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PUBLIC HEARING

before

ASSEMBLY TRANSPORTATION AND COMMUNICATIONS COMMITTEE

on

ACR-130

(Regarding dedication of certain motor fuels
taxes for transportation purposes)

Held:
July 9, 1984
Assembly Chamber
State House
Trenton, New Jersey

MEMBERS OF COMMITTEE PRESENT:

Assemblyman Wayne R. Bryant, Chairman
Assemblyman Paul Cuprowski, Vice Chairman
Assemblyman Thomas P. Foy

ALSO PRESENT:

Laurence A. Gurman, Research Associate
Office of Legislative Services
Aide, Assembly Transportation and
Communications Committee

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ASSEMBLYMAN WAYNE R. BRYANT (Chairman): Good morning. This will be a public hearing on ACR-130, which is better known as a constitutional amendment to dedicate two and a half cents per gallon of the existing motor fuels tax to go into a special account in the General Fund for 17 years. That is not an addition; it is two and a half cents of the present eight-cent tax.

Joining me this morning are Assemblyman Paul Cuprowski, Vice Chairman of the Assembly Transportation and Communications Committee, and Assemblyman Thomas Foy, also a member of our Committee.

I should point out a few things. On June 30, ACR-130 was placed on the desk of every legislator in the Assembly to meet the rules of 20 days prior to a vote. This bill was listed "No Reference." Therefore, there must be a hearing either by the body as a whole or by a Committee. This Committee is holding an actual public hearing on this bill. Secondly, the bill must be voted out of both houses within 90 days prior to the election, which is August 2. July 30 has been scheduled as the date on which this bill will be voted on by the full house. It will then be pushed over to the Senate on the same day, and hopefully it will be voted out of the Senate if everyone agrees. It will then be ready to be placed on the ballot on November 6.

We will now start out with testimony. Mr. John P. Sheridan, Commissioner, New Jersey Department of Transportation.

JOHN P. SHERIDAN, JR.: Good morning, Mr. Chairman and members of the Assembly Transportation and Communications Committee. Thank you very much for the opportunity to speak in support of ACR-130, the proposed amendment to the State Constitution to permit two and a half cents of the present eight-cent gas tax to be dedicated for transportation financing.

Dedicating a portion of the existing gas tax is a critical element in the Transportation Trust Fund legislation recently hammered out by the Governor and the Legislature.

The dedication was part of the compromise worked out between Governor Kean and legislative leaders on both sides of the aisle in the final hours before the adoption of the Transportation Trust Fund legislation.

I believe that joint effort strengthened what was already a good program. The fact that it was brought about through bipartisan action enhances a major transportation funding program that is already being hailed in financial and governmental circles for its innovative and workable solution to a long-standing need.

It is essential for the public to understand that there is no tax increase associated with this dedicating of a portion of the gas tax.

They will not be paying any more in taxes at the gas pump. But, by voting for this amendment, they will be assuring that two and a half cents of the eight cents a gallon they are paying will go to a fund for transportation capital projects.

The money can be used only for capital projects, and not for operating expenses. Thus, it must be used to pay for or finance construction or equipment purchases. It cannot be used for routine maintenance of our highways and bridges, nor can it be used for operating subsidies on our public transit system.

Now, when bonds are sold by the Transportation Trust Fund Authority, this constitutional amendment to dedicate a portion of the gas tax will provide bond buyers with added financial assurance. We are advised that this will have the effect of slightly reducing the cost of borrowing by the Transportation Trust Fund Authority.

On the other hand, if the referendum fails and the constitutional amendment is defeated, then the interest rate on the bonds will be slightly higher.

I want to stress that voting for the amendment to dedicate a portion of the gas tax will not result in increased taxes.

The gas tax paid at the pump will remain the same. Only a portion of it will go into another pot labeled "Transportation Projects." As a matter of fact, the mail we receive indicates that is where the public has thought its gas tax money has been going all along -- to pay for transportation improvements. Unfortunately, it has not, and that is one of the reasons we have seen deterioration of our transportation system over the last three decades.

New Jersey is one of only seven states in the nation that do not provide for dedicating motor fuels taxes to transportation. Several of the other states are also considering dedication at this time.

In New Jersey, we have had experience with dedicated financing for transportation. But that was before the adoption of a new constitution in 1947 which eliminated all dedicated funding. In this case, the dedication would be for 17 years only, sufficient to cover the lifetime of the bonds which the Transportation Trust Fund Authority proposes to sell.

I think you will all agree that New Jersey's high point in transportation was achieved when planning, construction, and maintenance projects were financed by a dedicated fund. When that dependable source of funding was eliminated and the money was spent for other State uses, the decline of our transportation system set in.

Now, through the bipartisan support of the Legislature, we have the means to reverse that decline -- the Transportation Trust Fund Program. The constitutional amendment dedicating a portion of the gas tax, as proposed in ACR-130, is an important part of that Program. I urge the Legislature to approve ACR-130, and I urge the public to approve the referendum in November.

Mr. Chairman and members of the Committee, at this time I would also like to take the opportunity publicly to thank each of you for your help over the past months, particularly in the final week before passage of the Transportation Trust Fund legislation. I really appreciate it. Hopefully, it is a good sign that in the future we can have a bipartisan approach to government in this State that will work.

ASSEMBLYMAN BRYANT: Thank you, Commissioner.

ASSEMBLYMAN CUPROWSKI: Thank you, Commissioner.

ASSEMBLYMAN BRYANT: We, too, want to thank you for your efforts in helping to put forth a Trust Fund, dedicated funding, and stable transportation. I can tell you that in the wee hours, around three o'clock in the morning, the dialogues we had and being with you were even more enjoyable.

Does anyone on the Committee have any questions for the Commissioner?

ASSEMBLYMAN CUPROWSKI: Commissioner, I just want to reiterate the comments of the Chairman. We certainly appreciate your cooperation also. I think you make a very interesting point in that there will be no additional taxes at the gas pump. I think that is a selling point that has to be sold to the people of New Jersey to get this referendum approved. Unfortunately, if the selling, the advertising, and the publicity do not come out the way they should come out, sometimes referendums are misled, misread, or misinterpreted. I would not like to see that happen in this particular case. I hope that the media, your Department, and the legislators can get that message out to the public, so the public will clearly understand that it is not an additional tax, but is merely a dedication of the taxes they are paying toward their gas dollars at the present time.

COMMISSIONER SHERIDAN: I think that is an excellent point. I believe there will be a lot of support for this referendum. I think working together with you, with the other members of the Legislature, and with the groups, both labor and business groups that were supportive of the original Program, that the public can be well-informed and, hopefully, will understand the referendum when it is presented to them.

ASSEMBLYMAN CUPROWSKI: Thank you very much, Commissioner.

ASSEMBLYMAN BRYANT: Assemblyman Foy?

ASSEMBLYMAN FOY: Commissioner, I would just like to echo the sentiments of my colleagues on the Committee by expressing my appreciation of your efforts and steadfastness during this entire dialogue that ultimately resulted in what I think is an outstanding transportation proposal. It will become law very shortly, and I will look forward to the signing of the bill, which I understand is tomorrow at 12:30. You have always conducted yourself as a gentleman, Commissioner, and we appreciate that. In the heat of partisan debate, there is often a tendency to get out of the normal scope of things. You never did that, and that is much to your credit. It made for a better situation all the way around. It is also much to the Committee's credit.

I think it is important that the coalition of citizen groups, and the various business and labor groups that worked together to obtain the package, remain together to obtain voter approval of this referendum. I will be happy to work with your Department and with my fellow legislators to ensure the passage of this important legislation. Thank you again.

COMMISSIONER SHERIDAN: Okay, thank you.

ASSEMBLYMAN BRYANT: Just in closing, Commissioner, I think that for the press and everyone, we should make it clear -- and I think both of my colleagues made it clear -- that this referendum is a bipartisan effort on behalf of the Legislature and the Administration. We will be actively supporting this dedication. It is somewhat different than dedications prior to 1947, where there were excess funds which led people to believe there were too many funds being accumulated for transportation, in that we are only dedicating \$88 million, which is a very, very small portion of the funds necessary for transportation in this State.

Also, we "capped" it for 17 years just so that the voters would have another opportunity if, in fact, we found a need for an additional amount of money for a longer period of time. So, what we're saying is, we are not asking the voters to forever dedicate these funds. There will be a process for them to review this in the future if, in fact, we find that we are accumulating more funds than are needed. However, I can assure you that there is no way -- with the cost of highways, bridges, and mass transportation and, also, because of not getting as much funding from the Federal government as is necessary -- that we will ever, ever not need at least \$88 million a year for transportation.

So, I think that if nothing else comes out of this hearing, we will tell the press and every group that is represented here that this is truly a bipartisan-supported effort. We feel that the voters, if they are informed properly that there are no new taxes-- We're talking about \$88 million, and we're talking about providing only a small portion which is necessary in order to keep all of our transportation systems running in New Jersey. Therefore, we should

have no problem convincing the voters. I, and I know the whole Committee, will be out there actively supporting this in November, even though we are not up for reelection. It gives me something to go out and talk about during this off-year for legislators.

Thank you, Commissioner.

