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Governor Christie Puts Forward Responsible Transportation Capital Plan That Reduces Borrowing and Improves Critical Infrastructure

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Signing of S-1866 an important step in Christie Administration plan to revitalize Atlantic City and create jobs

Trenton, NJ – Governor Chris Christie put forward today a transportation capital plan for the next five years that will improve critical infrastructure throughout New Jersey and begin to end the state's long overreliance on debt to finance transportation projects. The plan is consistent with the Governor's commitment to putting New Jersey on strong fiscal footing, which is why the plan is centered on responsible funding practices and prudent debt management. The Christie Transportation Capital Plan decreases borrowing while increasing "pay as you go" cash funding of transportation projects in each of the next five years. The plan does not call for any new or increased taxes.

"Today, we are continuing to put New Jersey on the path towards fiscal health and proposing a sensible and responsible plan that prioritizes vital transportation projects, while limiting the already-heavy debt burden carried by the taxpayers of our state," said Governor Christie. "After years of mismanagement and the failure to soundly plan for New Jersey's transportation future, we were left with an unacceptable situation - a system teetering on the edge of failure, without the ability to fund a basic, core function of government. Today, we begin to end that practice by putting forward a Transportation Capital Plan that meets our infrastructure needs and responsibly manages the debt incurred by taxpayers.

"Most importantly, ensuring these critical transportation projects move forward will create thousands of Jersey jobs. By responsibly investing in projects over the next five years we're putting New Jerseyans to work now and in the future," continued Governor Christie.

The Christie Plan over five years consists of cash contributions from the General Fund and the New Jersey Turnpike Authority, bonding and \$1.8 billion in projects requested by the Governor to be undertaken by the Port Authority of New York and New Jersey (PANYNJ) in conjunction with the State Department of Transportation. As a result, the State will be able to provide \$1.6 billion each year for five years for much-needed transportation projects throughout New Jersey, including \$672 million for New Jersey Transit capital needs and \$200 million per year for local government projects.

The Governor has asked the PANYNJ to undertake the following critically important transportation projects in the Port District that link the Holland Tunnel and the Port:

- Pulaski Skyway;
- Wittpenn Bridge: The Route 7 Wittpenn bridge is a major connector in Kearny between Routes 139 and 1&9 Truck to the east, and the NJ Turnpike Interchange 15W to the west;
- Route 139: Route 139 links the Holland Tunnel, Routes 1&9 Truck, the I-78 NJ Turnpike extension, and local roadways in Jersey City and Hoboken, and;
- Portway New Road: The proposed roadway will connect St. Paul's Avenue along the CSX railroad crossing over New County Road and terminating at Secaucus Road in Jersey City.

"As we have learned with so many other issues in New Jersey, our most pressing challenges simply will not fix themselves," concluded Governor Christie. "Just as we will not simply drift by chance into balanced budgets or stumble into a less costly, more efficient government, transportation investment in New Jersey requires discipline and careful planning to meet our needs in a realistic and fiscally responsible manner. The plan outlined today meets these challenges and ensures that the state will succeed where prior funding schemes have failed."

The former plan, which is about to expire, began in Fiscal Year 2007 and provided \$8 billion (\$1.6 billion per year) for transportation projects, including \$200 million per year for local government projects. This plan relied on a stable \$895 million annual General Fund appropriation that became almost entirely devoted to making debt payments, instead of funding current transportation needs. Ultimately, the only way to continue paying for projects was for the state to incur debt. As a result, the former plan allowed the fund to run dry, while nearly all the money spent on current projects was borrowed.

The Christie Transportation Capital Plan begins to reverse this irresponsible practice. Over each of the next five years the Christie Plan will increase cash contributions used to fund transportation projects while at the same time decreasing

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the use of borrowing.

The Christie Plan includes approximately \$1.8 billion in "pay as you go" cash contributions growing from a nominal amount under the former plan to over \$600 million by the end of the five-year term. This represents a substantial increase in the amount of cash financing (1,600% over five years) and is a marked departure from the previous policy of borrowing money and running up debt.

Over the plan's five year period, the Christie Plan provides almost 37 percent pay as you go funding in contrast to the former plan's five-year PAYGO composition of 10.6 percent.

The Christie Plan will include the sixth successive reauthorization of the Transportation Trust Fund. Trust Fund borrowing is backed by State appropriations from constitutionally dedicated revenue streams (from the Motor Fuels Tax, the Petroleum Products Gross Receipts Tax, and the Sales and Use Tax). Since the voters approved the constitutional dedications, there is no legal requirement for additional voter approval under the Debt Limitation Clause. Instead, the Legislature establishes bonding authority (i.e. authority to borrow up to a specified amount) and makes annual appropriations from constitutionally dedicated revenues.

Transportation Capital Plan [pdf 147k]

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