will probably have as big a battle with our membership on this taxation situation that everyone else has. But, we felt that the time has come and the time is long overdue, because the same motorists that have been taxed over the years, every time the legislature needs a couple extra million dollars, they add on a few cents on the gasoline tax. That money goes into the general fund, and those same poor voters, our members, don't get anything in return for it, basically.

Basically, we felt the time has come, and we have a job of explaining this to our membership, just like you have a job explaining this to your constituents. It is the same job. But, we know it is right. The time has come.

We look at the economics. I drove down here, and I couldn't help but recognize the truth in the statement of the gentleman who mentioned the potholes. There is a cartoon that appears in some of the periodicals, for example, where they have a house built in the middle of the highway, and it says, "Bargain." The bargain is that they built the house cheap because it was built over a pothole. We didn't have to dig the foundation. I know that is an exaggeration of the facts, but I think what is fact is that there are many motorists throughout the year who must spend money to get their front-ends aligned as the result of poor roads. And, how many tires are ruined because of bad roads? This all costs money. I think this taxation, if we sell it properly to the people, and it is going to be a selling job--- The fact is that it is time, and you will benefit and it will be less costly to you in the long-run and you will get something for your money where you are not really getting anything at the present time. This is the position we have. We are dedicated at this point. We are committed to it, and we agree to the tax only because dedication will be part of it.

I hope I have answered your question.

MR. APPLETON: In the past, we have polled our members on a number of issues. The dedication issue has been one of them, and you might imagine, our members have never supported gas taxes. This is a funny position for the AAA to be in, because we are supporting one now, but only on the basis of dedication.

Our members have, though, taken these polls in the past. The last one was about two years ago. The dedication question was a part of that poll. They did support the idea of dedication overwhelmingly. I would be able to supply you with the percentages of those poll results.

ASSEMBLYMAN COWAN: I mention that in the sense that we receive the same information, and that indicates that as far as the general public out there is concerned, it is much easier to tax someone of \$50,000 than it is to say, "I will pay 5¢." I understand that, too. But, if you have that information, I certainly would appreciate it, and I am sure the Committee would appreciate having it.

Thank you very much.

MR. STASKEWICZ: Thank you.

ASSEMBLYMAN COWAN: Next we have M. Charles Nugent, Managing Director of the Construction Industry Advancement Program of New Jersey.

M. C H A R L E S N U G E N T: Chairman Cowan, gentlemen, I am Charlie Nugent from the Construction Industry Advancement Program of New Jersey, a trusteeship established by the construction industry and supported by 600 construction contractors throughout the State of New Jersey. I would like to add their endorsement and support for the ACR-120 and the serious need for dedicated funding for transportation facilities within the State of New Jersey.

I would also like to add my personal comments as a registered professional engineer in New Jersey and formerly Chief Bridge Construction Engineer for the City of Philadelphia, and I taught in a number of colleges in New Jersey and Pennsylvania in the area of construction engineering. In my travels throughout the State of New Jersey, I can't help but notice the deteriorating condition of the bridges. The maintenance of these facilities is purely not in keeping with the needs of the tremendous investment in structures. That investment is seriously jeopardized

by the inadequate maintenance. The lack of painting on the steel girders, stringers and floor beams can result in cross-section reductions which may require the rebuilding of complete bridge superstructures. The insufficiencies of repairs on bridge bearings and abutment seats may necessitate substructure reconstruction.

Providing the financial means to maintain this tremendous investment in structures is essential to New Jersey and the only sure means of providing these funds is to utilize the taxes of the users of the facilities.

Further, to assure that these taxes will not be diverted from the appropriate use, dedication must be implemented. I respectfully urge passage of the necessary legislation, the ACR-120, to permit a public referendum on this important issue. Thank you, gentlemen.

ASSEMBLYMAN COWAN: Thank you, Charlie. Are there any questions? (No response.)

Next we have Stanley Stires from the CPM Engineers.

S T A N L E Y S T I R E S: Good morning, gentlemen. My name is Stanley Stires, and I am representing the interest today of the State Society of Municipal Engineers, Somerset County Municipal Engineers, and I am also a member of the North Jersey Public Works Association, and also the South Jersey Public Works Association.

The Municipal Engineers Association eight to nine years ago supported the elimination of the state aid for roads. After more than a quarter of a century it had become totally inadequate. One supporting a surface treatment program, increased road mileage and inflation had rendered both the Road Tax and the Municipal Aid Road programs totally worthless. In other words, there was more effort expended at the administrative level than what resulted in benefits to the public.

Then came the 5% caps. I saw roadway maintenance funds come to 10%, 18% and 20% inflation, resulting in a public works manpower reduction from one-third to fifty percent and more. Budget maintenance materials were down to 60% or more, and the reduction in staff found the municipalities totally incapable of performing just the basic roadway maintenance responsibilities.

Garbage collection, like most municipalities, holds top priority with maybe the parks being mowed once a month, similar to our unfortunate state highways. But, pothole maintenance today is a pure luxury. No longer were there funds for surface treatment programs which resulted in an accelerated rate of deterioration two to three times the normal. Seventy-five percent of our state's municipalities have a population of less than 15,000. This low tax base and caps have really limited their capabilities to keep up with their responsibilities. The greatest municipal investment that we have today is in roads and their supporting improvements. Without the basic maintenance programs, that enormous investment is in serious jeopardy, like a roof that has not been replaced, or a foundation that is deteriorating. With that attention, the home will soon become rubble. Likewise, our greatest investment shall succumb to ruins at a devastating reconstruction cost to the taxpayers.

In an emergency plea, your support and our support of the 5% gasoline tax is required to salvage the state's local road system. Thank you very much for your time.

ASSEMBLYMAN COWAN: Thank you very much. Next we have Paul Stalknecht, New Jersey Motor Truck Association.

P A U L S T A L K N E C H T: Good morning, Mr. Chairman, and members of the Committee. My name is Paul Stalknecht. I am Managing Director of the New Jersey Motor Truck Association.

We in the trucking industry in New Jersey welcome this opportunity to speak on Assembly Concurrent Resolution 120. We believe - we have always believed and fought for - the concept of dedicated funds for the New Jersey Department of Transportation. Specifically, we believe and have always believed and fought for better and safer highways through the use of highway taxes for highway purposes.

At this point I was going to make a comment on the Assembly Bill 1541, but inasmuch as I am addressing the Assembly Committee, I don't think it is necessary at this point.

We point out that our industry has been responsible on the issue of dedicated funding, as some of you may have been previously aware, with our proposal to present an alternate to A-1541. That was our 3¢ base tax increase. And in there we also supported the dedication issue.

The fact is that there has always been sufficient highway use revenue to fund highway projects. New Jersey motorists - automobile and truck - have contributed more than enough funds over the years for maintaining New Jersey roads. That these roads have deteriorated has nothing to do really with the availability of highway use revenues.