COMMISSIONER SHERIDAN: Okay. Thank you very much, Mr. Chairman and members of the Committee.

ASSEMBLYMAN BRYANT: Mr. Joseph Wiseman.

JOSEPH F. WISEMAN: Good morning. My name is Joseph F. Wiseman. I am President of Taylor, Wiseman & Taylor, a consulting engineering firm in Mount Laurel. I am also Chairman of the South Jersey Chamber of Commerce's Transportation Committee, and that is the organization I am representing this morning. With me is Dennis F. Bradley, Vice President of the Chamber. The Chamber has over 750 member firms in South Jersey.

We appreciate the opportunity to appear before this Committee to express our views on this important matter.

Present sources of transportation funding include: Federal aid for highways and mass transit facilities; State, county and municipal budgetary appropriations from general revenues; and, State, county, and municipal bond issues. None of these sources can be characterized as stable and adequate on a long-range basis.

The amount of such funding has not been sufficient to rehabilitate, preserve, and improve our highway system. Federal aid to mass transit has also been inadequate to meet these demands. Clearly, there has been a critical need for a substantial increase in State funding to meet the requirements of our transportation system. These are the reasons our organization strongly supported the Department of Transportation's Trust Fund Act adopted by the Legislature on June 29, 1984. We would like to acknowledge and thank this Committee for the major role it played in having the Trust Fund Act become law.

Since 1975, the South Jersey Chamber of Commerce has advocated that the only way to assure stable and adequate funding is to dedicate State funds for capital transportation expenditures similar to the Federal Aid Trust Fund and similar to the dedication of funds existing in 43 other states.

There are those who will argue that dedication of revenues for specific purposes is undesirable in principle, that it restricts State government in its budgetary process, and results in misallocation of funds. The facts say otherwise. With the exception of the 1979 bond issue, we have relied on Federal funds and tolls from various authorities for most of our capital needs. Until recently, needed annual appropriations from general revenues have not been adequate, needed transportation facilities have not been provided, and our existing transportation facilities have not been properly maintained. The annual budget process, as now constituted, could see transportation funding, as has occurred too often in previous years, lose out to other funding needs.

If State government is to intelligently plan and implement capital programs and maintain and operate the existing transportation system, it must have funding that is stable, adequate, and sustaining. In our opinion, passage of Assembly Concurrent Resolution 130, which would amend the Constitution to dedicate two and a half cents of the current eight cents a gallon motor fuel tax to be used in the capital expenditures program for transportation projects, would go a long way to achieving this goal.

The South Jersey Chamber of Commerce supports Assembly Concurrent Resolution 130, which will lead to a referendum for a constitutional amendment for dedication in November of this year. Unless this is done, we are convinced that most of the transportation services throughout the State will continue to deteriorate and the backlog of State, county, and municipal transportation needs will continue to escalate.

Adoption of ACR-130 will mean steady improvements to our transportation system, a more level work load for the construction industry, and completion of needed projects within a reasonable period of time. Some of these projects include the completion of Route 90 from the Betsy Ross Bridge to Route 73 in Mount Laurel, the construction of Route 55 in Gloucester County, improvements to the Ellisburg and Race Track Circles in Cherry Hill, and, hopefully, the Route 70 Corridor Study.

The Chamber will continue to work with the Department of Transportation to ensure that our South Jersey area receives its fair share of transportation funds.

The prosperity and well-being of the people of our State demand that a reasonable portion of our State revenues be allocated to the improvement of our transportation system. Dedication of revenues is the only sound way of accomplishing such improvement.

The South Jersey Chamber of Commerce solicits your support to implement Assembly Concurrent Resolution 130.

We thank the members of this Committee for allowing us to present this statement. We will be happy to try to answer any questions the Committee may have on our statement.

ASSEMBLYMAN BRYANT: Are there any comments or questions from any of the Committee members?

ASSEMBLYMAN FOY: I have a question possibly for Dennis, through Joe. Has the Chamber done an analysis as to what the transportation improvements might generate in the way of additional business activities?

DENNIS F. BRADLEY: No, we have not.

ASSEMBLYMAN FOY: That might be something you may want to look into -- projections for the growth of new businesses. I mean, Eastgate Park is one example where transportation access makes a big difference. I know that Whitesell has some new projects planned down there along 295 and 38. I wonder if any of these might assist in spurring the development of certain areas.

MR. BRADLEY: Well, you know, when Route 55 gets built, that is just going to open up Cumberland County. There is no doubt about it. That has been a stumbling block for years at Delsey Drive. So, when Route 55 comes through, that will definitely be good for promotion. However, we do not have any economic data. Maybe I will check into that.

ASSEMBLYMAN BRYANT: Assemblyman Cuprowski?

ASSEMBLYMAN CUPROWSKI: The only comment I have to make is, I would hope that the Chamber of Commerce of South Jersey, in addition to all the Chambers of Commerce throughout the State of New Jersey, would

be as dedicated to their interest in getting this referendum passed as they were in getting the Transportation Trust Fund package approved. They certainly did a good job, and they should be commended for that. Hopefully, you will keep up the good work.

MR. WISEMAN: Thank you; we will be working very hard on that.

ASSEMBLYMAN BRYANT: I would like to thank both of you gentlemen for coming from the South Jersey Chamber of Commerce. Since you are from my area, I understand that I am on the right track. Your Chamber is well-respected in the South Jersey area. It attacks many, many important State needs. We're glad that you came aboard, and have been aboard in terms of helping us to make sure that this dedication becomes a reality. Thank you.

MR. BRADLEY: Thank you for your kind words.

MR. WISEMAN: Thank you.

ASSEMBLYMAN BRYANT: Before I call the next person to testify-- Mr. Richard Forman was to testify, but he is unable to be here. He has submitted a statement for the record. Mr. Forman is Executive Director of Associated General Contractors of New Jersey. His testimony will be placed in the record. We also have support from the Utility and Transportation Contractors Association. They are also supporting the dedication, and their information will be placed in the record too.

At this time we will have Mr. Robert Starosciak, Executive Assistant, New Jersey Alliance for Action.

ROBERT STAROSCIAK: Mr. Chairman, thank you for the opportunity to present our views. My name is Bob Starosciak, and I represent the New Jersey Alliance for Action.

The Alliance is a unique coalition of about 350 business, labor, governmental, and professional organizations working together to promote economic development and the creation of jobs in New Jersey. The Alliance serves as a catalyst in solving problems that neither business nor government can solve alone.

The Alliance believes that a viable and efficient transportation system is critical to the economic well-being of our

State. As we know, New Jersey has allowed its transportation network to deteriorate from one of the best systems in the nation to one of the worst. It is crucial that New Jersey address its \$3 billion backlog of transportation projects and its \$700 million bridge rehabilitation and replacement backlog.

Transportation is the key to preserve and protect our massive public investment, stimulate economic growth, and promote urban revitalization through the attraction of business, industry, and jobs into our State.

The concept of dedicated funding to ensure a long-term funding source is an essential component of a stable source of funding for transportation. The New Jersey Alliance for Action supports the concept of dedicated funding, specifically ACR-130, which would amend the State Constitution to allow dedication of two and a half cents per gallon of the existing motor fuels tax to fund the capital projects of the State transportation system.

The recently-approved Transportation Trust Fund Program assists us in securing our \$42 billion transportation investment with a four-year plan. We support dedication to continue to assure long-term and reliable commitment to our road, bridge, and transit systems in the State of New Jersey. Thank you.

ASSEMBLYMAN BRYANT: Thank you. Would any member of the Committee like to comment?

ASSEMBLYMAN FOY: Yes. I want to comment, Bob, on whoever wrote this. You said all that on just one page. That was terrific.

MR. STAROSCIAK: Thank you. In that case, I wrote it.

ASSEMBLYMAN BRYANT: On behalf of the entire Committee, we appreciate your support. Hopefully, your group will be one of the groups that will help us to sell this throughout the State as an important step toward stable funding for transportation.

MR. STAROSCIAK: We will be delighted to. Thank you.

ASSEMBLYMAN BRYANT: Thank you. Now we will have Judge Labreque, Chairman, Monmouth County Transportation Coordinating Council. As Judge Labreque is coming up, I would like to tell you that the Judge has been a champion of transportation for many years. I also

understand, if I am correct, that he is the father-in-law of Senator Gagliano. Good morning, Judge.

ASSEMBLYMAN CUPROWSKI: Good morning, Judge.

JUDGE THEODORE J. LABREQUE: That is correct. Thank you, Mr. Chairman and members of the Committee, for giving me a chance to say hello and to support you in this constitutional amendment.

I came down without any papers; I think that always makes the Committee feel better. If you are empty-handed, they think you can't take too long.

This is so close to me that I don't think I need any papers. We are talking the same language. As you know, my name is Theodore J. Labreque. I have been in Monmouth County for many, many years. Monmouth County is a tough County to be in. I remember when I first got started in politics there they said, "That is a horrible mistake, because when they have a job to be given out in South Jersey you're too far north, and when they have a job to be given out in North Jersey you're too far south." That happens to a lot of us, but somehow or another we manage to live and we have the advantages of both North Jersey and South Jersey. We think we have it transportation-wise too.

