
Public Hearing

before

ASSEMBLY JUDICIARY COMMITTEE

Assembly Concurrent Resolution 1

“Amends State Constitution to dedicate all State revenues from motor fuels and petroleum products gross receipts tax to transportation system”

LOCATION: Committee Room 12
State House Annex
Trenton, New Jersey

DATE: January 7, 2016
11:00 a.m.

MEMBERS OF COMMITTEE PRESENT:

Assemblyman John F. McKeon, Chair
Assemblyman Gordon M. Johnson, Vice Chair
Assemblyman Ralph R. Caputo
Assemblyman Joseph A. Lagana
Assemblyman Chris A. Brown
Assemblyman Holly Schepisi



ALSO PRESENT:

Miriam Bavati
Rafaela Garcia
Office of Legislative Services
Committee Aides

Keith White
Assembly Majority
Committee Aide

John Kingston
Assembly Republican
Committee Aide

Hearing Recorded and Transcribed by
The Office of Legislative Services, Public Information Office,
Hearing Unit, State House Annex, PO 068, Trenton, New Jersey



JOHN F. McKEON
Chair

GORDON M. JOHNSON
Vice-Chair

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MICHAEL PATRICK CARROLL
HOLLY SCHEPISI

RAFAELA GARCIA
MIRIAM BAVATI
Office of Legislative Services
Committee Aides
(609) 847-3865
(609) 292-6510 fax

New Jersey State Legislature
ASSEMBLY JUDICIARY COMMITTEE
STATE HOUSE ANNEX
PO BOX 068
TRENTON NJ 08625-0068

PUBLIC HEARING NOTICE

The Assembly Judiciary Committee will hold a public hearing on Thursday, January 7, 2016 at 11:00 AM in Committee Room 12, 4th Floor, State House Annex, Trenton, New Jersey.

The public may address comments and questions to Rafaela Garcia, Miriam Bavati, Committee Aides, or make bill status and scheduling inquiries to Denise Darmody, Secretary, at (609)847-3865, fax (609)292-6510, or e-mail: OLSAideAJU@njleg.org. Written and electronic comments; questions and testimony submitted to the committee by the public, as well as recordings and transcripts, if any, of oral testimony, are government records and will be available to the public upon request.

The public hearing is being held in compliance with Article IX, paragraph 1 of the New Jersey Constitution and Rule 19:3 of the General Assembly on the following Assembly Concurrent Resolutions:

- | | |
|---|---|
| ACR-1
Prieto/Wisniewski/
Singleton/Lagana | Amends State Constitution to dedicate all State revenues from motor fuels and petroleum products gross receipts tax to transportation system. |
| ACR-2 (2R)
Caputo/Prieto/Schaer/
Vainieri Huttel/Mukherji/
Lagana/Eustace/Caride/
Jimenez/Johnson/
McKeon//Giblin/Oliver/
Spencer/Jasey/Tucker/
Pintor Marin | Proposes constitutional amendment to allow Legislature to authorize by law establishment and operation of casinos in certain counties. |
| ACR-3 (1R)
Prieto | Proposes constitutional amendment to require payments by State to State-administered retirement systems and establish in Constitution right of public employees to pension benefit; provides for enforcement of funding obligations and benefit rights. |
| ACR-4 (1R)
Greenwald/McKeon/
Singleton | Proposes constitutional amendment to change membership of legislative Apportionment Commission; imposes certain requirements on commission for process and legislative district composition. |

Issued 12/24/15

For reasonable accommodation of a disability call the telephone number or fax number above, or TTY for persons with hearing loss 609-777-2744 (toll free in NJ) 800-257-7490. The provision of assistive listening devices requires 24 hours' notice. Real time reporter or sign language interpretation requires 5 days' notice.

For changes in schedule due to snow or other emergencies, call 800-792-8630 (toll-free in NJ) or 609-292-4840.

ASSEMBLY JUDICIARY COMMITTEE

STATEMENT TO

ASSEMBLY CONCURRENT RESOLUTION No. 1

STATE OF NEW JERSEY

DATED: DECEMBER 17, 2015

The Assembly Judiciary Committee reports favorably Assembly Concurrent Resolution No. 1.

This constitutional amendment dedicates all of the revenue from the motor fuels tax (gas tax) and the tax on the gross receipts of the sale of petroleum products (petroleum products tax) to the Transportation Trust Fund (trust fund).

The proposed constitutional dedication from the gas tax is equal to all of the revenues from the gas tax. In State fiscal year 2016, it is anticipated that the current gas tax will generate \$541 million which is the amount generated by 10.5 cents per gallon on the sale of unleaded gasoline and 13.5 cents on the sale of diesel fuel. The current minimum dedication is 10.5 cents per gallon on the sale of unleaded gasoline and diesel fuel. This amendment dedicates the three cents of the existing motor fuels tax on diesel fuel that is not already dedicated.

Under the amendment, the constitutional dedication from the petroleum products tax is equal to all of the revenues from the tax on the gross receipts of the sale of petroleum products. The current constitutional dedication from the tax on the gross receipts of petroleum products is a minimum of \$200 million per year. In State fiscal year 2016, it is anticipated that the current petroleum products tax will generate \$215 million.

The amendment does not change the current gas tax or petroleum products tax. Constitutionally dedicating revenues from the gas tax and petroleum products tax to the trust fund ensures that the revenue is only used for transportation purposes.