The deterioration has been caused by the diversion of highway use revenues to non-highway use purposes - the general budget. This diversion of highway use revenues has been going on for more than three decades, but has increased over the past twelve years or so. According to Louis Gambaccini, the former state transportation commissioner, the nearly \$3 billion in diverted highway use revenues equals the current backlog in highway upkeep. There, ladies and gentlemen, is the problem and that is why we strongly support the concept of dedicated funds for DOT.

Permit me to address the specific items in Resolution 120 that give us concern. The Resolution says that dedicated revenues derived from the proposed excise tax would be in part, "to the payment of debt service on State bonds, notes or other financing issued on the statutes approved by the voters." We are opposed to this inclusion. Debt service applies to projects previously funded. Why should present dedicated funds be used? The debt service should be funded by the legislature out of the general treasury. We must remember that \$3 billion in highway use revenues have already been diverted to the general treasury.

We have carefully read the Resolution. It does not contain any guarantee that the dedicated funds would be used for highway purposes - repairs. If the Resolution does say that, then we would like to know where it does. The motorist - automobile or truck - could foresee these dedicated funds being used, for example, to assist Conrail or other non-highway operations. The Resolution must be written to specify exactly where these dedicated revenues will be used. Otherwise, the resolution is valueless.

We have read the "Interpretive Statement." As written, we believe the statement does not address a key issue: What happens to the five percent excise tax should the voters reject dedication? Would the five percent excise tax become null and void? Would the five percent excise tax still remain, but without dedication? We believe the voters should be told what will happen to the five percent excise tax. This is crucial to the Resolution. The State has a moral obligation to its citizens in informing them about all facets of the dedication referendum.

As we said in the beginning, we support dedication of highway use revenues for highway purposes. We support Resolution 120 if our proposed clarifications were inserted in the Resolution. Thank you.

ASSEMBLYMAN COWAN: Thank you, Paul. Larry, I would like to know if you could just give an explanation as to the interpretation of this statement.

L A R R Y G U R M A N: You made reference to the provision about the debt service and where it would go. The way this is worded, in effect, it points out that any money which has not previously been dedicated to that--- In other words, any money that has been previously dedicated to the payment of debt service on state bonds, notes, or other financing, or to any other purpose by law, once that is taken away, then funds can be credited to the Transportation Improvement Fund.

MR. STALKNECHT: Will any of these monies that are being generated by the new tax, or what is going into it may be used for debt service?

ASSEMBLYMAN MARKERT: No. And, on the other part of the question, as Mr. Gurman just said, any debt service that has been committed, once that is cleared, then those funds will come into the general fund. And, on the other question, if the referendum does not pass, the 5¢ tax will expire June 30, 1983.

It has to pass for the tax to continue. That is the way A-1541 was written. So, if this does not pass, no, there will not be a continuation of the 5¢ tax.

MR. STALKNECHT: Mr. Chairman, may I ask a question?

ASSEMBLYMAN COWAN: Yes.

MR. STALKNECHT: Will the referendum on the ballot specifically tell the voters that if they vote "no" the 5¢ tax will expire at the end of the year?

ASSEMBLYMAN MARKERT: I can give you a copy of the bill. Do you have it there?

MR. STALKNECHT: I did not bring mine with me.

ASSEMBLYMAN MARKERT: I just want to see if it is in the "Interpretive Statement."

ASSEMBLYMAN COWAN: It is just as it is going on the Resolution itself. That is all that will be on the ballot.

MR. STALKNECHT: It will not tell the general public that a "no" vote means the tax will expire at the year's end?

ASSEMBLYMAN COWAN: No, it doesn't.

ASSEMBLYMAN MARKERT: That is going to have to be a part of the public relations work. Not only does it not tell them that it will expire, it also doesn't tell them that it will continue. So they will have no knowledge, really.

MR. STALKNECHT: We believe in fairness to the citizens they should be told that in fact a "no" vote indicates that at the year's end the tax will expire.

ASSEMBLYMAN GILL: I just wonder if that wouldn't be interpreted as blackjacking the people. I would think a better way to approach that would be through the efforts of all the organizations here to tell the people, to put it in a vote for a referendum, if you would say, "If you don't pass this, this is what is going to happen," I lean against that.

ASSEMBLYMAN MARKERT: If I might, it does say it, but not in those specific words as you have put it forth. It does state that this creates a transportation improvement fund, and it describes what that fund is made up from. So, therefore, if you say, "yes" to the fund, you are saying yes to where the money is coming from. If you say "no" to the transportation fund and dedication, you are saying no to where the money is coming from.

So, basically it does tell you that it is there in the statement itself. I was reading the "Interpretive Statement" and that statement isn't as clear, really, as the statement itself.

ASSEMBLYMAN COWAN: All right, Paul, thank you.

MR. STALKNECHT: Thank you, Mr. Chairman, and members of the Committee.

ASSEMBLYMAN COWAN: Next we have Mr. George Tucker from Morris County Chamber of Commerce.

G E O R G E T U C K E R: Good morning, Chairman Cowan, Committee members. I am not going to quote all the statistics. You have heard them before. So, I am just going to make a general statement.

I am George T. Tucker, Chatham, New Jersey. I am testifying on behalf of the Morris County Chamber of Commerce with over 570 members and over 250,000 employees. I would like to emphasize the success of our county's planned and unique growth which was brought about by a number of criteria, but principally due to the superb transportation network. This, of course, has attracted numerous corporate locations to our area, a very desirous situation. However, there is an underlying

feeling that in addition to the amenities which attract rateables, there is a very basic and real need which the State is neglecting, the continued financial support for the maintenance, upgrading, general improvement in capital outlays for our State's transportation network, and our secondary road system, the ones that the financially strapped municipalities and counties are unable to keep up, but the Governor's proposal addresses.

Our organization feels this financial need must be fulfilled. It is fundamental for the continued growth. It is fundamental to sound business principles. It is fundamental to the health of the State of New Jersey.

Our organization endorses ACR-120 so the voters may have the opportunity to express their opinion on this critical issue. The alternative is a virtual shut-down of our transportation mechanism and a continual decay of our infrastructure, a result which no legislator can be proud of.

I will be glad to answer any questions which you may have.

ASSEMBLYMAN GILL: I would like to get a copy of that statement, if you will print it.

MR. STALKNECHT: We will have it sent to you.

ASSEMBLYMAN COWAN: Our next witness will be Irvin Mc Farland.

I R V I N M C F A R L A N D: Good morning, Mr. Chairman; good morning, members of the Committee. My name is Irvin Mc Farland. I am the State Legislative Director of the United Transportation Union. First of all, I would like to speak as a citizen and a taxpayer to the State of New Jersey.

I am what you would call a high mileage user of the highways. I drive between 35,000 to 40,000 miles a year, and I am in favor of ACR-120. I feel that my car gets banged up enough. I buy a car every two years. When I turn them in, there is not much left of them, because of the potholes and the deteriorating condition of the highways.