In addition to serving as the Monmouth County Transportation Coordinating Chairman -- which they wangled me into when I retired from the bench in 1973 -- I work with the County Transportation Association, which represents all 21 counties of the State. This Association has been in existence since 1973 too, and it has a lot of devoted people from each county in it. I have the honor to be Chairman of the North Jersey Transportation Advisory Committee, which is the Advisory Committee to New Jersey Transit. We are advocates. We are advocates for everyone to whom transportation means something. In New Jersey, transportation means something to everyone, persons who are transportation-dependent first of all, of course -- the elderly, the handicapped, the young, and those who depend on public transportation to get to their jobs or to do their shopping. We are advocates for them.

We are advocates also for the motorists every year who entrust their lives to our highways, some of which are decrepit and

need work done on them, and to our decrepit bridges. We are advocates also for the business community, because the business community depends on transportation, both public and highway, more than any other phase of our economy. We are a corridor State. Business in New Jersey grew because we were a corridor State. In my town of Red Bank and in every town which is moving ahead, everyone in the community, political and business, realizes the importance of transportation, public transportation and good highways and bridges. That is why a man like Bob Van Buren, your hungry banker that you all hear about on television, is giving of his life's blood, almost, working for better transportation here in New Jersey. That is how he happened to wangle me into being a member of his coalition and working with him. But, it means a tremendous lot to all of us.

You gentlemen, of course, realize more than most of us the fact that for years we have been suffering from a lack of stable funding. It has not only made it difficult for the people of New Jersey who depend on transportation and highways, it has made it difficult for you as members of the Legislature, who have to parcel out the money each year and who have so many demands on you. You are faced with a situation where motorists in New Jersey -- truckers and people in private cars -- contribute over \$500 million to the State Treasurer, and yet they get back perhaps \$280 million from that. The rest of it goes to support other projects.

This constitutional amendment is a way for us to partially correct that, and enable us to give the people of New Jersey the assurance that a definite part of their money is going to be used for the purpose for which it was originally intended.

Now, it is a difficult thing, of course, to analyze this in terms of money. But, just put it this way. Each year New Jersey needs a certain amount of money to do the necessary things. It needs that money in the form of matching funds. It needs that money in the form of direct funds to my county, your county, and many other counties of the State, in order to do jobs which have been put off time and again, time and again, and are still being put off. We have to catch up.

I congratulate the Legislature and the Governor for getting together on a very fine plan which is going to get us off on the right foot and carry us through for 17 years at least, and for as long as the Legislature thereafter carries it through. It is a wonderful plan. The keystone of the whole plan is this constitutional amendment to once more ensure that there will be adequate funding to do the necessary things that this plan requires in order to be successful. You showed a great deal of bipartisanship, of working together on June 30, to get this thing together. This is the key that is going to unlock the door for better transportation in New Jersey, not only for motorists and truckers, but for everyone in New Jersey, and that means the business community as much as anyone else.

Thank you, gentlemen. I will be happy to answer any questions.

ASSEMBLYMAN BRYANT: Are there any questions or comments?

ASSEMBLYMAN CUPROWSKI: I have a comment, Judge, if you don't mind my saying it. I couldn't help but notice that you said you were a retired judge. I certainly want to commend you for giving your time. It is interesting to note that New Jersey has many good, fine retired citizens, and I think you are a shining example of them. We commend you for your efforts. Thank you.

JUDGE LABREQUE: Thank you very much. Are there any other questions?

ASSEMBLYMAN BRYANT: Assemblyman Foy?

ASSEMBLYMAN FOY: Judge, thank you for appearing today. I think that with the assistance of prominent citizens like yourself, we are going to see this constitutional amendment passed in November. Thanks, again, for coming.

JUDGE LABREQUE: Thank you very much.

ASSEMBLYMAN BRYANT: Judge, we are impressed that you took the time to come out to give us your expertise and your views. I am going to echo Assemblyman Cuprowski's comment. It is always an honor to have someone who is retired, and with your expertise, who is still participating in terms of public events. We really deeply appreciate it.

JUDGE LABREQUE: Thank you. I'm glad that I came today, and I'm glad that you come from the district you do. As I recall, the first time I ever appeared before a committee was when I was on the Tax Board and Joe Cowgill was a Senator from Camden County. He got me to appear before the committee.

ASSEMBLYMAN BRYANT: I'll remind him of that.

JUDGE LABREQUE: Tell him I send my best regards. Thank you.

ASSEMBLYMAN BRYANT: I'll do that, Judge. Thank you. Mr. Paul Stalknecht, Managing Director, New Jersey Motor Truck Association, and a friend of the Assembly Transportation Committee.

PAUL STALKNECHT: Good morning, Mr. Chairman and members of the Committee. I do not have any formal comments today, just some general observations.

The first general observation I have is that I do not have any trucks parked out front on West State Street. The second observation is that there are not 200 people standing in the gallery. The third observation is -- and, unfortunately, the Commissioner is not here to hear this -- the New Jersey Motor Truck Association finally agrees on an issue with Commissioner Sheridan.

The New Jersey Motor Truck Association is a trade organization headquartered in East Brunswick, New Jersey, representing the truck operators in this State. We have approximately 1,300 company members in the organization.

The New Jersey Motor Truck Association historically supports dedicated highway use taxes. In fact, since 1947, it has always advocated that we should have dedicated highway use taxes. We believe ACR-130 is a step in the right direction, but as far as we are concerned, we do not believe it goes far enough since it is only for 17 years, and all highway use taxes are not dedicated. We, as a major highway use tax contributor, believe that our highway use taxes should be dedicated to the highway system or to transportation systems, and the diversion of those moneys was really the route of the problem we find ourselves in today. We, as an industry, saw \$1 million of our highway use taxes diverted, and then some 20 or 30 years later, we got hit with the statement that we were not paying our fair share.

We believe that we always did pay our fair share. Certainly, with this gracious increase that we are going to be paying in the near future, we believe we will be paying our fair share. We would ask that the Transportation Committee -- again, it is a step in the right direction -- look toward a future of dedicating all highway use taxes to highway needs. As the Chairman has indicated, it is a costly project. There is a need in our State, and certainly the highway users that are paying taxes should see those taxes dedicated to the transportation system in New Jersey.

We hope the Committee will recognize next year when the diesel differential tax on our industry is put into effect that that tax should be dedicated to the highways, because, again, we do not want to be faced in the future with seeing the loss of our highway use taxes to other methods, and then the Legislature and members of the Administration coming back and saying we are not paying our fair share.

Again, I am here today to speak on behalf of and in support of ACR-130. And, again, I am sorry the Commissioner is not here to hear us say that we support him on an issue and are most willing to work with him and this Committee in trying to get passage of this in November.

ASSEMBLYMAN BRYANT: Thank you, Mr. Stalknecht. You no doubt realize this, but we will send the Commissioner a transcript of the hearing so he will get your words loud and clear. Secondly, we are cognizant of the fact that we need more dedication, but I will use the old cliché, "You have to crawl before you can walk." Right now we are going to crawl; maybe later on we will walk; and, then maybe we'll run.

We thank you for your support and for the motor truckers' support. Would any member of the Committee like to make a comment or ask a question?

ASSEMBLYMAN FOY: I would just like to comment that I support the concept of a greater amount of dedication wholeheartedly. As the Chairman indicated, this is something the Committee will probably be looking at with respect to future taxes.

ASSEMBLYMAN BRYANT: Thank you again, Mr. Stalknecht.

MR. STALKNECHT: Thank you.

ASSEMBLYMAN BRYANT: Mr. Bruce Coe, President, New Jersey Business and Industry Association.

BRUCE COE: Good morning, Assemblymen Bryant, Cuprowski, and Foy. About nine years ago, New Jersey created a Capital Needs Commission, technically called the Commission for Capital Budgeting and Planning. One of the things I think the Commission members, and I as the staff person, quickly became aware of was that New Jersey did not have a good long-range planning and budgeting process. To some extent that has come into being, but when you relate it to transportation, it was never really there. If you ever really talked to any of the earlier Commissioners of Transportation, whether it was Sagner, Gambaccini, or presently John Sheridan, they were always faced with this terrific dilemma, somewhat analogous to building a house where you have enough money to build a basement, and you're dealing with contractors. How do you handle building the first floor, or building the second floor, or the utilities, or the furnishings, or the kitchen? Do you wait, and every year do something?

That process leads to enormous inefficiency, and to an enormous inability to implement an intelligent program. No one can implement an intelligent program subject to annual unprogrammable, unpredictable, uncertain funding. So for years it has been the desire, I think, of a lot of people to have an intelligent funding process in place for transportation planning. I think it is particularly critical for the economy of New Jersey. I think we are all aware that there was a real pause in the 1970's, a pause accompanied by the severe 1975-1976 recession, a pause accompanied by relatively modest growth in the economy and in the population. I think it was in 1970 that the population of our State was seven million, two-hundred and fifty thousand. Today it is maybe, what, seven million, five-hundred thousand.

