

TRI-STATE TRANSPORTATION CAMPAIGN



M o b i l i z i n g t h e R e g i o n

Testimony of Damien Newton, Tri-State Transportation Campaign on the Proposed NJ Transit Fare Increase February 28, 2005-2007

Thank you for the opportunity to testify today. I am the New Jersey coordinator for the Tri-State Transportation Campaign. The Campaign is the region's leading non-profit consortium of experts, planning organizations, activist and environmental groups concerned with transportation. Our mission is to achieve an environmentally sound, economically efficient and socially just transportation network and system in New Jersey, New York and Connecticut. I am also a daily rider of the train from Rutherford station to New York, Newark, or Trenton.

Well, here we are again...for the third time since 2002, we're talking about a fare hike. Over the same period, the state government has been very aggressively doing nothing to raise user-fees on other users of the transportation system. Tolls have remained the same. The gas tax has remained the same. Vehicle registration fees have remained the same. The list goes on.

However, since I spoke at these hearings two short years ago, there have been chances for the state to change the way the New Jersey budgets its transportation funds. Last spring, Governor Corzine and the legislature had a golden opportunity to fix the state's transportation funding crisis by raising new funds dedicated toward transportation. Instead, they devised a new bonding scheme to extend the state's transportation debt to 2040. It seems that raising the gas tax or any other transportation user-fee was too painful for our state's political leaders.

Yet here we find ourselves again, debating another NJ Transit Fare Hike.

For a Governor who earned impressive progressive credentials as a United States Senator, raising fees on transit riders while avoiding raising fees on car or truck drivers is a decidedly unprogressive way of looking at transportation. Nearly one-quarter of all NJ Transit trips are made on busses traveling within or through the City of Newark. A fare hike will disproportionately affect bus riders, many of whom are poor. Consider that the cost of a bus ticket will have risen by 33% since 2002 while inflation has gone up by less than 16%.

For example, a Newark Family in which both parents work in New York City, the fare increase will cost them an additional \$240 per year. If their teenage daughter has to travel across town to a job after school, that's another \$96 per year. The total cost to this family of the fare hike will be \$336. Meanwhile, Governor Corzine brags about how his new budget policy increases the Earned Income Tax Credit to working families. This policy will provide only \$320 in tax relief annually. For our example family, this tax credit would be more than eaten up by the fare hike.

In short, this fare hike will impact urban communities the most, the very people who can least afford it and the very communities the state claims to be rebuilding.

A fare hike is also counter to the governor's goal of reducing Greenhouse Gas Emissions. In a press release from earlier this month, the governor plans to reduce emissions by 80% in the next 44 years inside of New Jersey. New Jersey will not reach this goal without reducing automobile dependency, yet a fare hike will make transit less affordable and is a move towards greater dependency on cars and trucks.

Instead of writing new testimony on the state's need for a dedicated fund to support NJ Transit operating system, I am just going to re-read our testimony from two years ago since the only thing that has changed is the name of the DOT Commissioner.

When you compare New Jersey to other states, we tax our drivers at a rate third lowest in the country for their gasoline, only 10.5 cents per gallon. By contrast, we tax our transit riders, through transit fares, at one of the highest rates in the country...and we're talking about taxing them even more! That hardly seems to make sense for a state that claims to be doing its best to reduce congestion through smart growth measures.

However, since it seems a fare hike is unavoidable at this time, it should occur with the same caveats state leaders are demanding before considering a gas tax increase. The state should make clear to the fare payers that any fare hike will address New Jersey's transit funding problems in the short- and long-term, and explain what new services they can expect as a result.

We all know that the long-term fiscal problems of New Jersey transit will not be cured through fare hikes alone. In press accounts, George Warrington and (former DOT Commissioner) Jack Lettiere have even admitted that after this fare hike, future fare hikes are coming before NJ Transit is on sound fiscal footing, showing that this large fare increase isn't enough. Fare hikes are not a long-term answer...instead the state needs to follow the lead of **every other large transit system in the country** and **dedicate a funding source** to fund New Jersey Transit's operating costs.

New Jersey is the largest transit system in the country that does not have a portion of a tax dedicated to funding it. Remember, by the end of this process New Jersey Transit may have the highest rates in the country, and still not have a dedicated funding source.

To make up for the absence of a dedicated fund, as services, ridership and costs have mounted over the years, NJ Transit has been forced to poach hundreds of millions of dollars from its capital budget — which is supported by the gas tax-funded Transportation Trust Fund and federal aid — in order to keep buses and trains running. Essentially, the agency is robbing Peter to pay Paul, straining service and causing neglect of infrastructure. Nearly \$5 billion in capital investments will be needed over the next decade to bring the system back to a state of good repair, according to the state Blue Ribbon Transportation Commission. In other words, the agency must devote available capital resources to their intended uses, and find another way to pay day-to-day costs.

Since my testimony two years ago, the state's transportation funding crisis was put on hold, but the problem grows worse as the state's debt increase and we approach the last Transportation Trust Fund approaches bankruptcy in four short years. It is unfortunate that the state's elected leadership continues to fiddle while Rome burns, and that NJ Transit riders are the only people being called on to help put out the fire.

Thank you for the opportunity to testify today. I am available for questions.