As the State Director of the United Transportation Union, I am responsible for the continuation of the employment of people who work on the trains and the buses, and over the years, commencing in 1971, we saw the collapse of the Penn Central Railroad which was a disaster. Subsequently Conrail was formed in 1976. We are now witnessing, as of January 1, 1983, the takeover of all commuter services by New Jersey Transit. We have found through the years that the secret is money. And, I think that \$19.2 million, which is going to be forthcoming from this legislation, is really not adequate for the New Jersey Transit to take over the commuter services and continue the operation which is so necessary for the transportation of the commuters.

On one point, I agree with Assemblyman Bryant. I think the southern end of the State has been disregarded and I am really disenchanted. In one portion of it, I attended a meeting on May 4, 1982, in Ocean City, New Jersey, and the New Jersey Transit was conducting a hearing to raise fares on the Cape May and Ocean City trains when in fact there are no trains. The trains are supplemented by bus. So, this is really an insult to the intelligence of those people. The service presently is being run by buses, which is inadequate, not acceptable.

I have talked to Commissioner Sheridan about it. He said that he would review the situation and give it his kind attention. However, everything is contingent upon passage of this legislation and the budgetary problems. I certainly bring this to the Committee's attention, because I think there is a very definite need down there. We have shown the potential growth of southern New Jersey. However,

I represent the entire State as far as our organization. I am very familiar with the southern sector. And, I feel it is absolutely necessary to have that line opened, and, of course, the Atlantic City line to Philadelphia--- I have heard so much about that. But, it has only been talk over the years. I think the time has come for some appropriate action to be taken to open the line from Philadelphia to Lindenwold and thence to Atlantic City.

I think another thing that should be made a part of the record of this meeting is, this morning on the news forecast, I heard because of the very serious crisis in the Middle East that we may have an oil embargo in the very near future. And, I was just wondering what impact that would have on this legislation?

ASSEMBLYMAN BRYANT: Reduce the revenues.

MR. MC FARLAND: Thank you very much.

ASSEMBLYMAN COWAN: Thank you, Irvin. Our next witness is Richard Walter from the South Jersey Advisory Committee to the New Jersey Transit.

R I C H A R D W A L T E R: Mr. Chairman, members of the Committee, my name is Richard Walter. I am President of Word Craft Incorporated of Haddonfield, a firm which performs public opinion surveys and marketing studies and communications programs and helps individuals and small firms get started.

I am also Chairman of the South Jersey Transit Advisory Committee, an official Committee that is appointed by the Governor and confirmed by the Senate and I am also Chairman of the South Jersey Transportation Action Group, which is a group made up of businessmen, labor leaders and local political officials and professionals.

South Jersey Transit Advisory Committee has already made a statement concerning the stable funding question and has passed that along to Commissioner Gambaccini at the time it was made in January, 1981. We also passed that statement along to members of the Board of Directors of New Jersey Transit and has circulated in other ways through the Transportation Department.

A statement on stable funding, in favor of it, was also made to the Joint Appropriations Committee of the Senate and Assembly and that statement is also a matter of record. Instead of going over the various points of our solution concerning stable funding a year and a half ago, I would rather concentrate on a factor which has not been brought up in the written pieces I have seen. I was late in arriving today, so if it has already been mentioned today, I will be repeating it, perhaps.

One of the very important factors of stable funding for the Transportation Department in our Committee's estimation is a greatly increased efficiency in running the Department and in the productivity of the work of the people who are employed in the Transportation Department, both in Transportation, in highways and aviation and all other factors and all other sections of the Department.

There are many ways in which time is wasted by employees of that Department due to uncertainty about funding from year to year. Because we are following projects along from month to month and year to year, since we were formed in 1979, we see the delays, the costly delays that come as a result of the need for the Department to spend countless hours in working up budgets, presenting them, and going over them, waiting for answers and going back and going through all of the steps that are needed in order to submit itself to an annual review in order to get a budget for the following year approved by the Legislature.

Members of our Committee, being watchdogs of a sort, are, of course, highly appreciative of the role that the Legislature and oversight of expenditures

throughout the State. We do feel, however, that there is adequate oversight provided in the bill that we are talking about today, and would like to assure you that members of the North Jersey Transit Advisory Committee and the South Jersey Transit Advisory Committee will both be watching and pushing to get more work done for the money.

What we don't like to see is an endless chain of meetings where people are simply sitting around talking about doing something and not actually getting out in the field and getting it done. It is terribly important to spend every possible dollar on concrete and steel and bus rehabilitation and new buses and maintenance facilities and station improvement and such things as those that are actually done by workmen and by supervisors and so forth, rather than an excess of staff people who are attending meeting after meeting after meeting, after meeting. It is very frustrating for us who give our time voluntarily to meet month after month and to attend subcommittee meetings and other meetings in the Department as well as with committees of the Legislature to have projects groaning along at a snail's pace when actually there is quite a bit of money there. It is how the money is provided and what kind of planning can be done with that money in the Department in order to make these projects move along.

Just to take two cases in point, Highway 55, which was begun in 1964, and completed in 1973, should have been continued in 1973 to its logical conclusion, the north-south freeway, Highway 42 in the north. Instead, it was stopped. There was a change of administration; there was a change of some personnel in the Department and there was a feeling that enough money had been spent on it and it therefore had languished. The great cost of getting back into the project again, going through an environmental impact statement which would not have been necessary if the highway as a 1964 project had been planned all at once and continued is a matter of record. It is about three or four times as expensive for this northern portion this way than if it had been done on a dedicated funding plan basis with the Department knowing they had a certain amount of money in 1974, 1975, 1976, 1977 and it would have been completed by 1977. Here we are in 1982 and not a shovel has been turned in this northern portion. Although the Legislature has approved funds for construction for a one and a half mile segment in the north end starting in the fourth quarter of this year, which is great news, it nevertheless is going to cost the people of this State a great deal more than if it had been continued on a planned basis.

Another example in point are the ramps for the Woodcrest High Speed Line station on the Patco line, a state responsibility. The Governor in 1961 approved the building of this station by the Port Authority and the buildings of ramps to serve it by the Department of Transportation and those ramps are being built now in 1981 and 1982. The station has been finished for three years without ramps. This is the kind of crazy timing and non-planning that happens when the money isn't there or when one doesn't know how much money is going to be there. I would just like to close with this note of efficiency.

I am sure that all of you are as deeply concerned as we are about promoting efficiency with state funds and with federal funds that we may have the opportunity to match from time to time, and urge you to consider this factor in your deliberations and recommendations on the bill. Thank you very much.

ASSEMBLYMAN COWAN: Thank you. Next we have Frank Haines, from the New Jersey Taxpayers Association.

F R A N K W. H A I N E S: Mr. Chairman, members of the Assembly Transportation and Communications Committee, I am Frank Haines, the Executive Director of the New Jersey Taxpayers Association, an association which is a private, non-profit, non-partisan governmental research organization founded in 1930 and located in Trenton. We are a member organization supported by voluntary contributions and our members represent most segments of the New Jersey Business and Industry across the economy.