But, I think we are also all aware that something different is happening with the New Jersey economy. It is a fast-changing economy. New Jersey may be leading the nation in the change to the new economy which perhaps our entire country will be confronted with. What I am really talking about is measurable in a lot of ways. It is

measurable in job creation; it is measurable in the number of traffic miles registered on the New Jersey Turnpike; and, it is measurable in the number of new corporate buildings, conference centers, and research facilities that we see going up all over the State. We see it creeping down from the northern counties to the middle counties. We see it creeping out from the Philadelphia metropolitan area. Associated with that changing economy, a lot of good things are happening. We have a very high per capita income, the third highest of any state in the United States. We have had a terrific experience with unemployment relative to the country. If you take the New Jersey economy from the 1930's through and including the 1970's, whenever there was a national slowdown-- Let's say when the national economy had a cold, New Jersey had pneumonia. You could predict the New Jersey unemployment rate by taking the national unemployment rate and multiplying it by 150%. That was true right up through the 1974, 1975, 1976 recession. However, every year since 1980, including the early 1982 recessions, the unemployment rate in New Jersey has been less than the unemployment rate in the United States, significantly less the last couple of years. So, we really do have a fast-changing new economy. We have growing tourism, a growing service economy, and a growing hotel/conference facility economy, and that has created logjams and traffic jams all around the State.

The thing I really came here to talk about-- There are really two points. First, I wanted to compliment all of you, and Senator Rand, I think in particular -- but the Legislature and the Governor for agreeing on an intelligent funding plan. I think each one of you, and I, could take any plan that might have been discussed at any time over the last few years, and give a strong argument for what was right about it and a good argument for what was wrong about it. In this particular case, you have really reached a compromise which we think is intelligent. We think the use of surplus is intelligent. We think that not putting too much pressure on our GO bond rating is intelligent. We really praise the fact that, subject to voter approval, which we fully anticipate will happen in November-- I do not think we should be lax about it, because you and I both know that

selling an appropriation bond where the voters have said, "No, we don't want it," makes it a little bit difficult, and calls all good attorneys, who write offering circulars, to say remarkably accurate things about what every investor should know before buying such a bond.

But, we will work with all of our members. Our members are elated with the proposed transportation program. We are elated with the unemployment insurance reform program that all of you took part in by voting on it earlier this year. We think this is another very significant step in the efforts the government has taken to create jobs, improve the economy, and plan for tomorrow.

That is really all I have to say. Congratulations, and we will work hard. There are those who criticize dedicated funding. I think we can all argue both sides of that. I think that in this particular case, the relatively modest level of dedicated funding-- Whether you're talking about \$85 million, \$88 million, or \$90 million a year, it is clearly a modest amount that, whether it is appropriated annually or funded through some other funding mechanism, is really a minimal amount that any intelligent program is going to have to come up with over the next several years. Thank you very much.

ASSEMBLYMAN BRYANT: Mr. Coe, we appreciate your support, and the support of the New Jersey Business and Industry Association. We are on such a roll, I wish we could put it up for a vote next Tuesday. I know we would definitely have a winner then. Hopefully, that kind of enthusiasm will last us through November of this year.

Are there any questions from the members of the Committee?

ASSEMBLYMAN CUPROWSKI: Yes. Mr. Coe, your Association, the New Jersey Business and Industry Association, has certainly been a major spokesperson, if you will, for business and industry throughout the State of New Jersey. Again, we use the word "commend" maybe too lightly sometimes, but certainly your organization should be commended for espousing the cause and for helping the cause of economic development in the State of New Jersey. I think you would agree that this particular stable Transportation Trust Fund has to be a boom in the coming years for the State of New Jersey as it relates to business and industry, not only for the business and industry that is here in

the State of New Jersey, but hopefully to attract additional business and industry, using as a selling point the stable funding we have, and the road improvements we will have, especially as relates to any business which would have to rely on the roads as a major means of transportation. I think you would agree with that.

MR. COE: Not only would I agree with it, but, in fact, I think we all have some details of the particular infrastructure needs the Department hopes to address over the next four years. I think we can all agree that if they do not get addressed, it is going to be a real deterrent to growth -- a real problem. So, it is critical, and it is necessary. Thank you very much.

ASSEMBLYMAN CUPROWSKI: There is really no question about it. Very good; thank you very much.

ASSEMBLYMAN FOY: Mr. Coe, before you leave, I want to have my say. I would like to thank you for appearing today, and I want to just point out one thing about your role in this particular package. As a representative of industry, your organization and representatives of organized labor were very strong and vigorous advocates as a team on behalf of this package. I think as a result of that spirit of cooperation, the Legislature, in the form of the Democrats and the Republicans in the Legislature, along with the Republican Administration, were able to cooperate together because they saw disparate groups recognizing an important need and putting aside their parochial differences to address that significant need to the betterment of the State of New Jersey.

You are to be commended for that. It seems that when business and labor are able to get together on major issues of significance to the State, such as Workers' Comp reform and unemployment insurance reform, we achieve the appropriate result. I hope that spirit continues in the future, and I thank you for appearing today.

MR. COE: That is a very good point, and I agree with the fact that labor and business have much more in common in terms of issues today than they have disagreements. We always hear about the few disagreements, but I think our joint efforts on health care cost containment, which we started on several months ago, as well as the

issues you have raised, point out this importance, particularly I think when as a legislator you would like to see them coming together with some degree of agreement, as opposed to disagreement. Hopefully, we will be able to do that more often. Thank you.

ASSEMBLYMAN BRYANT: Thank you. Mr. Bill Cleary, Director of Government Relations, National Federation of Independent Businesses in New Jersey.

BILL CLEARY: Good morning. I would like to congratulate the Committee for its excellent job on the Trust Fund package. We see that as a real move forward in the development of the entire State of New Jersey.

Last year, we did a survey of our membership on just this issue, and the overwhelming response -- I represent 9,000 small businesses in New Jersey -- was that they favored a stable funding and a designated tax. The strange part about the survey that came back was they were all under the impression that there was already a designated tax, that their motor fuels taxes were already going for highways, that the toll roads were being paid for through the tolls, and things of that nature. So, in going to the voters in November, I don't know if you have to sell the designated tax idea as much as you have to relate to them that it is not a tax increase. For the most part, they already support the designated tax idea.

Something I think Assemblyman Foy alluded to earlier was the ripple effect of this amount of money being invested in the State of New Jersey. I would like to point to two things that the Legislature has done in the past, the Meadowlands development and the casino development. I think if you look at the moneys that were provided by the State to develop those two areas of the State, you will see two things which really helped New Jersey to come through the last recession. The jobs that were created, you know, the ripple effect, particularly for small businesses, service businesses that utilized both the Meadowlands and the casino industry to build and grow-- I think you will see that rippling effect into the 1980's and 1990's. As we invest in our roads and improvements, I think you will see those investments pay off throughout the entire business sector, as well as with what we are all here about, the creation of jobs.

I compliment you all. I hope to see ACR-130 go through on the thirtieth so that it can be put before the voters in November. Thank you.

ASSEMBLYMAN BRYANT: Are there any questions from the members of the Committee?

ASSEMBLYMAN CUPROWSKI: That was very well said.

ASSEMBLYMAN BRYANT: Yes, very well said. Thank you. Mr. Richard Tissiere, President, Construction Laborers Union, Local 472. Good morning.

RICHARD TISSIERE: Good morning. My name is Richard Tissiere. I represent slightly over 6,000 construction laborers from Monmouth County north. We are the construction laborers who build the roads, the bridges, and the tunnels, and we are very happy. We are very thrilled. I would say that this is probably the second time in my life that I was happy to come to Trenton. (laughter)

ASSEMBLYMAN CUPROWSKI: Just out of curiosity, when was the first?

MR. TISSIERE: The first was when I stayed here until five o'clock in the morning and I saw our legislators do what they were elected to do in this State. The people in this State should be very proud of them because it was a bipartisan effort. We were happy with S-1446; we are happier with ACR-130. We knew that S-1446 was going to put our people to work. What my people like about ACR-130 is that it just doesn't mean a job program, you know, like a CETA program. This is a needed program. It is so right, it is so correct, that we are a little worried that something is going to happen. You know, no more peaks and valleys, no more Band-Aids. If stable funding goes, and dedicated funds, if it does happen in November--

I disagree in part with the last speaker, who said, "People know." I'm not so sure that the people, the average voters, are going to know. You know, stable funding and dedicated funds are second nature to us by now, but I am not so sure that the average guy will know. The members in my union have to be told what that means, and I think the people have to be told that it is not an increase, it is a piece of the eight cents. I would say that we have to work together and let our people know what it means.

You people are to be commended, first of all, for staying up so late that night. I never thought you guys could do it -- and ladies. But, we all did it. We banged heads a little bit; we put some pressure on each other. I told my membership on Monday night-- Commissioner Sheridan came to our meeting and he thanked us for our support. I thanked him for his support, and I told him to thank the Governor. I thank the legislators. We thank everyone. We're so happy, and it is such a nice thing because it is necessary. It is not a phony program. It is not a waste of money. It is so right that we are elated, and we thank you for it. I will be happy to answer any questions.