**ASSEMBLY CONCURRENT
RESOLUTION No. 1**

**STATE OF NEW JERSEY
216th LEGISLATURE**

INTRODUCED DECEMBER 14, 2015

Sponsored by:

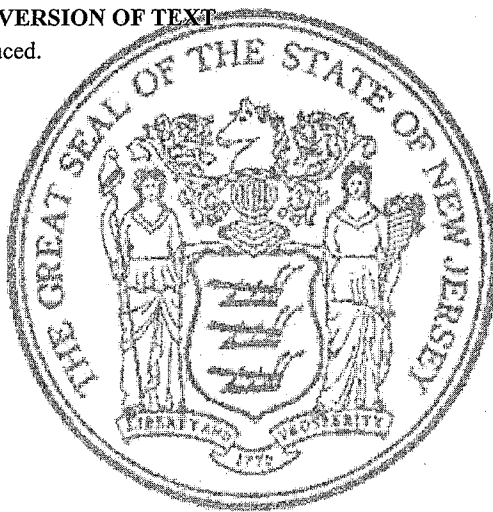
**Assemblyman VINCENT PRIETO
District 32 (Bergen and Hudson)
Assemblyman JOHN S. WISNIEWSKI
District 19 (Middlesex)
Assemblyman TROY SINGLETON
District 7 (Burlington)
Assemblyman JOSEPH A. LAGANA
District 38 (Bergen and Passaic)**

SYNOPSIS

Amends State Constitution to dedicate all State revenues from motor fuels and petroleum products gross receipts tax to transportation system.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 12/18/2015)

1 A CONCURRENT RESOLUTION proposing to amend Article VIII,
2 Section II, paragraph 4 of the New Jersey Constitution.

3
4 BE IT RESOLVED by the General Assembly of the State of New
5 Jersey (the Senate concurring):

6
7 1. The following proposed amendment to the Constitution of
8 the State of New Jersey is agreed to:

9
10 PROPOSED AMENDMENT

11
12 Amend Article VIII, Section II, paragraph 4 to read as follows:

13 4. There shall be credited to a special account in the General
14 Fund:

15 (a) for each State fiscal year commencing on and after July 1,
16 2007 through the State fiscal year commencing on July 1, 2015 an
17 amount equivalent to the revenue derived from \$0.105 per gallon
18 from the tax imposed on the sale of motor fuels pursuant to chapter
19 39 of Title 54 of the Revised Statutes, and for each State fiscal year
20 thereafter, an amount equivalent to all revenue derived from the
21 collection of the tax imposed on the sale of motor fuels pursuant to
22 chapter 39 of Title 54 of the Revised Statutes or any other
23 subsequent law of similar effect;

24 (b) for the State fiscal year 2001 an amount not less than
25 \$100,000,000 derived from the State revenues collected from the
26 tax on the gross receipts of the sale of petroleum products imposed
27 pursuant to P.L.1990, c.42 (C.54:15B-1 et seq.) as amended and
28 supplemented, or any other subsequent law of similar effect, **[and]**
29 for each State fiscal year **[thereafter]** from State fiscal year 2002
30 through State fiscal year 2016 an amount not less than
31 \$200,000,000 derived from those revenues, and for each State
32 fiscal year thereafter, an amount equivalent to all revenue derived
33 from the collection of the tax on the gross receipts of the sale of
34 petroleum products imposed pursuant to P.L.1990, c.42 (C.54:15B-
35 1 et seq.) as amended and supplemented, or any other subsequent
36 law of similar effect; and

37 (c) for the State fiscal year 2002 an amount not less than
38 \$80,000,000 from the State revenue collected from the State tax
39 imposed under the "Sales and Use Tax Act," pursuant to P.L.1966,
40 c.30 (C.54:32B-1 et seq.), as amended and supplemented, or any
41 other subsequent law of similar effect, for the State fiscal year
42 2003 an amount not less than \$140,000,000 from those revenues,
43 and for each State fiscal year thereafter an amount not less than
44 \$200,000,000 from those revenues;

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 provided, however, the dedication and use of such revenues as
2 provided in this paragraph shall be subject and subordinate to (a) all
3 appropriations of revenues from such taxes made by laws enacted
4 on or before December 7, 2006 in accordance with Article VIII,
5 Section II, paragraph 3 of the State Constitution in order to provide
6 the ways and means to pay the principal and interest on bonds of the
7 State presently outstanding or authorized to be issued under such
8 laws or (b) any other use of those revenues enacted into law on or
9 before December 7, 2006. These amounts shall be appropriated
10 from time to time by the Legislature, only for the purposes of
11 paying or financing the cost of planning, acquisition, engineering,
12 construction, reconstruction, repair and rehabilitation of the
13 transportation system in this State and it shall not be competent for
14 the Legislature to borrow, appropriate or use these amounts or any
15 part thereof for any other purpose, under any pretense whatever.
16 (cf: Art. VIII, Sec. II, par. 4; amended effective December 7, 2006)

17
18 2. When this proposed amendment to the Constitution is finally
19 agreed to pursuant to Article IX, paragraph 1 of the Constitution, it
20 shall be submitted to the people at the next general election
21 occurring more than three months after the final agreement and
22 shall be published at least once in at least one newspaper of each
23 county designated by the President of the Senate, the Speaker of the
24 General Assembly and the Secretary of State, not less than three
25 months prior to the general election.

26
27 3. This proposed amendment to the Constitution shall be
28 submitted to the people at that election in the following manner and
29 form:

30 There shall be printed on each official ballot to be used at the
31 general election, the following:

32 a. In every municipality in which voting machines are not used,
33 a legend which shall immediately precede the question as follows:

34 If you favor the proposition printed below make a cross (X), plus
35 (+), or check (✓) in the square opposite the word "Yes." If you are
36 opposed thereto make a cross (X), plus (+) or check (✓) in the
37 square opposite the word "No."