The major interests of the association probably fall into the categories of tax and fiscal policy. I am going to summarize some parts of this statement to save you time. We have summarized the amendment provisions, just for those who may be reading this letter and not be familiar with the aspects of it. So, I will jump to page 2, our position on dedication.

Our position in opposition to this amendment, unpopular as it may be under the circumstances, is not a position developed in haste, but one which has been in effect and periodically reviewed over almost fifty years of the association's history and the development of New Jersey's strong and sound fiscal management system.

There has been an actual evolution of budgeting and accounting which represents a significant accomplishment over the last thirty-odd years.

Before elaborating the reasons for the association's position, the association wants legislators and the public to understand that the association clearly recognizes the need for additional revenues for transportation purposes in this state. I would like to emphasize that. We do not deny the need. The association for many years had called attention to the declining proportion of annual state budget appropriations, not only for capital purposes, but particularly for transportation. We recognize a history over the past twenty-five years that demonstrates that the elected representatives of the people - that is the Governor and a majority of legislators - have not given transportation needs the funding which the function should have had. We say that in retrospect. But, NJTA, unlike many organizations which probably have testified before you today and have taken a position on this measure, does not believe that such neglect calls for a change in the system being proposed in this constitutional amendment.

We view the most important duty performed by our legislature as enactment of an annual budget. And, we think that responsibility should be allowed to be performed within the broadest degree of discretion possible. Dedication of revenue limits that discretion within overall budget priorities. Legislators should be prepared to meet responsibility themselves and not support limitations on that major power which they are given under the Constitution.

I will now list a few specific reasons for our position. First, the dedication is only a partial dedication. We are saying the new surtax if in effect it is enacted and 5¢ of the existing 8¢ on the motor fuels tax, that is pretty complex when you consider that there are other vehicle user revenues that are not going to be dedicated.

What is complex for simple explanation becomes extremely difficult for simple comprehension. A week or so ago, the Association put on your desks an information bulletin which described the nature of the dedication as it stood as proposed by the Governor and reflected by figures at that time by the Revenue Subcommittee of the Joint Appropriations Committee to show the relationship of the taxes being dedicated to the increase in transportation funds proposed at that time.

Secondly, the dedication does not begin to fully meet annual needs, will probably require significant additional funding to meet actual annual needs in the future, and necessitate further amendment to the Constitution if such increase is to be financed from a dedicated revenue.

If the voters get this, they must understand that this is not the end and not the amount that will always be necessary and available for a mode of transportation for transportation purposes. Once they have decided something in the Constitution, there is an inclination to believe that is it, no more. That is a great problem of credibility.

Although the new motor fuel surtax will all be dedicated for transportation purposes, the amount of that tax does not represent the annual increase in appropriations for state funds from transportation for fiscal '83 over fiscal year '82 as proposed in the budget in the long version of the appropriations bill as considered by the Committee.

Enactment of ACR-120 and the companion bill, Assembly Number 1541 creates in our opinion a very bad precedent in that the Legislature and the Governor are delegating to the voters the power to decide whether they want a fuels tax increase. Dedication is tied to the tax in section 11 of Assembly number 1541. This may be interpreted by people to mean that the Legislature is going to submit all future major tax changes to voters for decision. Because once you have begun the practice, the voters will expect you to continue doing it thereafter. That is why we think it is an extremely bad precedent and why we abdicated in that memorandum earlier that we would like to see the uncoupling of the tax from the amendment. Certainly that would be a lot better than if you had dedication without tying it to the tax.

If you recognize the need - and I think everyone does, and probably that the need is underfunded in terms of the dedication and the voters don't understand it and they vote it down, you are right back where you started from a year later. That is an election year.

The amendment allows no latitude in the event of emergency and I recite the lines there, because it says it must go for transportation and nothing else. (lines 25 to 31, page 2.)

The amendment includes an allocation percentage for county and municipal roads - that 10% factor. This is the type of material that model constitutional draftsmen assert should never be included in constitutions. If local needs change, and you want to increase it, there will always be a controversy over whether it has to be a constitutional amendment to increase the percentage.

Just to round out this presentation, I would like to go back a little bit in history, because we think there is a lot of misinterpretation of New Jersey's early history and experience with revenue dedication.

Back in the thirties and forties and even probably before that, New Jersey had two separate budgets. One was for highways - emphasis on highways, not transportation and other transportation services that we didn't have in those days - and the other was for State government operations.

Over the years, various highway user revenues were dedicated - emphasis - by statute, by law, to the highway fund. I emphasize particularly this was by statutory dedication, not a constitutional dedication, as many people believe, as we think the statement in ACR-120 seems to infer. Such a statutory dedication

might be much more preferable today because of the limited portion of user revenues, which are being dedicated under your proposal.

The highway budget supported by dedicated revenue was larger than this general state budget in those years, and practically every year that the highway fund existed. And some of you put that in proportioned. The needs of the state were not so great in those days, and you were developing a highway system and I think it is then very clear when people say we have the best highway system in the country - demands in relation to the overall were probably far less in those days, because, again, state government was not providing anywhere near the level of services it is today. Even those years were the beginning of the great programs of the federal government which required a lot of state matching money.

The highway budget, supported by dedicated revenue in those days, as I say, was larger than the State budget and for many years, the highway budget never even came before the Legislature for review. In fact, it operated on a different budget year. The State still was on the fiscal year July 1 to June 30th, but the highway fund fiscal year was January 1 to December 30th. And, the way it was originally set up was an independent budget. The Legislature never decided on it until ultimately there was a bill passed to require such review.

The efforts to abolish the separated fund covered a period of over two decades. One of them culminated in Governor Edge commenting on this problem on the separate dedicated highway fund situation in his annual message of 1945, and I am quoting, "Modern government has become too complex to allow the continuance of separate funds like the highway fund. The concept of such a separate fund connotes that the highway department is in effect a government unto itself, instead of being a part of an integrated state administrative system. As long as a separate fund the size of the highway fund exists, there must be a fractionalization of the fiscal program and the policy of the State."

Later in that year, he signed Chapter 33 which abolished the highway fund, created a single general state fund and required a single budget and appropriation law.

Now, the next quote is interesting, because it was just thirty-five years ago today at the Constitutional Convention of '47 that the then existing staff head of the association commented and took the association position on the problem of dedication. I am not going through that statement other than to say, the position then is our position today. But, one of the arguments that he made then was the inflexibility that existed in that dedication, the problems of diversion in a state of emergency. But, you will notice that because it was statutory and because there was an amount of statutory flexibility that the fund was used in the depression days to finance emergency relief and other such programs, because that was the only fund that had money available at that time when they didn't think it was important or essential or even desirable to impose additional taxes.

So, in addressing the Constitutional Convention, Mr. Everson said, "I don't think the framers of New Jersey's new constitution want to shut the gates against relief from this source in any future economic emergency. You cannot be sure today, when you are writing a constitution for years to come, that nothing like this will ever happen."