ASSEMBLYMAN BRYANT: Mr. Tissiere, I think your testimony really hits the nail on the head. It is not a gimmick. I think it is something to take us into the twenty-first century. It is real work for real people. I believe, also, that you are right again. I think at every meeting that each one of us attends, we need to explain this. I do not care what the agenda of the meeting is, we need to make sure that people understand we are only asking for two and a half cents to be dedicated out of the existing tax. It is worth many plugs so that it will become almost routine in their minds that what we are asking for is nothing in terms of additional taxes, but just something to keep New Jersey abreast in terms of the transportation needed for everyone, from business, to labor, to small businesses, to senior citizens and the handicapped, to children, to the poor -- you name it. They will all benefit from this program.

I thank you for your testimony today. Are there any questions?

ASSEMBLYMAN CUPROWSKI: Yes. Mr. Tissiere, I want to thank you again for coming down to give your presentation here this morning as a representative of a labor union and of the labor movement, the workers of this State. I think too often a lot of us take it for granted when we see a bridge built or we see a road built. I am always amazed and awed by these things. I still cannot understand to this day how these things can be done. Certainly, the workers who give their work and sweat and toil to build these bridges and build these roads have put a lot of dedication into it. I do not think that should be taken too lightly.

I agree with you. This program is not a "make-work" program. This is a needed program and it will provide a lot of jobs. The spin-off effect, obviously, will have a mushroom effect and will create additional jobs, because when you build better roads and better bridges people can move better, people can transport better, and they can get back and forth for work better. I think it is like the saying, "When all the boats are in the water, all the water rises." Everyone will start working again, will start to make a decent wage, and will start to make a decent living for his family. Thank you.

ASSEMBLYMAN FOY: I cannot pass up this opportunity to welcome Brother Tissiere. I thought when he first came in I was going to be welcoming Lee Iacocca, since he has such a strong resemblance to him. I first want to thank Mr. Tissiere for the training he provided me to enable me to stay up that late on that particular night. I served my apprenticeship under Mr. Tissiere at many union conventions in Atlantic City, and I had no problem staying up all night. I had all the right ingredients to enable me to do so.

We are proud of this package. As you know, Rich, I am a member of the laborers' union. I know firsthand from personal experience having worked in construction how vitally important this is and what it is going to mean to your members and to the people of the State of New Jersey. I am proud of the effort that you, Jack Pierson, who is here today -- the President of the International Union of Operating Engineers, Local 825 -- and all of the people in the labor movement have put forth. I am particularly proud of your spirit of cooperation with the business groups. If we see more of that in New Jersey, I think we will see a better and brighter future. I thank you, again, for coming down.

MR. TISSIERE: Okay, thanks again. I think you did a great job.

ASSEMBLYMAN BRYANT: Mr. Joseph Simonetta, New Jersey Society of Professional Engineers. I'm not sure if he is here. (Mr. Simonetta not present.) We'll move right along then and call Mr. Jack Pierson, President of the International Union of Operating Engineers, Local 825.

THE UNIVERSITY OF CHICAGO

JACK PIERSON: Good morning. I'm Jack Pierson from Local 825. We represent 8,000 members in the State of New Jersey and five counties in the State of New York. I am happy to be here this morning.

About 10 years ago, I sat in the same position with another Commissioner of the Department of Transportation. It seemed at that particular time that they needed no more roads nor the completion of the highway program. In fact, it was the Transit Program they were pushing. We were told at that particular time that there had to be a balance of mass transit and highways.

Needless to say, I am very, very elated about what our representatives are doing here today and what they have done in the last few weeks on behalf of the entire State of New Jersey -- the citizens of the State of New Jersey. It is very refreshing to know that something is being done for progress in our State.

I have been a representative of Local 825 for 30 years, and I guess I became familiar with all the Commissioners of the Department of Transportation going back to the Dwight Palmer days. I have been a member of Local 825, the Operating Engineers, for 43 years, and I have been in the labor movement for going on 48 years. Since 1947, when the dedicated fund went out of existence, we have had nothing but a Band-Aid situation on a year-to-year basis. I have witnessed it. As I say, I have been a representative of Local 825 for 30 years during every phase of construction, including the highway and road programs -- the Turnpike, the Parkway, and many, many of the interstate highways which are in existence today. So, I am very, very familiar with what is happening.

Of course, with the bill you are proposing today, you are using your minds instead of your hearts. Over the years, you know as well as I do, Governors kept putting off from year-to-year, every four years, what they should have been doing on the infrastructure program for highways, roads, and bridges. Through our International Union of Operating Engineers, I was one of the fellows who brought the roads to nowhere to the attention of our Assembly and our Senate. I am going back to 10 years ago where the roads just ended and where bridges were built, and then all of a sudden there was nothing more to be continued.

So, again, with ACR-130, I have to compliment our Assembly and our Senate for the job they are doing. With the dedicated fund I know the roads will be completed. The ripple effect -- which I heard Assemblyman Foy mention -- on Route 287 alone-- When Route 287 is completed, the projection there will be for \$2.5 billion worth of building in that particular area. You all know what has happened with Route 287 in the Piscataway area. The ripple effect there meant millions and millions of dollars to the State of New Jersey, and many, many jobs. There are only four construction people in the State of New Jersey, but the ripple effect impacted on industry and on the citizens of the State of New Jersey.

Again, I compliment you on the work you are doing. I wish you much success in the future.

ASSEMBLYMAN BRYANT: Thank you, Mr. Pierson. Assemblyman Foy?

ASSEMBLYMAN FOY: I have just a brief comment. It is almost 10 years ago to the day that we were out on the State House steps during a march on Trenton. It was July 17, 1974. I know you feel a lot better being in here talking about this, and I feel a lot better being in here talking about it too, rather than being out on those steps having to march and having our complaints fall on deaf ears.

MR. PIERSON: Yes.

ASSEMBLYMAN FOY: It is a much better experience.

MR. PIERSON: Thank you very much, Tommy.

ASSEMBLYMAN CUPROWSKI: Mr. Pierson, I certainly want to add a comment. As you know, my Senator, Senator Tom Cowan, is the district representative for the Operating Engineers Local 825. Senator Cowan is the Vice Chairman of the Senate Transportation and Communications Committee. I am very proud that Tom Cowan played the part that he did in the overall Transportation Trust Fund package, as my Senator and as Vice Chairman of the Transportation Committee also.

MR. PIERSON: Yes, thank you very much. I was here, as Richard Tissiery was here. We were transferring ourselves from the Assembly to the Senate, back and forth. When I saw the vote taken at various times that evening, there wasn't one no vote on the score card, and that was very gratifying.

ASSEMBLYMAN BRYANT: Thank you, Mr. Pierson. We appreciate your coming.

MR. PIERSON: All right. Thank you very much for your consideration.

ASSEMBLYMAN BRYANT: Is there anyone else who would like to testify with regard to ACR-130? (no response) If not, I am going to give each member of the Committee an opportunity to make a final statement, and then we will close this public hearing. Assemblyman Cuprowski?

ASSEMBLYMAN CUPROWSKI: Thank you very much, Mr. Chairman. Certainly, it has been very satisfying for me as a freshman Assemblyman who has only been in the Assembly for a period of six months or so, to be a part of the major Transportation Trust Fund Program which hopefully will be the solution to transportation problems for years to come in the State of New Jersey.

I definitely want to point out that we should not take this particular referendum lightly. I think we have to have an education process to educate the public. I think we have an obligation to attempt to do that in the coming months so people will understand the importance of this particular question, the importance of the yes vote, and the implications of the yes vote. I would hate to see, because of a technicality or a misunderstanding, that the public was not sufficiently informed. We have to get the point across. I do not think we should take that too lightly.

Finally, I certainly want to congratulate all of my colleagues, both Democrats and Republicans, and particularly my Chairman, Assemblyman Wayne Bryant, who served as our liaison with the Commissioner and the Governor's office on this particular package during the last several months. I am closer to him and my colleagues than I am to the Senate Committee members, but I want to congratulate and commend them also. Thank you very much, Wayne.

ASSEMBLYMAN BRYANT: Thank you, Assemblyman Cuprowski. Assemblyman Foy?

ASSEMBLYMAN FOY: Mr. Chairman, I would just like to thank the members of the public and the people representing the various

groups and organizations who appeared here today to offer their comments and support for this important constitutional amendment.

I want to thank you, Assemblyman Cuprowski, and the Republican members of the Committee for their stellar efforts throughout this entire process. I think that the give-and-take of the political process proved to be very healthy in this particular situation, and enabled us to emerge with an outstanding piece of legislation that has everyone's stamp on it in some fashion or another.

Certainly, Senator Walter Rand is to be commended for his initiative, and, Wayne, the people in your district are very lucky, because with Walter Rand, Franny Gorman, and you, they really get some bang for the buck as far as representation goes. You are an outstanding legislative delegation. So to you, Wayne, my special thanks because you guided these negotiations so skillfully. You never permitted partisanship to enter into it, and you never allowed any personalities to get involved. You kept it cool all along, and as a result we emerged with something I think we are all very pleased with, and which we are looking forward to supporting in the November election.

So, thanks again, and my best wishes to you.