38 b. In every municipality the following question:

1

		CONSTITUTIONAL AMENDMENT TO DEDICATE ADDITIONAL REVENUES TO STATE TRANSPORTATION SYSTEM
	YES	<p>Do you approve amending the Constitution to dedicate all revenue from the State motor fuels tax and petroleum products gross receipts tax to the Transportation Trust Fund?</p> <p>This amendment would provide that an additional three cents of the current motor fuels tax on diesel fuel, which is not dedicated for transportation purposes, be dedicated to the Transportation Trust Fund. In doing so, the entire State tax on diesel fuel would be used for transportation purposes. The entire State tax on gasoline is currently dedicated to the Transportation Trust Fund and used for transportation purposes.</p> <p>The amendment would also provide that all of the revenue from the current State tax on petroleum products gross receipts be dedicated to the Transportation Trust Fund. In doing so, the entire State tax on petroleum products gross receipts would be used for transportation purposes.</p> <p>This amendment does not change the current tax on motor fuels or petroleum products gross receipts.</p>

2

		INTERPRETIVE STATEMENT
	NO	<p>This amendment would dedicate all of the revenue from the State tax on motor fuels to the Transportation Trust Fund. The current dedication is 10.5 cents per gallon on gasoline and diesel fuel. The amendment would include an additional three cents of the tax on diesel fuel that is not currently dedicated. The total revenue from the tax on motor fuels this fiscal year is estimated to be \$541 million.</p> <p>The amendment also dedicates all of the revenue from the tax on gross receipts of the sale of petroleum products to the Transportation Trust Fund. The current minimum dedication is \$200 million per year. This fiscal year, the revenue from the tax on gross receipts of the sale of petroleum products is estimated to be \$215 million.</p> <p>The amendment does not change the current tax on motor fuels or petroleum products gross receipts. The dedication to the Transportation Trust Fund ensures that the revenue is only used for transportation purposes.</p>

STATEMENT

This constitutional amendment dedicates all of the revenue from the motor fuels tax (gas tax) and the tax on the gross receipts of the sale of petroleum products (petroleum products tax) to the Transportation Trust Fund (trust fund).

The proposed constitutional dedication from the gas tax is equal to all of the revenues from the gas tax. In State fiscal year 2016, it is anticipated that the current gas tax will generate \$541 million which is the amount generated by 10.5 cents per gallon on the sale of unleaded gasoline and 13.5 cents on the sale of diesel fuel. The current minimum dedication is 10.5 cents per gallon on the sale of unleaded gasoline and diesel fuel. This amendment dedicates the three cents of the existing motor fuels tax on diesel fuel that is not already dedicated.

Under the amendment, the constitutional dedication from the petroleum products tax is equal to all of the revenues from the tax on the gross receipts of the sale of petroleum products. The current

ACR1 PRIETO, WISNIEWSKI

6

1 constitutional dedication from the tax on the gross receipts of
2 petroleum products is a minimum of \$200 million per year. In State
3 fiscal year 2016, it is anticipated that the current petroleum products
4 tax will generate \$215 million.

5 The amendment does not change the current gas tax or petroleum
6 products tax. Constitutionally dedicating revenues from the gas tax
7 and petroleum products tax to the trust fund ensures that the
8 revenue is only used for transportation purposes.

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ASSEMBLYMAN JOHN F. McKEON (Chair): Okay, welcome to everyone.

Let me explain to you the procedure today, because it's a little out of the ordinary.

We are required, by both law and Assembly and legislative rules, to have a public hearing within a certain prescribed time frame in order to put us in a position to -- presuming that the Speaker posts any of these four pieces, ACRs, to be able to do that by the end of the legislative term.

So the public hearings -- beyond testimony that was taken, now, on two separate occasions, through Judiciary, over the last several weeks on all four of these ACRs -- will again-- That process will repeat today.

Again, it will be a little out of the ordinary because we will convene and adjourn at the conclusion of each of the four ACRs; and then, immediately thereafter, reopen the next meeting. We're just going to go in sequential order starting with ACR-1, and through.

In general terms, as it relates to my colleagues on the panel today -- other than to create a quorum and to listen diligently to all that you have to say -- it's not a day for action by this Committee. There will be no vote, per se. These ACRs, in their present form, have already been voted out of Committee.

Lastly is that, because some of you have already testified before the very same individuals who you will see today, we would appreciate, with all of us-- Again, you take -- we want to hear from you. But if it's written testimony, please submit it -- it will be a part of the record -- and summarize

what you have to say. For the moment, I'm not going to put time constraints on anybody -- meaning, three or five minutes. We'll see how it goes, because we have a ton of witnesses. And if everybody just took five minutes, we would still be here until 3 or 4 o'clock this afternoon, and I know sometimes it goes longer than that.

As it relates to my colleagues, before we gavel out on any of the individual ACRs, you'll have adequate opportunity to address your own opinions, even though you won't be voting today. And again, I'd ask the panel to defer on any questions, because this is a public hearing to hear what the public has to say, as opposed for other purposes.

I would like to welcome Chris A. Brown, who has swapped in twice -- in this instance, for Assemblyman Carroll. He's here; welcome, Chris, I'm glad that you're here; as well as my colleague Ralph Caputo, who is here, swapped in for Assemblyman Wimberly, as a regular member of the Committee.

So with that, we will convene the public hearing on ACR-1. I am certain that you have some magic words and a roll to call.

ASSEMBLYWOMAN SCHEPISI: If I may, Mr. Chairman, and I apologize. I was out of the room for a moment.

ASSEMBLYMAN McKEON: Sure.

ASSEMBLYWOMAN SCHEPISI: Out of deference to the Chairman, at the first hastily called meeting to discuss these four very important constitutional amendments, we were asked not to ask any questions other than with respect to being allowed to ask one or two questions on the gaming bill.

In the event there's testimony today -- this is a public hearing. I think it important enough, considering the magnitude of what we are putting forth, that if I do have questions of somebody, that I would like to be permitted to ask a question.

ASSEMBLYMAN McKEON: I will, in the discretion of the Chair, see how things go. How's that for a good compromise? And what's good for the goose is good for the gander; there will be a number of witnesses, who we could get into detailed questions on, that I plan on deferring on. But we'll see how that goes.

ASSEMBLYWOMAN SCHEPISI: Well, this is your legislation, your resolutions. We were not privy to a lot of the backdoor conversations that took place with respect to these items. So I would respectfully ask the Chair that I be permitted to do what a quarter of a million people send me down here to do -- and that's to ask questions.