Now, the '47 constitution was silent on the issue of revenue dedication. It carried over the earlier constitutional dedication of the school fund, and it embodied the previous statutory language of the law I mentioned for a single

annual appropriations law. There remains today the erroneous impression that the '47 constitution contains a specific dedication for prohibition. That is not the case. Even though the legislators have taken the route of having constitutional amendments to dedicate revenues from the lottery, casino tax, and personal income tax.

But, we ask the question, will it take a serious fiscal crisis to stop this dedication binge which the state seems to be on at this time.

In conclusion, I will just summarize the major general reasons against dedication which I have already reiterated in some detail in relation to the dedication amendment itself: reduction of fiscal flexibility; impeding the budget process and the executive's discretion; reduction of fiscal flexibility; impeding the the budget process in terms of the executive's discretion and the legislature's power to appropriate funds on the overall basis of needs; favor certain agencies, functions or services over those who must justify their funding requests and competing with general fund revenues; makes financial administration and reporting more difficult and it complicates understanding of state finances by both public officials and interested citizens.

I have attached an editorial, just to show you that dedication isn't always the answer, even though over half the states in the country have gone to constitutional dedication, but I will also remind you, and this isn't in the statement, that over half of the states and most of them which have constitutional dedication have increased their gasoline taxes over the last few years and I would point out again something which isn't here, that the citizens of Oregon, one of the first examples of the use of referendum where there was already a dedicated gasoline tax, a dedicated fund, back in May, turned down a statutory proposal to increase their gasoline tax one-cent this year and one-cent next year and one-cent the year after.

Again, you can't always rely on the people to meet the needs if they have the decision, particularly in times like this, I guess, as generally the political scientists like to call it, in the days of Prop. 13 and 2 1/2.

Thank you, gentlemen, for the opportunity to present our views today and certainly I will be pleased to respond to any challenges or questions which you may have to the statement that I have presented to you.

ASSEMBLYMAN COWAN: Are there any questions?

ASSEMBLYMAN GILL: I don't have a question at this time, but I would like to get in touch with you a little later.

MR. HAINES: Any time, sir.

ASSEMBLYMAN COWAN: Thank you. Paul Mc Connell, President of the New Jersey Asphalt Pavement Association.

P A U L M C C O N N E L L: Mr. Chairman, and members of the Committee, I heard a rumor back there that you saved the best until last. I didn't mind waiting at all.

My name is Paul Mc Connell. I want to wear two hats, briefly, if I may. I am Executive Vice President of A. E. Stone Incorporated of Pleasantville, New Jersey, a company that is actively engaged in construction activity that includes road building, airport runways, the pioneering of recycled asphalt paving in the State of New Jersey, which, by the way, is a very exciting reality, and the promotion of the innovative design of asphalt railroad track beds, all of these contributing to a major involvement into the area of transportation facilities.

My appearance here, however, is not self-serving in the interests of my company, but rather in my other hat as President of the New Jersey Asphalt

Pavement Association, currently, and this association represents many of the road building contractors of our state, as well as suppliers of paving and construction materials.

I appreciate very much the opportunity to express ever so briefly our deep concern on the urgent need for dedicated funds by referendum and for the passage of the 5% tax bill. These, of course, to resolve some of the severe problems of our transportation system.

Since my company and other members of our association throughout the state are directly involved in the building and maintaining of our roadways, bridges, and other transportation facilities, we are well aware of their deterioration over the years. We are well aware of the constantly increasing costs of both construction and maintenance and well aware that the longer we delay, the greater the deterioration, and the greater the cost of repairs, if indeed they can be repaired effectively, rather than being completely reconstructed.

We are also painfully aware of the acute lack of work within our industry and the extent to which it is hurting our construction companies and their ability to remain in business and the layoff of literally hundreds of construction workers throughout the State.

At the risk of again being repetitive, I want to just comment that prior to 1947, it is our belief, too, that dedicated funding for transportation was a way of life in New Jersey but since then, our departure from that type of finance has put us on a downhill trend to the point where the current situation falls just short of being chaotic. We just heard a moment ago that the secret is money. But, may I suggest, too, that the effective management of that money is paramount. May I respectfully and urgently request, therefore, that our legislators extend their vote in favor of the issue of dedicated funding - ACR-120 and for the surtax which accompanies it, both of which we believe are giant steps toward resolving our transportation dilemma, a dilemma indeed which has plagued our state for a long time. To this end, gentlemen, you have our endorsement and our full support as an association.

Thank you for this opportunity.

ASSEMBLYMAN COWAN: Thank you very much, Paul.

ASSEMBLYMAN GILL: Mr. Chairman, I am going to have to leave for just about ten minutes to go to the Governor's Office. I shall return.

ASSEMBLYMAN COWAN: Next we have Judge Labreque from the New Jersey Advisory Committee to New Jersey Transit.

J U D G E T H E O D O R E L A B R E Q U E: It is my pleasure. Thank you very much, Mr. Chairman, for giving me the opportunity to come here and talk to you a few minutes about dedicated funding. It was a dirty word a few years ago, but we finally have come to the time when we have to bite the bullet and have the tooth out that is giving us all the trouble. I think this is the opportunity. I have come to this conclusion after about nine years dedicated to public transportation since I have retired from the bench in 1973. I have learned it through being Chairman of the Monmouth County Transportation Coordinating Committee during that time. I have learned it from being Chairman of the Monmouth-Ocean Development Council's Transportation Committee from which I just came. That is the reason I am late this morning; from being Legislative Chairman of the County Transportation Association of New Jersey, which covers the whole State; from being Chairman of the State's own Advisory Committee to the New Jersey Transit, which has now

been operating for the past two years. I represent North Jersey and my good friend Dick Walters, with whom I was just speaking, represents South Jersey.

We feel that New Jersey has a problem and that this problem has to be solved. The time is approaching when we are going to face complete collapse, unless an adequate, stable source of funding to pay for transportation services is forthcoming. I am talking not only of what we call rapid transit or mass transportation, but I am talking about highways and bridges and all the things that mean so much to the people of the State.

Our public transportation system is large and heavily traveled. By reason of its age and lack of adequate maintenance, however, over the years, it is fast reaching a point where it is not going to be able to meet the State's existing needs, much less promote the State's economic growth. Our highways, as you already know, are in a deplorable condition. I am sure that other speakers have given you this in detail. I don't have to repeat it. I have statistics here that would really make you stop and think for a long, long time. We all know it. We all know that it is a very important part of the life of the citizens of our country, too. And, our state is tasting now the end results of the neglect which has been going on since at least 1961.

In 1961, as you know, 23% of the state budget was going towards transportation in one form or another. Today we are down to about 5%. I don't know how you can get any lower. You don't spend any less than a nickel any time and I can't see how we could do it any less here. Our fine highways and local roads which used to be at the top of the list as far as the states are concerned are now 48 or 50th in the nation, depending on whose list you happen to look at.