ASSEMBLYMAN BRYANT: Thank you, Tommy. In closing, I would like to thank the public for testifying in this matter. I guess I would be remiss if I didn't thank everyone. I think I should start with the Governor. Governor Kean was very instrumental in terms of negotiating the entire package. I think, also, I would be remiss if I didn't say something about my Senator, Senator Walter Rand. Senator Rand, with his expertise in transportation, was invaluable during this process, as well as was Senator Cowan, who used to be Chairman of this Committee and who is now Vice Chairman over in the Senate. Then, I want to thank the Senate President, and I guess most of all from this house, the Speaker, Alan Karcher, who was instrumental in terms of making sure that this Committee had the flexibility to work on a project that would reflect, I think, the best for all.

I would like to tell my Committee members that they have been most supportive. We have gotten pressure all over the place from every

source, and they were most supportive, both Republicans and Democrats, especially Tommy and Paul. They were both very supportive in terms of working out methodically something which would be good not only for mass transportation, but good for the taxpayers. ACR-130 is the culmination. What we are saying to the voters is, "We are giving you an opportunity to participate in a process that is very, very important to the entire State." I think we need that. I think the Constitution talks about giving voters an opportunity to reflect upon things which are important.

Again, without being too long, I think we should make sure that each person who leaves this hearing goes forth and states clearly to the public that we are talking about two and a half cents of the existing tax -- two and a half cents of the existing tax -- which will help to build roads and help to build prosperity in New Jersey. This was a total State Executive and Legislative effort. I thank each of you today, especially my colleagues. Thank you. That ends the public hearing.

(HEARING CONCLUDED)

APPENDIX

TO: Assembly Transportation and Communications Committee

RE: Dedication of State Gasoline Tax Revenue

The Associated General Contractors of New Jersey and the National Associated General Contractors have been strong proponents for a dedicated system of transportation funding because we have seen the beneficial effects in those areas where dedicated funding is in place. Dedicated funding provides the stability needed for state departments of transportation to intelligently plan and carry out a capital program and dedicated funding assures the taxpayers that their road related taxes are being returned to the transportation system.

We see this first step in dedicating a portion of the state gasoline tax as one of the most significant improvements that can lead to New Jersey's regaining the economic vitality needed for growth and for maintaining our competitive position in recruiting new business to this state.

A recent infrastructure report from AGC of America is attached which points out in Item 3 that "The key element in infrastructure funding must be dedicated, long term funding mechanisms for all infrastructure categories."

This legislature's herculean efforts on behalf of a stronger transportation program will be appreciated by New Jersey's citizens now and in future generations.

RICHARD L. FORMAN
EXECUTIVE DIRECTOR
ASSOCIATED GENERAL CONTRACTORS
OF NEW JERSEY

July 9, 1984

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INFRASTRUCTURE

Since 1965, the percentage of the Gross National Product (GNP) devoted to spending by all levels of government on public works has dropped from 4.1 percent to 2.3 percent — a 44 percent decline. Despite the growth in total government expenditures, spending on public construction has failed to keep pace with inflation in almost every year since 1968. The chief cause of this decline is deferred replacement of aging structures, which is resulting in substantial deterioration of this nation's infrastructure. Some of the symptoms are poorly maintained roads, closed bridges, polluted waterways, leaking water supply lines, unsafe dams, and obsolete and energy-wasting buildings.

For the last 20 years or so, capital spending on public works — at all levels of government — has been competing with social service spending — and losing. Our nation can no longer afford to lose.

The problem has become a crisis because economic renewal depends on an adequate infrastructure. When a community wastewater treatment system is operating at 80 percent of capacity, for example, it cannot add industrial load. A Department of Commerce survey reports that 50 percent of these systems nationwide are operating at 80 percent of capacity or higher. This means 50 percent of the nation's communities are in a no-growth status.

No inventory exists of public works in the United States, which prevents a firm assessment of the extent of infrastructure deterioration and a firm assessment of needed investment to meet infrastructure needs.

AGC, however, has surveyed existing literature and studies on infrastructure needs and contacted over 100 organizations, states and cities in an effort to develop a documented estimate of necessary investment to meet presently identified infrastructure needs. The AGC research reveals a minimum necessary capital investment of approximately \$3.03 trillion. While the time frame for addressing such needs varies in the individual infrastructure categories, a weighted average indicates that most investment is projected to be necessary within the next 19 years.

The \$3.03 trillion must be viewed as a minimum figure. There are a number of significant infrastructure categories for which no needs information exists, and can't be included in the \$3.03 trillion estimate. Such omissions include: rural potable water needs; parks; certain health care facilities; levees, dikes and revetments; libraries; firehouses; federal, state and local office buildings; among many others. Complete information on all such infrastructure needs would significantly increase the presently identified \$3.03 trillion estimate.

Public works investments at all levels of government generally account for approximately 24 percent of all new construction put in place, or approximately \$56 billion based on the 1982 value of construction put in place. Continuation of such public works investment levels would produce, over the next 19 years (in 1982 dollars), a total investment of \$1.06 trillion compared to the minimum necessary investment level of \$3.03 trillion — a total shortfall of approximately \$1.97 trillion and an annual shortfall of \$104 billion in 1982 dollars.

These necessary investment figures compare favorably to Gross Domestic Product (GDP) allocations of other countries. An annual public works investment of \$160 billion when added to existing annual private construction investment of approximately \$179 billion would produce a total annual construction investment of \$339 billion, raising construction investment as a percent of GDP from its current 8.05 percent level to approximately 10 percent. In Germany, construction investment as a percent of GDP is 14 percent, in Sweden it's 16.1 percent, and in Japan, 23.3 percent. It is chilling to realize that the United States ranks 22nd of 29 countries that recently reported their construction volume as a percentage of their Gross Domestic Product.

While construction creates buildings, roads, dams, sewer lines and all that goes with them, it also creates jobs, materials purchases, salaries, tax revenue and more. Based upon data generated by the Department of Labor's Bureau of Labor Statistics (BLS), the Department of

(continued on page 4)

Transportation and the Council of State Planning Agencies, each "on-site" construction job generates an equal number of "off-site" jobs and induces nearly three times that number by corporate expenditures and the spending and respending of wages. For example, \$1 billion spent on federal aid highway construction produces 13,000 on-site jobs, 13,200 off-site jobs and 36,700 induced jobs for a total of 62,900 jobs. Infrastructure investments will not only reduce unemployment, but subsequently reduce unemployment benefits, increase payments into the Social Security funds, and increase federal income tax collections thus reducing the net cost of the investments.

No single answer, no single investment strategy, no single funding mechanism will suffice to meet the needs. Each level of funding authority and responsibility has a role to play in devising a program to increase public capital investment.

Currently popular proposals for addressing the infrastructure crisis include: capital budgeting, state infrastructure banks, public works inventories, national infrastructure commissions, accelerated construction programs, national Public Works Banks for self-financing public facilities, and proposals for giving state and local governments the option of issuing taxable bonds. These proposals should not be competing on the basis of which provides the best overall solution. Any and all cost effective proposals that can guarantee a net increase in public works investments should be implemented. Only through a variety of mechanisms, at all levels of government, can progress be made. The unalterable fact is that public works investments must be dramatically increased at all levels of government.

Conclusion. AGC makes the following general recommendations regarding infrastructure funding:

1. Where a federal presence in infrastructure funding (both direct and federally assisted) is justified, such federal funding must be adequate.
2. All levels of government must realign funding priorities. The infrastructure crisis is of such magnitude and so integral to economic revival, growth, and employment that it must take precedence over social spending.
3. The key element in infrastructure funding must be dedicated, long-term funding mechanisms for all infrastructure categories. The funding must be dedicated to avoid shifting capital investment spending, as occurred during the past 20 years. The funding must be long term to provide stability in the infrastructure effort.
4. To maximize efficiency and economy in the expenditure of infrastructure funding and to provide productive private sector employment, infrastructure construction must be accomplished by the private sector through the single contract method and open competitive bidding.
5. User fee funding mechanisms and enterprise authorities should be used to the maximum extent.
6. Capital budgeting should be implemented by all levels of government to assure increased infrastructure investment.
7. State Infrastructure Banks should be established with initial capitalization from both the federal government and the states, provided the creation of the banks will result in a net increase in infrastructure investment.

CONSTRUCTION SPENDING

Total 1982 spending on construction as a percentage of gross domestic product.

Austria	28.0%
Singapore	23.9%
Japan	23.3%
Costa Rica	21.2%
Philippines	19.1%
Guatemala	18.5%
Sweden	16.1%
Mexico	15.5%
Switzerland	14.7%
Germany	14.0%
Netherlands	13.0%
Italy	11.4%
Portugal	11.4%
France	11.3%
Chile	10.5%
Denmark	10.0%
Finland	10.0%
Korea	9.4%
Australia	9.0%
United Kingdom	8.5%
Indonesia	8.5%
* USA	7.6%
Belgium	7.0%
Uruguay	6.2%
Malaysia	5.7%
Ireland	5.3%
Peru	4.6%
Norway	3.0%
Spain	1.1%

* 1983 = 8.05%

Source: Associated General Contractors of America

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STATEMENT OF
NEW JERSEY TAXPAYERS ASSOCIATION, INC.
RE
ASSEMBLY CONCURRENT RESOLUTION NO. 130
TO DEDICATE 2½ CENTS OF THE STATE MOTOR FUELS TAX
TO TRANSPORTATION FINANCING
SUBMITTED TO
ASSEMBLY TRANSPORTATION AND COMMUNICATIONS COMMITTEE
JULY 9, 1984

My name is Frank W. Haines. I am Executive Director of the New Jersey Taxpayers Association, a private non-profit, non-partisan governmental research organization founded in 1930, located in Trenton. NJTA is a voluntary member organization supported by membership dues. Its members represent most segments of New Jersey business and industry. Major interests of the Association are tax and fiscal policy.