ASSEMBLYMAN McKEON: Well, I appreciate theater, but from a perspective of substance-- As a matter of fact, at the second hearing that we had, yourself and the other Republican member decided not to stick around for the couple of hours it took to get back up.

ASSEMBLYWOMAN SCHEPISI: That was after four hours of not even receiving the courtesy of being told what was going on. We were here to do a job; you guys obviously were not. So I would really prefer that you do not put out that we just left.

ASSEMBLYMAN McKEON: I'm just stating what the facts are -- and left without any notice to the Chair. And it was three hours, and we all knew why we're here. And sometimes, as we all know, our duties end up being expanded beyond everybody's convenience on a given day.

So, please.

Roll call.

MS. BAVATI (Committee Aid): Roll call on ACR 1.

ACR-1 amends the State Constitution to dedicate all State revenues from the motor fuels and petroleum products gross receipts tax to the transportation system.

Assemblywoman Schepisi.

ASSEMBLYWOMAN SCHEPISI: Present.

MS. BAVATI: Assemblyman Brown.

ASSEMBLYMAN BROWN: Here.

MS. BAVATI: Assemblyman Caputo.

ASSEMBLYMAN CAPUTO: Here.

MS. BAVATI: Assemblyman Lagana.

ASSEMBLYMAN LAGANA: Here.

MS. BAVATI: Assemblyman Johnson.

ASSEMBLYMAN GORDON M. JOHNSON (Vice Chair):

Here.

MS. BAVATI: Chairman McKeon.

ASSEMBLYMAN McKEON: Yes.

In the briefest of ways, this takes a constitutional dedication of motor fuel tax -- two different taxes: one is that the 3-and-a-half-cents, in addition, per gallon on diesel is not constitutionally dedicated at the present time to the Transportation Trust Fund. This will lockbox, if you will, that additional 3-and-a-half-cents. In addition, the petroleum products gross receipt tax is only constitutionally dedicated to the first \$200 million. This

would take 100 percent of whatever that is and lockbox it for the Transportation Trust Fund.

With that very brief explanation, I will call upon Mike Travostino of the Associated Construction Contractors. And I'm not going to call on him, because Michael has no need to speak, but is in favor. Ciro Scalera, of the New Jersey Laborers Union, no need to testify; Mark Longo of ELEC, the Operating Engineers, in favor, no need to testify; Mike Cerra, of New Jersey League of Municipalities, in favor, no need to testify; John Donnadio, New Jersey Association of Counties, in favor, no need to testify.

This is going really well so far. (laughter)

Eric Richard, no need to testify, in favor -- of course, with the New Jersey AFL-CIO; Tom Bracken, the President, and Michael Egenton, Executive VP, of the New Jersey State Chamber, in favor. And I see that you may want to testify -- one or both of you.

Welcome, Tom.

THOMAS BRACKEN: Thank you.

Thank you, Mr. Chairman. I am also not only the President of the State Chamber, but the Chairman of a coalition called Forward New Jersey, which has been advocating, very strongly, for the better part of two years, to refund our Transportation Trust Fund in a way that provides long-term, stable, dedicated funding to a very important part of our state -- probably the most fundamental piece of our economy, which is our infrastructure.

So regarding this constitutional amendment -- I know you are going to address other constitutional amendments today, which we are not in favor of, and I will speak to those when we get there. But regarding this,

we've done a lot of polling over the last few years about the Transportation Trust Fund and sources of funding. In those polling issues, the gas tax issue has come up many, many times. The way that the public uniformly talks about -- when they talk favorably about that, is if it is constitutionally dedicated. We have 14 cents -- I believe, 10 to 14 cents already constitutionally dedicated. We need to make sure that we, going forward -- if the gas tax is part of the Transportation Trust Fund funding, that we also have that gas tax -- those gas tax revenues constitutionally dedicated so that the monies are embedded into our infrastructure where they belong, and there's no way to take those funds out and use them for other purposes.

So we are wholeheartedly in favor of not only continuing to dedicate gas tax revenues, and having it constitutionally dedicated to the infrastructure; but if future revenues are dedicated from a gas tax, we also support that being constitutionally dedicated for use in our infrastructure.

Thank you very much.

ASSEMBLYMAN McKEON: Thank you very much, Tom.

And you speak on behalf of Michael as well, I assume?

MR. BRACKEN: Yes.

ASSEMBLYMAN McKEON: Tony Russo, in favor, of the Commerce and Industry Association of New Jersey, no need to testify; I should know who the-- I saw Melanie here; Melanie, is that your name, or is it Michele?

M I C H E L E N. S I E K E R K A, Esq.: (off mike) Michele Siekerka.

ASSEMBLYMAN McKEON: Okay -- from NJBIA, in favor.

MS. SIEKERKA: Michele Siekerka, President and CEO of NJBIA.

Good morning.

Thank you for the opportunity to present to you this morning.

On behalf of NJBIA's 20,000 businesses, which represent 1.2 million jobs across the State of New Jersey, we're here this morning to support ACR-1. I just want to make a few points in support.

Taxes imposed for a specific purpose should be used for that purpose; and dedicating that is an appropriate manner within which to use the Constitution. An excellent example is the success of replenishing the Unemployment Insurance Fund, which was a bipartisan effort, in order to ensure that UI taxes were expressly purposed for that fund

Where you have a dedicated fund from which to draw taxes, where you have a tax base, and you have a fund available to put those taxes into, we should dedicate those funds and we should not mess around with that.

However, we know that the Transportation Trust Fund, right now, is broken and funds have been diverted for many years; and this must stop. And there is, now, a tax out there that can be dedicated to that fund, and we support locking that up.

However, as important as securing the funds is how we disperse those funds. And I want to take a moment to extend the conversation, because the TTF is broken, and we know that. And if we're going to be so bold as to secure and lock these funds up, we have to exercise our fiduciary responsibility to protect those funds once they're there. And when we look

to disperse those funds, putting them into a broken bank -- like the TTF, which has an abhorrent credit rating -- would only be a waste of money.