In spite of this fact, there are two sources of funding which should be available to begin to restore our transportation system to good health. The first of these is the excise tax on gasoline and the other is the fees from motor vehicle licenses and registrations. These sources alone yield approximately \$5 million or more, much more than is needed to restore the transportation system to good health.

However, as a result of a constitutional provision, we are unable to do it. It goes without saying that is the State has a primary responsibility to establish and adequate and stable source of funding for state, highway and public transit systems, it is in the interest of every taxpayer in this state that this obligation be met. When roads and bridges are left to deteriorate, sooner or later they have to be completely restored at a much higher price. New Jersey's problem is further aggravated by the fact that the Federal transportation monies aren't going to be available to New Jersey any more in anywhere near the level that we have had them in the past. They have kept us going in the past, but that is not going to happen anymore.

The huge task of making up for this loss locally is compounded by the fact that the cost of every item, including fuel, going into the transportation budget, continues to rise as inflation takes its toll. Yet, the amount derived from the gasoline tax doesn't continue to rise as the cost of gasoline goes higher. On the contrary, under the system that we now operate on, when the price goes up, people become more inclined to cut down on their automobile driving, so they buy less gasoline and the state collects less taxes at a time when it needs more taxes. It isn't right. All this is happening when New Jersey had an estimated \$20 billion invested in an extensive system of highways, local roads, bridges and rail rights of way. This has come about not wrongly, but rightly, because

transportation has been a major factor in the economic and social development of New Jersey in the past. Until the last two decades, strong emphasis was consistently placed on building new transportation facilities and improving existing systems to accommodate population growth and economic development. Over the past twenty years, however, public funds to preserve and improve this valuable asset have lagged far beyond the need, creating conditions which now threaten our economic and social progress.

Because New Jersey is a high mobility state, it is heavily industrialized and densely populated. Its businesses and industry require a high level of transportation services to support the economic success and its individual citizens demand and equally high level of transportation to provide access to employment, shopping, and other essentials. Ten percent of the state's citizens are employed in either the New York or Philadelphia areas where major markets for New Jersey goods are also located. Both motorists and commuters feel the effects of our transportation neglect more than any other citizens. The average motorists spends at least an hour a day in an automobile on some portion of the state's road system.

New Jersey has more vehicles per mile than any other state, and these vehicles travel 50 million miles annually. It is estimated that the average New Jersey driver spends a total of three years of his life on the road, believe it or not. The average transit user is in the same boat. Assuming that each one spends an hour and a half daily on the bus or train, this represents two billion miles of travel a year.

New Jersey has the third largest commuter rail system in the country and has one of the largest bus systems. In recent decades, the State has become increasingly recognized as a desirable location for high technology industries and corporate offices and research facilities. We have tried to develop these. They have provided new jobs for New Jersey residents, as well as promoting moves into the state by people previously employed by their companies in other locations. Their contributions to the overall economy have been immeasurable. While New Jersey's reputation, as a good place to live in and do business in, still persists to a degree, its long-standing reputation for good transportation services is wearing thin, and in some areas has already been lost.

New Jersey cannot afford its historic advantage in transportation to slip away on top of the disadvantages of high labor and energy costs which it already shares with the rest of the northeast. If this happens, we will have forever lost our opportunity of competing successfully with the so-called sunbelt which has taken so many of our industries.

The current need for additional transportation funds applies both to highways owned by the State and to county and local roads. More than 900 of the 5700 county and local bridges are currently in need of major repairs, or replacement. In the case of rail service, this \$6 billion asset has been the victim of years of neglect. New Jersey owns over 600 miles of passenger rail track, 200 miles of which will require replacement within the next four years. With few exceptions, the rail signal system goes back to the early 1900's. Most of it is still open and exposed, thus rendering it continually subject to all sorts of vandalism and malfunction. There are still, believe it or not, no adequate rail shop facilities in New Jersey, although we have been able to purchase some modern railroad equipment and more is currently on the way, the facilities for maintaining this equipment are old, poorly equipped, and inefficient. The state owns 170 electric coaches,

which are under four year's old, but the only place where they can be maintained under cover is the seventy year old sunny side yard in New York City owned by Amtrak where their building will hold six cars.

I am not going to detail to you the other situations that go along with this on the electrified DL&W. The only place they have to maintain their cars is a little facility in Hoboken, that was supposed to be for running, and maintenance and now has to do the whole job. No wonder from May until September, 1981, the average of 18% of the delays occurring on this previously fine transportation system were due to mechanical failure of these cars which were built in the early 1930's. In the case of diesel haul trains, locomotives on use in the Hoboken, the Raritan Valley and the North Jersey Coastlines have to be brought to the ancient Central Railroad of New Jersey's shop at Elizabeth Port built in 1905 for heavy repairs. Other routine maintenance has to be done out in the open. A substantial part of the passenger equipment on all three lines is in deplorable condition. On the Raritan Valley line coaches constructed in 1920 are still operating in regular everyday service. There is no complaint about the air conditioning malfunctioning in them. They never had any and they never will have any. They are lucky if they can open the windows.

The GG-1 locomotives which still pull North Jersey Coast trains from South Amboy to Pennsylvania station last had a general overhaul in 1950. To meet these and other deficiencies, the state is in the process of purchasing 117 new diesel hauled cars at the cost of \$800,000 each for the Raritan Valley and North Jersey Coast lines, and the locomotives to go with them. Believe it or not, there is yet no shop maintenance facility to take care of this new sophisticated equipment. We are just getting on the track now to acquiring property in Kearny for the purpose of setting up a new shop. It will be four or five years before it is here, if we get everything that New Jersey needs, if you are able to furnish it.

Bridges are in no better shape. New Jersey Transit commuter rail service offers over 745 bridges, many of which are draw bridges, and the draw bridges particularly cause delays which commuters normally in other states don't have to put up with. The same is true of our bus fleet. New Jersey Transit owns 3300 buses and directly operates or subsidizes about two-thirds of all bus travel in the State. Recently 1500 buses were over twelve years old and many more than twenty years old. New bus purchases will replace about 1,000 of the oldest. The overall fleet age will still be substantially above the seven-year economic life of the bus. Over-aged buses cost money. Like over-aged cars, they are more costly to operate and subject to frequent breakdowns. In 1972, when the bus fleet was a little younger, breakdowns occurred every 23,000 miles in the system. Today, break-downs occur every 8,000 miles in the system. I am talking about breakdowns where they won't go, not the failure of the air conditioning or simple things like that. But, they just don't go.

Rail freight is also a critical area of concern to New Jersey industry. Many freight lines are calling for substantial capital improvements, which Conrail is unable or unwilling to furnish. It has recently given notice of the proposed abandonment of a large number of segments of freight track. Eighteen of these serve 98 industries that we know of. If service stops, all but two plants will be forced to close down and 1300 people will join the unemployed. Conrail is still studying 40 more lines. It isn't unsolvable. Many states faced with the same problem have developed tax and other revenue generating measures to meet the supply of transportation needs funding.