* * * * *

NJTA recognizes the need for and desirability of a stable funded program in order to catch up on a large backlog of maintenance and construction projects of highways and bridges, to provide mass transportation equipment and to complete railroad track and bridge projects.

The Association was involved in the ongoing review of alternatives under legislative consideration to initiate a stable funding program and had expressed its long concern over use of authority financing, particularly without adequate legislative oversight, while indicating preference for a program providing maximum pay-as-you-go financing, particularly with the existence of a sizeable projected General Fund surplus.

Over the past three years the New Jersey Legislature has had before it a variety of proposals designed to provide some type of stable funding program for transportation. While there have been great differences in the proposals, dedication of a portion of highway user revenues in support of the programs has ultimately become part of each proposal. None of the dedication proposals since 1982 have been simple or comprehensive, thus easily explained and accordingly easy to understand by citizens. This statement applies to ACR No. 130.

Pro highway user revenue dedication groups have been urging action in New Jersey to join the State dedication list since New Jersey's statutory dedication of user revenues was repealed in 1945.

NJTA has never been among the supporters of revenue dedication of any type -- constitutional or statutory. Mistrust of future legislators fostered by incumbent legislators has led to several constitutional amendments dedicating revenues -- the personal income tax, the casino tax and the lottery being three major examples, although the personal income tax and casino tax are accounted for by a different technique -- a special fund, than is the lottery.

If there were a choice of types of dedication, NJTA would much prefer statutory dedication because it can be more easily modified if necessity arises.

Timing Of Hearing On ACR No. 130

NJTA recognizes that the need for holding the required hearing on this constitutional amendment is to comply with the constitutional timetable; however, the short notice and short time interval after introduction of the measure does not enable interested organizations with representative bodies empowered to determine organizational policy and with no policy on such a complicated subject, sufficient time to ascertain or develop policy.

An unprinted copy of the amendment was distributed to legislators at the June 28 session. An official printed copy of the proposed amendment as well as the major enabling bill, Assembly Substitute for Senate No. 2047, which NJTA considers essential in order to study interrelation with the proposed amendment, was not available on the morning of the hearing. Therefore, you should realize some organizations have difficulty in developing organizational policy based on in-depth analysis in less than a week's time.

Voters should understand that the Legislature spent more than four months reviewing this financing proposal and then passed a compromise version at 5:00 A. M. without debate.

ACR No. 130

The constitutional dedication being proposed for voter consideration in November is a new and different type of dedication and may be without parallel among the states. There has been insufficient time to research this point. Voters must recognize that the technique for developing a stable funding program departs extensively from the long accepted historical method of financing highways and mass transportation capital projects which is as a regular governmental function financed by a combination of current budget appropriations and general obligation bonds.

Instead, the Chief Executive and the Legislature have determined for reason that is unclear not to utilize general obligation bonds for the funding level considered needed for transportation because such action would be detrimental to the State's current Triple A credit rating. Accordingly, they are creating a new Authority, a Transportation Trust Fund Authority, for the principal purpose of marketing "appropriation bonds" to fund the difference between the annual \$249 million adopted spending program and the amount available from appropriations in the State Budget.

Under the enabling bill, Assembly Substitute for Senate No. 2047, the Legislature would appropriate for transfer to the Authority (1) at least \$88 million from the General Fund, (2) together with some \$24.5 or \$25 million from the three toll road authorities according to agreements earlier made with the Executive, and (3) income from increased fees on decals, truck registrations and the diesel fuel tax affecting both in-state and out-of-state truckers.

Public hearing testimony brought forth explanation that State Budget appropriations would "leverage" bonds needed to finance the bond portion of the capital program. Although the bill's language disclaimed any legislative responsibility for future funding support, questioning brought out the opinion that the State's financial credibility would be endangered if the Legislature failed to make the necessary annual appropriation (see Section 9, g, Assembly Substitute for Senate No. 2047 which disclaims State liability for the Authority's bonds).

This would appear to be the reason behind the political compromise that led to the enabling bill and ACR No. 130. This amendment by pledging 2½ cents a gallon of motor fuels tax revenue, the estimated equivalent of \$88 million initially, would appear to be for the purpose of guaranteeing during the 17-year life of the Transportation Trust Fund Authority sufficient revenue to fully support the Authority's debt service on its outstanding debt. In this way the voters will be directly pledging a portion of General Fund revenues to the Authority, thus assuring bond rating organizations and potential investors in the bonds that annual funds will be available to pay off the bonds.

The amendment's language delegates to the Legislature the authority and mandatory responsibility for appropriating the dedicated funds. If the yield of the dedicated 2½ cent tax is greater than \$88 million, it is to be expected that the Legislature would use it for current funding to reduce the need for bond financing. There is no indication, so one can only speculate at this time, the impact if the dedicated motor fuel tax yield falls below \$88 million in the event of another international energy crisis or other reason.

The proposed amendment recognizes that the dedication in the amendment is subordinate to existing statutory pledge of taxes to support debt service (principal and interest) previously approved by the voters under the constitutional referendum requirement, or any other previously enacted statutory use of the revenues.

Motor Fuels Revenue Already Pledged To Debt Service On Highway Bonds

The State Constitution (Article VIII, Section 2, paragraph 3) requires that General Obligation bond authorization statutes provide the ways and means to pay the interest and principal on that debt. Annual debt service in Fiscal Year 1985 will be \$90.9 million on three bond issues to which motor fuels taxes are pledged under that constitutional requirement. The following table shows the outstanding debt and authorized and unissued bonds for four highway-mass transportation bond issues on December 31, 1983, and the debt service cost of the bonds.

<u>Bond Issues</u>	<u>(As of December 31, 1983)</u>		<u>FY '85 Debt Service on Outstanding Debt</u>
	<u>Outstanding</u>	<u>Authorized Unissued</u>	
Highway Improvement & Grade Crossing (1930)	\$ 1,790,000	\$ 0	\$ 280,000
State Transportation (1968)	423,590,000	0	50,517,000
N.J. Transportation Rehabilitation & Improvement (1979)	347,500,000	120,500,000	40,134,000
N.J. Bridge Rehabilitation & Improvement (1983)	0	135,000,000	0(a)
Total	\$772,880,000	\$255,500,000(a)	\$90,931,000
		(principal (interest	\$43,080,000) 47,851,000)

(a) Estimated debt service from bonds to be sold would be paid from lump sum debt service appropriation of \$20,234,000 for all bonds to be sold in fiscal year 1985.

SOURCE: Prospectus "Certificates of Participation, State of New Jersey", May 3, 1984.

* * * * *

Annual Fuels Tax Revenue, Fiscal Year 1985

Motor fuels tax	\$292 million
Motor fuels use tax	7 million
Total	\$299 million

SOURCE: Annual Appropriations Law, FY 1985. (Ch. 58, P.L. 1984 as modified by Governor's item veto.)

* * * * *

There is no information in the amendment statement about other statutory dedication of motor fuel revenues. (NJTA has not had adequate time to research this subject.) Dedication of motor fuels tax revenues in excess of \$90 million under the constitutional requirement for support of debt service, combined with

\$88 million leaves a significant part of the \$299 million tax undedicated. Voters need to be informed that total Transportation Department authorized spending of \$574.5 million for all transportation purposes from current State funds in Fiscal Year 1985 greatly exceeds the estimated revenue from the motor fuels tax (\$299 million) and is \$10.5 million less than the estimated motor vehicle registration fees (\$286 million) combined with the fuels tax yield.

Necessity For The Amendment

NJTA does not view the amendment as essential to the full funding program. A major concern of the Association is that the explanatory statement fails to make that point clear, in fact, NJTA considers the explanatory statement to be highly inadequate in providing background on the necessity for, purpose of, and result of the proposed constitutional amendment. Its present language can only cause confusion.

Furthermore, voters should be told that the 2½ cents dedication is not a motor fuels tax increase.

Also, there is nothing in the explanatory statement to explain the reason for the 17-year dedication period which is a longer financing period than initially proposed for the program.

NJTA Position On ACR No. 130

NJTA has not seen evidence to prove official hearing testimony "that transportation needs and cost of the magnitude of the proposed program can no longer be financed through GO bonds, without either seriously jeopardizing our Triple A bond rating or deferring the funding of other programs, or both". NJTA considers it important for citizens to understand why sale of additional General Obligation bonds would have an adverse affect on the State's credit rating while Authority "appropriation" bonds would not have a similar impact. The Association cannot conceive how bond rating organizations can arrive at the conclusion made in Administration testimony.