And so we suggest that after we lock these funds up, that we take the next step of ensuring that we have a new bank -- one that would be similar to the Environmental Infrastructure Trust, that has a AAA credit rating -- and has an opportunity to provide for the effective and efficient way of dispersing those funds in support of transportation.

Thank you for the opportunity to be here to support this bill this morning.

ASSEMBLYMAN McKEON: Thank you, Ms. Siekerka.

And sorry about the *M* in NJBIA. It looked like *Willoughby* to me.

MS. SIEKERKA: No problem.

ASSEMBLYMAN McKEON: We have to work on that handwriting -- as smart and capable as you are.

Roger Ellis, of Laborers Local 472, ACR-1, in favor, no need to testify; Cathleen Lewis of AAA, in favor.

Cathleen.

CATHLEEN LEWIS: Thank you very much.

You probably have my written comments, so I will make them brief.

ASSEMBLYMAN McKEON: We do, and thank you, Cathleen.

MS. LEWIS: I'm going to echo a little bit of what Michele just said. I think it's so important.

Unfortunately, this-- The Transportation Trust Fund is broken, and I think this is a very important first step. Many, many years ago, we used to talk about diversions from the Transportation Trust Fund. Currently, we don't have that issue, because we actually have to take money from the General Fund to supplement -- to pay for the bonds from the Transportation Trust Fund. But at the end of the day, AAA -- which represents 2 million motorists; that's more than a third of the motoring public here in New Jersey -- at the end of the day, they don't believe that that money is getting to the right place.

In November, we went out with a poll and we found that 69 percent of people believe that the Transportation Trust Fund monies that are derived from the gas tax should be dedicated to transportation. Making sure that the monies from the gas tax and the petroleum tax get to the Transportation Trust Fund now, and any increases in the future get there, make it much easier for residents to understand why it is that we need to fully fund transportation infrastructure.

I will leave you with this. When asked if residents would support or oppose an amendment to the State Constitution to dedicate all revenue from the gas tax to transportation, 73 percent of them supported that amendment. So we think that this is the right first step to getting us to fix the Transportation Trust Fund, and we appreciate your willingness to take on this subject.

ASSEMBLYMAN McKEON: Cathleen, thank you for your spirited testimony.

Gary LaSpira of the New Jersey Food Council, in favor, no need to testify; Kevin McCarthy, President of IFPTE Turnpike Local 194, in

favor, no need to testify; Anthony Attanasio of UTCA, in favor, no need to testify; Tony Pizzutillo of NAIOP, in favor, no need to testify; Mr. Tittel of the Sierra Club, in favor. I saw Jeff earlier; he's probably upstairs at the Environment meeting, and we will-- Although he did not indicate he did not wish to testify, he's not here at this time.

Jennifer Reppert, opposed.

Jennifer.

Jennifer, am I incorrect -- is there an organization that you are representing?

JENNIFER REPERT: (off mike) No, I'm just a citizen.

ASSEMBLYMAN McKEON: Excellent. You're not just a citizen, you're--

MS. REPERT: (off mike) I think the citizens need to be part of the discussion, and not just people who have skin in the game.

ASSEMBLYMAN McKEON: You're most important--

MS. REPERT: (off mike) Well, actually, I do have skin in the game.

ASSEMBLYMAN McKEON: You're most important to all of us.

MS. REPERT: Citizen taxpayer and voter. (laughter)

ASSEMBLYMAN McKEON: Welcome, and I'm glad that you're here.

MS. REPERT: Thank you, and thank you for giving me the time.

ASSEMBLYMAN McKEON: It's a pleasure. Take as much time as you want.

MS. REPPERT: Yes, thank you; it's a pleasure to be here.

So when I wrote up my notes, I put in all four of the amendments. So I guess I'm just going to read the paragraph, and then--

ASSEMBLYMAN McKEON: That would be okay to read the paragraph. But just stick to the one about the gas tax.

MS. REPPERT: Okay, okay.

ASSEMBLYMAN McKEON: And we will call you back on the other three.

MS. REPPERT: All right. I live in Delran, New Jersey; that's in Burlington County.

Anyway, so, all right.

The foundation of the nation and its states is built on the fact that instituted government derives its powers from the consent of the people. Our founders were very concerned with the creation of political parties. They feared that this would create a deep threat to the health of the nation. A small, but crafty special interest minority would put in place the will of the party over the will of the people.

This brings me to the four amendments that are being discussed today. All four appear to be created for the benefit of a particular party and their own interests above that of the New Jersey citizen. At first glance, a person who reads it would think perhaps they are great ideas. I guess that's the point. But in reality, they are anything but good ideas for the citizens that this legislation represents.

Okay -- comments on ACR-1.

Although at first glance it looks like it is a good thing: taxes going to the Transportation Trust Fund to build and fix roads and other

infrastructure. And then, I thought this was already being done, but you had mentioned that it's already being done up to the \$200 million--

ASSEMBLYMAN McKEON: Yes.

MS. REPPERT: So this is just to lock it in -- 100 percent of the tax?

ASSEMBLYMAN McKEON: It is.

MS. REPPERT: Okay.

ASSEMBLYMAN McKEON: It adds the 3-and-a-half cents of the diesel tax--

MS. REPPERT: Right

ASSEMBLYMAN McKEON: --and also makes it 100 percent of the petroleum tax.

MS. REPPERT: Got you. Because I looked on the webpage of the Transportation Authority and it has, like, all the outstanding bonds, and the fact that these -- the 10-and-a-half cents; and then, I guess, the 10.3 cents for the diesel and the petroleum. They're sitting there being shown that that's paying for the debt service of the bonds.

ASSEMBLYMAN McKEON: That's the case.

MS. REPPERT: Right. But that doesn't need to be in the Constitution; like, that's part of the covenant of a bond insurance. You know what I mean?

But anyway; okay, let me keep going. I don't want to waste more time -- other people's time. Sorry.