New Jersey has yet to meet this challenge directly, though its transportation facilities have been constantly deteriorating. In 43 of the 50 states of the union, a portion of the State's tax revenue is dedicated to transportation uses. The vast majority of these taxes are transportation related, such as vehicle registration fees and gasoline taxes. In the seven states that I know of without a dedicated source of funding, all have experienced a New Jersey trend towards deterioration in various degrees. Their transportation agencies have been facing the same annual competition with all other state agencies for their share of the appropriation pie. New York and Connecticut who are among the seven are in somewhat better shape than New Jersey, but only because their transportation agencies receive annual appropriations which are at least equivalent to the transportation related tax revenue yields. In New Jersey it is \$550 million.

The national trend has definitely been to increase support for transportation. In 1980, ten states through their legislatures approved gasoline tax increases. By October, 1981, twenty-two states had approved increases in the fuel taxes to fund transportation needs. These range from 1¢ to as high as 4 1/2¢. Some of the states have tried to compensate for the variation in the price of gasoline that I referred to by converting this gasoline tax to an ad valorem one, so that it is based on the percentage of the price of the fuel. This has been done in Indiana, Rhode Island, Washington, Massachusetts, Connecticut, Kentucky, Nebraska, New Mexico and Arizona.

Gentlemen, New Jersey has been solemnly committed to the support of essential and vital rail and passenger service, since the 1960's. It has been able to carry on up to now principally by reason of federal operating assistance. However, this federal aid is coming to an end and unless an alternate financing mechanism is established, a destructive cycle of annual fare increases is ahead for all commuters and users of the service. When you reach a certain point, they cease to be able to pay to be commuters under the same conditions in other areas. When bus and rail fare box revenues are combined, New Jersey riders provide more than 52% of the revenues necessary to meet the cost of the service. The nationwide average is 41%.

In general, most of the successful transportation systems in the country have instituted some form of stated or dedicated funding, and this has in many cases resulted in better maintenance and on-time service, and often has been accompanied by substantial increases in ridership. In one case, in Portland, Oregon, a case that I just happen to know a little bit about, the bus system ridership there increased by 116% between 1974 and 1979 when they made adequate provision for transportation funding. By way of contrast here in New Jersey, New Jersey Transit's operating subsidy sustained declines in riding in 1975, 1976, 1977, and 1979.

In summary, while it appears that New Jersey has the highest level of traffic burdening its road system, it has the second highest level of transit use per capita. It also has a declining share of the overall state budget, the highest transit fare box recovery ratio in the country and still no assurance of adequate annual transportation funding. This makes adequate long-range planning practically out of the question for those with whom you charged the responsibility for transportation. New Jersey does need a stable source of funding to make up for the transportation related taxes now being diverted to other state services. Actually, the problem could better be put in another way. If transportation related

taxes were to be applied to transportation needs, as they should be, additional source of funding for transportation would not be needed, but additional sources of funding would have to be developed for those state services which are currently being funded by tax monies contributed by New Jersey's voters.

So, the blame isn't on the motorist; the blame is on us because we have been using their money to run all kinds of things in this State while we let transportation go to pot. New Jersey residents have come to realize now that it can no longer be put off. What needs to be done must be done. There is no transportation Santa Claus. We need and we must have a stable source of funding, and it must be put into effect now and I would urge that the voters be given an opportunity to make this a permanent thing come next fall. I will be glad to answer any questions you might have.

ASSEMBLYMAN COWAN: You have given a rather comprehensive presentation, Judge.

JUDGE LABREQUE: Well, it is a subject very close to my heart. When I got off the Bench, I realized the problems. When I was asked by our Freeholders if I would hold this job initially, I didn't realize the significance of it. But, the more I was in it, the more I feel that we are in a deep hole and we really need to tackle this problem. This is the way to do it.

I feel that it will be good for the Assembly. The Assembly has shown great statesmanship in approving the Governor's program last week to raise some of the money for this year and I feel that this is going to be a statesmanlike thing too, and it is going to take a lot of pressure off members of the Legislature. I know that you suffer from a lot of pressure all the time. It is going to take a lot off from now on, because you will know where the money is going, or what percentage you put, and that it is going to be used for that specific purpose.

It has been my pleasure. Thank you.

ASSEMBLYMAN COWAN: Thank you, Judge. Our next witness is Tom Golodik representing Mayor Gerald Mc Cann from Jersey City.

T H O M A S G O L O D I K: Good morning. Thank you for giving us an opportunity to address you this morning. I do carry the apologies of Mayor Mc Cann who had hoped to attend today's hearing himself but unfortunately got tied up with business in Jersey City. If I can be permitted, I will briefly read his statement.

"I am here today representing the oldest city in New Jersey, Jersey City, the second largest in size. While I speak for a considerable constituency, what I say is applicable to an even greater number.

"Hudson County is one of the most traffic intensive counties in the State. We are a peninsula lying between Manhattan and the rest of the State. We are a staging point and a jumping off place for those traveling to New York City. We have in Hudson the Bayonne Bridge, the Holland and Lincoln Tunnels and the Path Transit System. New Jersey as a state handles four times the national average of automotive traffic and Hudson's share of that is probably higher than the state average.

"Anyone who drives the state's roads and bridges is aware of the deplorable shape they are in. We simply cannot afford to delay any longer in our search for a permanent solution. Our problems in Hudson can be found in every heavily populated, older urban center -- Newark, Elizabeth, Passaic, Paterson, Camden, Trenton.

"In Jersey City, we have identified about 30 bridges that carry vehicular traffic - almost without exception over rail crossings.

"Every one of those structures - originally built by the railroads - is in need of at least \$1 million in repairs. Three of them are presently closed because of structural deficiencies."

I might add that the three bridges are critical in the development of our cave-in point area and in the development of a large recreational center.

"The bridges have become so unsound from lack of maintenance that they cannot carry the weight of a single auto. Hundreds of people must drive miles out of their way in order to get to work.

"Jersey City recently purchased three railroad bridges, not because we want to get into the rail business, but because without rapid action by the city, hundreds more stood to lose their jobs if these bridges went unrepaired and rail traffic could not use them."

We are currently in the process of repairing those bridges so that freight service can be continued to a large development on the west side of the city that employs about 600 to 700 people. I believe that is probably the first time that a municipality has done something like that in the State of New Jersey.

"I have listened to complaints from some of my constituents and to the opponents of the Governor's dedicated motor fuels tax. I have to ask them where will the money for these repairs come if this bill is not passed. Who will explain to the hundreds and perhaps thousands of people who face loss of jobs if our transportation system is not upgraded.

"What good will owning a car be when possible routes are closed. What is a nickle a gallon compared to the price of wasted gasoline when we must drive lengthy detours.