Review of the language of the constitutional amendment has led to NJTA's conclusion that:

- (1) such material, since it is of temporary nature, should not be included in the State Constitution;
- (2) the interpretive statement is vague, misleading and confusing in that it fails to explain the specific intent of the dedication; and
- (3) the referendum action appears to be an attempt to give voters a decision involving a unique type of dedication in support of bonds of the Authority which is being created in part to by-pass voters' decision on General Obligation bond financing.

In view of the Association's long-standing policy of opposition to constitutional dedication of revenues, as well as the reasons stated above, NJTA cannot endorse this constitutional amendment.

Thank you for the opportunity to present these views for the record.

NJTA 7/9/84-84/67



ASSOCIATION TESTIMONY IN SUPPORT OF
2½¢ DEDICATION OF 8¢ EXISTING GAS TAX

The Utility and Transportation Contractors Association is a statewide organization representing 460 firms that perform all types of heavy, highway and utility construction throughout the state. We strongly support the dedication of 2½¢ of the existing 8¢ gas tax to the Transportation Trust Fund. As you know, most other states in our country have some type of dedication of monies to support their transportation programs. We feel the time is right for New Jersey to utilize such a funding vehicle for its transportation needs, in fact it might have been valuable to have had such a procedure earlier.

Our association supported the proposed Transportation program and was pleased when it was approved by both houses in the state legislature. However, we would like to take this opportunity to remind everyone that this program is a form of stable funding for only four years. We note that the transportation needs of this state requires some type of permanent funding. Our association would like to see 5¢ rather than 2½¢ dedicated to the transportation program, but we understand the heavy pressures and other needs of the state. This concept of funding will lower the amount of bonding that the state may require in the future.

This association feels that the citizens of this state will overwhelmingly support the dedication of 2½¢ of the existing gas tax. This procedure does not raise any new taxes, and the dedication aspect informs the citizens as to where their tax dollars are being spent. The fact that New Jerseyans will be able to experience the direct impact of improvements to their transportation system shall prove to be enough incentive for a positive outcome for the dedication referendum.

If such legislation is enacted, our association would be pleased to help in any matter possible, especially in the area of public information.

Thank you for considering our association testimony at this time.

New Jersey Citizens Transportation Council

July 6, 1984

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Robert H. Franklin

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Raymond F. Male

Executive
Vice President
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PAR International Inc.

James P. Stewart

Alfred W. Sitarski

C.J.O. Wodehouse

Hon. Wayne R. Bryant, Chairman
N.J. Assembly Committee on
Transportation & Communication
State House, Trenton, N.J.

Re: Council support of ~~A~~CR 130

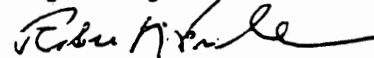
The New Jersey Citizens Transportation Council, a non-profit statewide organization composed of business, industry, labor and other organizations interested in transportation, has since its inception in 1968, striven for the state's improved transportation needs through stable funding.

The Council's principal purpose is the advancement, creation and maintenance of coordinated, balanced transportation in all modes.

This year the Council was among the first organizations to support the general idea of a Transportation Trust Fund Authority, however best it could be arrived at by the Legislature, the Executive branch and through the input of the state's citizens and transportation-oriented groups.

We have always supported the concept of earmarking a part of gasoline taxes for the improvement and upkeep of the state's transportation system. Thus we are pleased to inform the Committee of our support for ~~A~~CR 130.

The Council urges its passage.



Robert H. Franklin
Chairman

CC: Governor Thomas Kean
Comm. John Sheridan

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PUBLIC AFFAIRS COUNCIL AUTOMOBILE CLUBS OF NEW JERSEY

STATEMENT OF

AUGUSTINE PRENO, STATE CHAIRMAN,

PUBLIC AFFAIRS COUNCIL OF AAA AUTOMOBILE CLUBS OF NEW JERSEY

before the

ASSEMBLY TRANSPORTATION & COMMUNICATIONS COMMITTEE

MONDAY, JULY 9, 1984

Good Morning.

My name is Augustine Preno, and I am the State Chairman of the Public Affairs Council of the AAA Automobile Clubs of New Jersey. The Public Affairs Council is comprised of all six AAA affiliated auto clubs located in the State of New Jersey, and represents approximately 700,000 motorists statewide.

I want to start by commending you, Mr. Chairman, and the leadership and members of both Houses for resolving the political deadlock which, a few weeks ago, seemed to threaten the chances for legislative approval of a stable and secure transportation financing program. In our opinion, the legislative package hammered out in a bi-partisan attempt to address the urgent transportation needs of this State represents an improvement over the package proposed initially; and we think that is a compliment to a legislative process which encourages differences of opinion and constructive criticism.

One of the most significant and welcome improvements which came out of this process, Mr. Chairman, was your bill, Assembly Concurrent Resolution 130. If approved, ACR 130 would give New Jersey voters the opportunity to set aside 2½ cents from the State's 8 cent gasoline excise tax, for the next 17 years, specifically for transportation projects. The dedication of gas taxes---and other highway user revenues---is something the AAA has supported for many years and,

-more-

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New Jersey Automobile Club Florham Park, New Jersey	AAA West Jersey Phillipsburg, New Jersey	North Jersey Automobile Club Paterson, New Jersey	Automobile Club of Central N.J. Robbinsville, New Jersey	Automobile Club of Southern N.J. Cherry Hill, New Jersey	Shore Motor Club A Division of Keystone Motor C Northfield, New Jersey
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I want to thank you for this opportunity to come before you today to express our support for your measure.

New Jersey is one of only a handful of states which does not have a constitutionally dedicated source of funding highway transportation maintenance and improvement projects. The result is that New Jersey's system of roads, bridges and highways--which used to be considered among the best in the nation---has been ranked in a number of recent studies as among the worst.

Yet each year New Jersey motorists send more than \$560 million dollars to Trenton in the form of gasoline taxes and motor vehicle license and registration fees---money which is supposed to go back into highway improvement projects and other services for motorists. But, somehow, the money never seems to find its way back to the people who pay it. Year after year, competing claims on the State's budgetary resources have left the motorist out in the cold, with fewer and fewer tax dollars going back into transportation improvement projects.

In the past, the AAA Public Affairs Council has suggested that the Legislature follow the lead of many other states which have faced similar problems and solved them through a method of funding known as "dedication"---dedication of a portion of highway user revenues, such as taxes and fees paid by motorists, specifically for maintaining and improving our transportation system.

Under ACR 130, a portion of these revenues will, once again, be dedicated for transportation improvement purposes. And, frankly, if the voters approve this measure in the fall, the AAA will work in the future to secure the permanent dedication of an even greater share of the gas tax and other motorist fees.

Once again, I want to commend you on behalf of the AAA for your fine legislative effort to establish a stable and secure source of transportation financing, in part, through the dedication of gas tax revenues.

Thank you.

TESTIMONY BY BRIAN H. NELSON, MANAGER-PUBLIC AFFAIRS, NEW JERSEY BELL
CONCERNING ACR-130, A CONCURRENT RESOLUTION PROPOSING AN AMENDMENT TO ARTICLE
VIII, SECTION II OF THE CONSTITUTION OF THE STATE OF NEW JERSEY.

Assembly Transportation and Communications Committee Hearing

July 9, 1984

Mr. Chairman and members of the Committee, my name is Brian Nelson. I am a Manager in the Public Affairs Department of New Jersey Bell Telephone Company.

I appreciate the opportunity to provide this statement concerning the proposal, contained in ACR-130, to dedicate specific tax revenues to transportation uses. We at New Jersey Bell believe it is most appropriate that our opinions be heard on this important matter especially because of the fact that there is a synergistic relationship between highways, bridges, bus systems and the state's economy.

New Jersey Bell's financial health, in terms of revenues and taxes, is dependent on the economic vitality of the State.

Recognizing this fact, we have been actively involved in promoting economic development by addressing issues such as the one at hand and through programs such as business retention.

While much has been achieved in the area of the revitalization of New Jersey's economy, complete success will require the continued cooperation of public and private leadership in the State. We all must continue to pay attention to the state's competitive position for business and industry and stay aware of the various factors that are important to firms that are considering a move into or out of the state.

Economic development and real estate professionals alike agree that one of the most important site location factors considered is the quality of the transportation network.

This committee obviously recognized this when it facilitated the very recent passage of a \$3.3 billion transportation program.

Such a massive program probably would not have been necessary if the State Constitution wasn't rewritten in 1947 to no longer permit the dedication of dollars for highways, bridges and mass transit.

As a result of that action, the State budget has been balanced every year by diverting millions of dollars from vehicle fees and gasoline taxes to non-transportation programs, while highway maintenance suffered and bridges deteriorated.

Constitutionally dedicating 2 1/2 cents of the present 8 cents-a-gallon tax imposed on the sale of motor fuels to transportation uses, as proposed by Assemblyman Bryant, will facilitate an overall plan to develop a more stable source of funding for transportation and is a vital ingredient of the new Trust Fund program. Such a funding mechanism would make longer range state planning possible and, accordingly, would greatly enhance existing and proposed economic development programs.

As the largest private employer in the state, operating the largest private fleet and depending on business stability and growth to supply its life blood, New Jersey Bell strongly supports this proposal and intends to become involved in a pro-active program of activities designed to ensure passage of the referendum in November. We urge the legislature to pass this most important bill.

Thank you