Okay, so then, however, this avoids to mention the fact of the separate intent to raise this tax by 25 cents. That's coming in the works, right?

ASSEMBLYMAN McKEON: This is not part of that, for certain.

MS. REPPERT: Right.

ASSEMBLYMAN McKEON: This is just constitutionally dedicating those two sources of revenue. In theory--

MS. REPPERT: Right.

ASSEMBLYMAN McKEON: --if whatever that number is, the taxes were added either to the petroleum tax or to the per-gallon tax -- for diesel or gasoline -- then 100 percent of the money would be dedicated to the Transportation Trust.

MS. REPPERT: Right. But so my point is, when I started this out, was that everything looks, in the way things are crafted to read on these questionnaires -- it looks great for the citizens, like, "Hey, this looks great." I mean, this is an issue that everybody knows is a problem; but deep inside, we all know that we're going to getting slammed, once again, with a 25-cent tax. I know they are separate things, but--

ASSEMBLYMAN McKEON: I appreciate you bringing that up, but that's not what this is about, okay?

MS. REPPERT: Got you. All right.

Okay, so then creating an amendment to make sure gas gets to the Transportation Trust Fund is a way to gain favor with construction unions. If their members are working and feel like work is good and the politicians are favoring them, then they are more likely to go out and knock on doors for the interested candidate. More importantly, cast a vote for them.

Lastly, details of annual budget management should not be in the Constitution. There needs to be flexibility to adjust to the ebbs and flows of the economy.

ASSEMBLYMAN McKEON: Thank you so much for your testimony.

MS. REPPERT: Thank you so much.

ASSEMBLYMAN McKEON: I appreciate it.

MS. REPPERT: I appreciate it.

ASSEMBLYMAN McKEON: Bill and Barbara Eames of the Morris Patriots, opposed. Please--

UNIDENTIFIED MEMBER OF AUDIENCE: They're testifying in a Senate hearing right now.

UNIDENTIFIED MEMBER OF AUDIENCE: Oh, here's Bill.

WILLIAM EAMES: (off mike) I have to work my way in.

UNIDENTIFIED MEMBER OF AUDIENCE: (off mike) There he is.

ASSEMBLYMAN McKEON: There you go.

MR. EAMES: Sorry.

ASSEMBLYMAN McKEON: Barbara isn't here; I don't know if that's a -- I assume that's a relative.

MR. EAMES: Barbara is down in the Senate State Government Committee testifying.

ASSEMBLYMAN McKEON: Okay, Bill. And Nancie Shauger, taxpayer and citizen, please come up as well.

Nancie?

NANCIE SHAUGER: (off mike) I'm not testifying.

ASSEMBLYMAN McKEON: Oh, I'm sorry, that's not-- I apologize. So opposed, no need to testify.

And Frank Walits, opposed, no need to testify.

All right; so Bill, you're our last witness.

MR. EAMES: I appreciate it, Assemblyman; thank you very much gentlemen, on this first week of the new year.

Budget policy decisions belong in the Legislature and the Executive departments under our current Constitution, not in the Constitution to be dedicated on a firm basis, going forward. Now, we have some violations of this tenant in the current Constitution, but that doesn't change the general principle that they do not belong here in the Constitution; they belong among the Legislature and the Executive.

We're facing a lot of difficult financial times. I just saw, today, a report that of the in- and out-flow of the state, 67 percent of all moves in New Jersey are outbound; it is accelerating. We are facing some real fiscal problems.

Dedicating and taking a massive chunk of money -- in the case here, of motor fuels -- limits the flexibility of the Legislature, and it will violate your obligations to the public. The Legislature and Governor are given a responsibility to formulate and execute a budget for the benefit of the people, not for the benefit of a political class or any one sector of our economy. To manage that budget, particularly in difficult economic times, the Legislature -- you gentlemen and ladies -- and the Executive need flexibility.

Conveniently, this amendment has been carefully crafted; it avoids the mention of the parallel debate in the increase in the motor fuels

tax by 25 cents a gallon. Misleading language, public statements, explanatory statements that obscure the effects are violations of the public trust.

So my testimony is, this is bad policy; we're continuing to do more of this; it is all not the right place to do it.

Thank you.

ASSEMBLYMAN McKEON: Thank you.

That's the sole remainder of any witnesses who sought to be heard at this public hearing.

Is there anyone else whose name I have not called, who either failed to sign up or would like to speak on ACR-1? (no response)

Okay, seeing none, before we gavel out, if you will, this hearing, I'll give any of my colleagues the ability, if they would like to, to comment -- notwithstanding that we're not voting.

ASSEMBLYMAN BROWN: No, sir.

ASSEMBLYMAN McKEON: Assemblywoman?

ASSEMBLYWOMAN SCHEPISI: No, thank you.

ASSEMBLYMAN McKEON: Assemblyman?

ASSEMBLYMAN JOHNSON: No; no thank you.

ASSEMBLYMAN McKEON: Ralph?

ASSEMBLYMAN CAPUTO: No, thank you.

ASSEMBLYMAN McKEON: We're good?

Just my only small comment is if this was already the law, it would produce about another \$35 million of revenue into the Transportation Trust Fund. But, truth be told, is that we're already spending -- at least in the last fiscal year -- \$267 million more than is

required to be constitutionally dedicated. So this isn't a solution. Whoever indicated that this -- at least this set up the debate about a different source of revenue for the Transportation Trust Fund, that's the truth, and everybody should be prepared for that discussion as we move on.

So with that, seeing no other members of the public who want to be heard on ACR-1, I adjourn this meeting.

(HEARING CONCLUDED)

APPENDIX



Michele N. Siekerka
President

TO: Members of the Assembly Judiciary Committee

FR: Michele N. Siekerka, Esq., President and CEO of the New Jersey Business and Industry Association

DATE: January 7, 2016

RE: **ACR-1 (Prieto)**

The New Jersey Business & Industry Association which represents 20,000 businesses employing 1.2 million people supports ACR-1, the proposed constitutional amendment dedicating the motor fuels and petroleum products tax revenues to transportation.