"These problems have not developed overnight. The condition of the transportation system has declined since the end of the dedicated highway user revenues in 1947 until there is now a \$3 billion gap between the funds available and the very real needs -- and this gap grows daily.

"Facing this kind of problem of such a magnitude that it cannot be addressed on a piecemeal basis, I cannot do anything but declare my fervant support of Governor Kean's proposal for a transportation improvement fund.

"This proposal addresses the needs in the most equitable way -- the burden of the repairs will be shifted to the people who ferry themselves through our state, who benefit from the existence of this infrastructure, and who, ultimately, will suffer from its collapse. We have heard the litany of numbers delineating need. They need not be repeated again.

"The improvement fund would provide stable and adequate funding for planning and development and the critically needed maintenance and repairs that have been lacking for so long. The proposed program would eliminate the management by crisis we have become painfully accustomed to.

"I have previously announced my support for the governor's proposal. I will support the constitutional amendment required and will work to see the referendum carried in November if the Legislature approves it. I earnestly hope everyone recognizes our needs, puts partisan considerations aside, and work to make New Jersey's highways among the safest and soundest in the country."

Thank you very much for your consideration in this matter today.

ASSEMBLYMAN COWAN: Thank you, Tom. Are there any further witnesses who wish to testify? (No response)

If not, the Committee will stand adjourned.

(Hearing Concluded)

Executive Committee

Harvey Bass	Rockaway
Byerly Brucker	Berkeley Heights
Robert Deak	Maplewood
Rudolph Denzler	Stirling
Ira Eisenberg	Short Hills
Norman Frowley	South Orange
Thomas Getzendanner	Summit
Charlotte Goldberg	Millburn
John McCarthy	Florham Park
Anthony Neidecker	Montclair
Barbara Noell	Millburn
Sidney Palus	Millburn
Denis Riley	Dover
Myron Stern	Maplewood
John Strachan	New Providence
David Timmer	Morristown

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To the New Jersey Assembly Transportation Committee,
 Gentlemen:

1. I am Rudolph E. Denzler, Vice Chairman of the Lackawanna Coalition, and am speaking for the Coalition. The Coalition's members are drawn from the 15000 or more riders of the electrified rail lines of the former Erie-Lackawanna RR. We originally organized to expedite the re-electrification work now underway. Since early 1981 we have become more and more concerned with the matter of adequate financing for rail transportation, and this has forced us to broaden out to a state-wide perspective, and one which recognizes the needs of rail and bus passengers as well as the needs of the highway user.

2. Since early 1981 the Coalition has several times been asked to present its views on transportation issues before various state and federal legislative committees. We appreciate the opportunity to do this, both then and now. We have always urged more substantial and more stable funding for transportation.

3. The Coalition continues to urge stable and more substantial funding for transportation. Assembly Concurrent Resolution 120 appears to pave the way for this by proposing an amendment to the New Jersey Constitution that will mandate more funding than has been provided, and do so on an automatic yearly basis.

4. The following is our understanding of how it is expected to work out:

	Yield, Millions
Dedication of 5% fuel tax on wholesale level	200 *
Dedication of at least 5/8 of present 8¢ fuel excise tax	175
Plus the "already dedicated" (?) Emergency Transportation tax	54
	<hr/> 429 *

This is said to include \$117* million more than allocated in the 1982 fiscal year. (figures from the Regional Plan Ass'n, obtained originally from NJTransit.)

* Most recently the 5% tax is estimated to yield \$185 million. The other starred numbers would decrease accordingly.

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 Sidney Palius
 Denis Riley
 Myron Stern
 John Strachan
 David Timmer

Rockaway
 Berkeley Heights
 Maplewood
 Stirling
 Short Hills
 South Orange
 Summit
 Millburn
 Florham Park
 Montclair
 Millburn
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 Morristown

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5. Our only concern is that ACRI20 may not accomplish as much as it appears to promise, for the following reasons.

- a. These totals are NOT operating fund totals. They include substantial amounts for capital purposes and debt service:

Operating funds (Roads, Mass Transit and administration)	(Millions of Dollars)	
	1982	1983
	199	240
Capital costs (not for NJT)	30	49
Debt service	60	69
Local road rehabilitation	0	43
Items we cant account for	23	28
	312	429

(Data are from 1982-83 NJ Budget and from Regional Plan Ass'n.)

- b. Our most immediate concern is for mass transit, and we wish to point out that the only monies for NJTransit (\$104 million in 1982) would be \$124 million in 1983. Actually, this "increase" does nothing but offset the \$19 or \$20 million loss of Federal money expected. It does NOT compensate NJTransit for:

Loss of \$15.6 million of one-time "windfall" money in 1982 (old UMTA money)

A \$30 million increase in overall (7%) cost increases due to inflation.

- c. Omissions. There are some other revenues received by NJTransit and NJDOT which are not mentioned in ACRI20, and which should be specified as monies that are derived from transportation and should be deposited in the "Transportation Improvement Fund," not in the State's General Fund. These should include, (and there may be others):

Any payments to NJT by freight railroads that may use NJT trackage.

Equipment rentals for spare rail cars owned by NJT, to such users as the Maryland DOT.

Service fees such as for NJT passenger service into New York State.

Advertising income from posters on buses, trains and stations and billboards along NJT right-of-way.

- d. A "floating" item. (cont'd next page)

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- d. A "floating" item. No mention is made in ACRI20 of the Emergency Transportation Tax. In this item of about \$54 million dollars is an important part of the Governor's proposal and should be incorporated in ACRI20. We have not been able to find what previous legislation actually commits this money to transportation.

6. We are pleased to see in ACRI20 the phrase (to dedicate) "not less than 5/8 of the revenue from the excise tax on fuel." We would like to see future legislators use their discretion to increase this fraction. It should be remembered that 90% of our states apply 90% of their transportation-derived revenue to transportation. If the ACRI20 resolution becomes law, New Jersey will still only be using 429/755 or 57% of its (1983) transportation-derived revenue for transportation.

Expressed another way, if New Jersey does spend \$429 million for transportation in 1983, it will still only be 429/6300 or 6.8% of the state budget. A reasonable perspective on this would be to work this up 1% a year until it approached 10% of the budget. Transportation used to get a 20% share, and long before there was a NJ Transit with responsibilities for mass transit, and before the Highway department had the present number of lane miles to maintain.

7. We see no restriction in ACRI20 on how the Transportation Fund money must be split between operating and capital funding. We think this is a good point of flexibility, as the relative needs may vary from year to year.

8. To those opposing transportation tax dedication, we can only point to the well-documented need for a vast amount of rehabilitation, and to the hundreds of millions of dollars spent in the last few years to rebuild New Jersey's rail and bus system. It would be penny-wise and pound-foolish to let all that go down the drain.

9. With the suggested additions, we feel ACRI20 would be a good proposal, and we endorse it and urge its energetic promotion. If it is offered to the electorate in coming months, we, the Lackawanna Coalition, will vote for its adoption by the voting public.

Thank you

Rudolph E. Denzler