If taxes are imposed for a specific purpose it is imperative that those funds be used specifically for that purpose. We support this proposal for the same reasons that we worked with the Governor and Legislature to ensure the solvency of the Unemployment Insurance Fund. It became clear at a point in time that we needed to replenish the UI fund and the only way to do so was to take action aimed at making sure the funds that were being collected for that purpose were used for that intended purpose.

Now, due to the actions you took, along with the Governor, we have a solvent UI fund and the cost to business has been reduced.

One reason we do not have the funds to improve the state's transportation infrastructure is that the funds that had been raised for that purpose have been spent elsewhere. This cannot continue.

As important as securing the funding is looking at how the funds are spent and the vehicle through which the funds are dispersed—that being the bank.

We need to establish a new bank because the Transportation Trust Fund is broken. Its credit rating is abysmal and any attempt to leverage dollars through the existing bank will mean we are throwing money out the window due to poor interest rates. A new mechanism patterned after the Environmental Infrastructure Trust, which has a AAA credit rating would more effectively utilize the dedicated funds to better meet New Jersey's infrastructure needs.

For these reasons, we respectfully ask that you vote "YES" on ACR-1. Thank you for your consideration of our comments.

lx



Clubs of New Jersey

AAA Clubs of New Jersey Testimony on Dedicating all State Revenues from the Gas Tax to the TTF January 7, 2015

The AAA Clubs of NJ would like to thank Speaker Prieto for introducing ACR 1 to amend the State Constitution to dedicate all state revenues from motor fuels and petroleum products gross receipts tax to the Transportation Trust Fund (TTF).

In New Jersey our roadways are the lifeline for our residents and our businesses. Recently, there has been much debate when it comes to funding sources for the TTF, yet we are still without a viable solution. There are immediate needs that cannot be met because all available funding must be used to address the debt service on the TTF.

No longer are we debating if funds are being siphoned back into the general fund to pay for non-transportation purposes, instead we must use general funds to help repay transportation bonds without any available funding for new or continuing projects.

Despite the dire need for a stable and sustainable funding source, motorists are still hesitant to support an increase in taxes because they do not believe that the money will be allocated to the appropriate transportation projects.

While this constitutional amendment does not solve the financial need of our deteriorating transportation infrastructure, it is a critical step in putting the TRUST back into the Transportation Trust Fund. Motorists need to know that the money they put into the system is actually being used to maintain and enhance our roadways.

In the most recent AAA poll that was in the field in November - New Jersey motorists were asked, "Do you think that all gas tax dollars collected should be used for transportation improvements or should there be some discretion on how those funds are used?" An overwhelming majority, 69 percent, of those polled said that the gas tax should be dedicated to transportation funding.

Additionally, when asked "Would you support or oppose an amendment to the State Constitution that dedicates all revenue derived from the gas tax to be dedicated the Transportation Trust Fund?" 73 percent voted they support this proposed amendment. The necessity of this amendment is crucial, and ensuring that all current and future gas tax revenues are constitutionally dedicated to the Transportation Trust Fund will not only restore faith in the system, but will also successfully address our critical infrastructural needs.

If we continue to ignore our failing transportation system it not only jeopardizes the safety of motorist but the stability of our economy. On behalf of the 2 million AAA Members in New Jersey we support the amendment and we thank Speaker Prieto for taking this important first step in solving this crisis.

Jennifer Reppert

Delran

January 7, 2016

The foundation of the nation and its states is built on the fact that instituted government derives its powers from the consent of the people.

Our founders were very concerned with the creation of political parties. They feared this would create a deep threat to the health of the nation. A small but crafty special interest minority would put in place the will of a party over the will of the people.

This brings me to the 4 amendments that are being discussed today. All 4 appear to be created for the benefit of a particular party and their own interests above that of the New Jersey citizen. At first glance, a person who reads it would think perhaps they are good ideas. I guess that is the point, but in reality they are anything but good ideas for the citizens that this legislation represents.

ACR 1 Although at first glance it looks like it is a good thing, gas taxes going to the transportation fund to build and fix roads and other infrastructure (I thought this was already supposed to be happening). However, it avoids to mention the separate intent to raise this tax by 25 cents (which everyone opposes). Creating an amendment to make sure this gas tax gets into the transportation fund is a way to gain favor with the construction unions. If their members are working and feel like work is good and the politicians are favoring them, they are more likely to go out and knock on doors for the interested candidate. More importantly, cast a vote for him or her. Lastly, details of annual budget management should not be in the Constitution. There needs to be flexibility to adjust to the ebbs and flows of the economy.

ACR2 I realize that casino authorization is a constitution item. However, this proposal is manipulative and calculating to meet political ends. It also doesn't consider the negative impact on Atlantic City.

ACR3 Mandate that state revenues fully fund all pension funds. Once again, financial management details don't belong in the Constitution. The state can't pay these benefits. They are not in a good financial position. Legislators who want to get re-elected will once again kick the can down the road without addressing the problem. More of the same that put us in the financial situation we are in. Sadly, this will affect innocent young citizens, all of our children and grandchildren.

ACR4 This admendment is probably the worst for the citizens and the republic.

1. Has immense impact on who gets elected. Definitely favors one party.
2. The citizen is completely shut out of the process.
3. Gives feeling of bias.
4. Having the Chief Justice of the NJ Supreme Court as the tie breaker is a complete and utter breach of the jurisdiction of authority. The court's whole reason to exist is to act independently and to evaluate constitutional issues and laws that were created by the legislation-which were elected by the people to represent the people. They should not be involved in party manipulation.

Thank you for your time.

NEW JERSEY ASSOCIATION OF COUNTIES

County Government with a Unified Voice!

ANN M. CANNON
NJAC President
Mercer County Freeholder

JOHN G. DONNADIO
Executive Director

MEMORANDUM

To: Assembly Judiciary Committee

Date: January 7, 2015

RE: ASSEMBLY CONCURRENT RESOLUTION No. 1 (*Prieto D-1/Wisniewski D-19*)

The New Jersey Association of Counties (NJAC) commends Speaker Prieto and Chairman Wisniewski for their vision and leadership in introducing a long-overdue ballot initiative that would amend the State's Constitution to dedicate all revenues collected from the motor fuels tax and petroleum gross receipts tax to the ailing Transportation Trust Fund (TTF). NJAC has long been an advocate for establishing a stable, dependable, and long-term source of constitutionally dedicated funding for the TTF, and strongly supports this important and timely measure.

As has been well documented, county governments spend approximately \$565.0 million each year to operate and maintain an estimated 7,140 bridges and more than 6,775 centerline miles of roads. However, the State's current Transportation Capital Program (TCP) only allocates \$165.0 million each year in Local Aid with \$78.75 million for counties and municipalities, \$25.0 million for county bridges, and \$7.5 million in discretionary funding leaving county governments responsible for financing \$453.75 million of its transportation need through the collection of local property taxes. County governments must also make substantial capital improvement investments of \$2.85 billion as 28% of major bridges and 85% of minor bridges are in need of repair, replacement, or rehabilitation.

With this in mind, NJAC urges the Assembly Judiciary Committee to favorably report ACR-1 at this time as a proactive step for establishing a stable, dependable, and long-term source of constitutionally dedicated funding for vital transportation projects. NJAC is committed to advocating for legislation, regulations, and policy directives that empower county governments to operate more effectively and efficiently. As a non-partisan organization that represents the only true regional form of government in the State with a unified and proactive voice, NJAC is dedicated to advancing innovative programs and initiatives that enhance the level of service provided and save valuable taxpayer dollars.

6X

Testimony of Barbara Eames
Whippany NJ – January 7, 2016
On ACR1 ACR2 ACR3 ACR4

The elected representatives of the majority party of the NJ Legislature are about to embark on an historic undertaking to “fundamentally change” the NJ State Constitution, with four amendments.

IF the People of the State of NJ were aware and understood the assaults upon not only the State Constitution, but upon the principle of Constitutional separation of powers, and ultimately, their liberty, and freedom from oppressive government that will be a result of these ill-advised amendments, they would be filling these chambers today. Most people, however, have little knowledge about today's deliberations, are consumed with the daily responsibilities of families and jobs, and might even acknowledge the futility of testifying today.

Their absence does NOT, however, justify the damage to representative government, the perversion of the public trust, and the triumph of partisan politics over that trust that are the intention of today's deliberations. As Mark Twain famously stated, “No man's life, liberty, or property are safe while the legislature is in session.”

A former US President, with more wisdom and moral compass than many of his peers either then or now, wrote this many years ago:

“All obstructions to the execution of the Laws, all combinations and Associations, under whatever plausible character, with the real design to direct, control, counteract, or awe the regular deliberation and action of the Constituted authorities, are destructive of this fundamental principle (of liberty) and of fatal tendency.

They serve to organize faction, to give it an artificial and extraordinary force; to put in the place of the delegated will of the nation, the will of a party; often a small but artful and enterprising minority of the Community; and, according to the alternate triumphs of different parties, to make the public administration the Mirror of the ill-concerted and incongruous projects of faction, rather than the organ of consistent and wholesome plans digested by common councils and modified by mutual interests.

However combinations or Associations of the above description may now and then answer popular ends, they are likely, in the course of time and things, to become potent engines, by which cunning, ambitious and unprincipled men will be enabled to subvert the Power of the People, and to usurp for themselves the reins of Government; destroying afterwards the very engines which have lifted them to unjust dominion.”

It seems that George Washington must have been speaking of this NJ legislature.

The gas tax and pension amendments seek to institutionalize both revenues and expenditures outside of the annual appropriations process, by removing that annual Constitutional responsibility from the legislature, and placing it in the Constitution. The two Amendments on redistricting and Pensions represent nothing more than a blatant attempt to consolidate the power of the majority party among special interests and in certain geographies. It is a shameless manipulation of the Public Will for the personal benefit of politicians who seek to ensure either the dominance of a political party in NJ, or their own election.

The Amendments will also contribute to a deterioration of the terrible fiscal condition of the State, which already has the highest exit rate in the nation.

The legislature will hide behind the excuse that they are giving "The People" the right to decide these issues. The complicated questions will be worded in such a way as to make them seem simple, reasonable and even necessary. The result will be that the people will unwittingly be manipulated for the benefit of the majority faction that placed the questions on the ballot.

In closing, Washington spoke about **"the preservation of your government"** and warned **"that you resist with care the spirit of innovation upon its principles however specious the pretexts."** He continued, **"One method of assault may be to effect, in the forms of the Constitution, alterations which will impair the energy of the system, and thus to undermine what cannot be directly overthrown."**

So manipulation of the system, by pandering to constituencies for political benefit, betrays the sacred trust placed in elected officials, and undermines the integrity of the governmental system. The legislature MAY have the ability to pass four amendments to the Constitution, but that does NOT mean it has the moral authority to do so. Vote "NO" on these amendments.

I thank you for your time.

8X

-----Original Message-----

From: jeanpublic1@yahoo.com [mailto:jeanpublic1@yahoo.com]

Sent: Wed 1/6/2016 9:29 AM

To: OLSaideAJU

Subject: vote no on acr1,2,3,4

i oppose all 4 bills. they are not good for nj. will raise taxes and bring nj in the wrong direction. we need more accountability on spending our tax dollars and we need to downsize govt. we need to insist on knowing where our tax dollars go since they are spent unwisely with millions of dollars paid per mile of road that is 15 times larger than any other state pays, even those right next door to nj. its time to cut the overspending. its time to insist that state and municipal employees work an eight hour day and benefits are cut and pensions stop altogether. the costs are too high for taxpayers in this state. all 4 bills are bad for nj. jean public1 flemington nj