

Testimony for Assembly Budget Committee Public Hearing - Blackwood, NJ
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Good afternoon Chairman Greenwald, Vice Chairman Schaer and members of the Assembly Budget Committee. My name is Janna Chernetz and I am the New Jersey Advocate for the Tri-State Transportation Campaign, a non-profit policy watchdog organization working for better transit and transportation policy in New Jersey, New York and Connecticut.

First, Tri-State urges you to support Governor Christie for his proposed increase in transit investment as indicated by the Department of Transportation's 10.84% increase in state appropriations. This includes a 43.2 million dollar increase to NJTransit (Proposed Budget page 81). 2010 saw a 22% NJTransit fare increase, service cuts, and loss of the most worthy transit project in our nation, ARC. Increasing investment in transit is an absolute necessity in 2012 to stave off another round of fare increases. Governor Christie requests that some funding be used to increase bus service in "high growth areas." We agree. We urge you to target this investment to cities like Camden, Trenton and Newark, where 1 in every 3 residents relies solely on public transportation and in the absence of ARC, beef up bus service across the Hudson River.

Second, we urge you to find a long term solution to the impending bankruptcy of the Transportation Trust Fund, which is the state's main funding source for bridges, roads, transit and freight. It is no secret that the Transportation Trust Fund will run dry this year as 100% of its revenue will be tied up in the state's debt payments resulting from prior years' unsustainable borrowing. Replenishing the fund is essential to New Jersey's economic vitality and environmental health.

It was reported in the news that on Friday, March 19, the Transportation Trust Fund Authority approved a financial plan for the next fiscal year that envisions using \$1.2 billion in borrowed money, \$76 million in NJ Turnpike Authority tolls, and \$343 million from the Port Authority of New York and New Jersey to pay for new transportation projects. Of that \$1.6 billion, it was reported that \$778 million would go to state highway and bridge projects, \$622 million to NJTransit projects, and \$200 million to local

transportation projects. Governor Christies' plan released earlier this year identified \$343 million would be PANYNJ projects and \$1.057 billion would be for DOT/NJT use and \$200 million would be for local aid use. While the numbers do add up, the uses of these funds are still murky.

We are concerned that Governor Christie's proposal will not replenish the Transportation Trust Fund beyond FY2013. The Governor has proposed \$76 million from the general fund in FY2012 with a drastic increase to \$261 million the following year. Beyond FY2013, the budget includes steady increases over the next 3 years to \$605 million. Without having identified new revenue sources, such as an increase in the gas tax, it is difficult to ascertain where this additional revenue is coming from.

The residents of New Jersey deserve to have a Transportation Trust Fund that they can depend upon year after year to fund needed maintenance to existing roads and bridges and improvements to NJTransit. Absent a dedicated source of new revenue, the ability to predict adequate funding for the Transportation Trust Fund will be impossible. We have supported a gas tax increase in the past, and many other sources of revenue to replenish this fund.

For the average New Jersey resident, to be left without adequate transportation funding will mean continued traffic due to slowed construction projects, dangerous intersections for drivers and pedestrians that will remain hazardous, bridges that continue to degrade and weaken, and increased NJ Transit delays caused by old wires, tracks, trains and buses. Traffic congestion is a serious threat to the vitality of our state's economy. It results in lost economic productivity, people and jobs will leave communities and people will move out of New Jersey. Making sure we can continue to invest in public transportation and improvements to pedestrian walkways and bikeways is the wisest investment New Jersey can make.

Third, Tri-State would also caution the aspect of the Governor's heavy reliance on contributions from other agencies, especially the Port Authority of New York and New Jersey. This agency has a very specific jurisdiction and a worthy list of capital investments. By taking from this pot of funding, we are just crippling the agency's ability to provide the projects necessary for the NY-NJ metropolitan region's well being. The Transportation Trust Fund was created in 1984 by Governor Kean with the intention on protecting the state's vital transportation system from the political process and to create a fund that replenishes itself. Stealing from the Port Authority is contradictory to this goal.

Fourth, we urge you to request that NJDOT and NJTransit release capital program databases that detail which projects these funds will be spent on. Unfortunately, neither has been publicly released. In fact, for nine months, the NJDOT has refused to send us requested database files beyond FY2011, as they have done in the past, making annual analysis of spending decisions impossible. We urge the Assembly to make these documents public so that the public knows what it is getting for its investment. We also hope that the NJDOT capital programs will be consistent with Commissioner Simpson's promise of using the money to improve safety, repair roads and bridges, and reduce congestion through transit investment. In fact, Tri-State would recommend that there be no highway expansion with a focus on fixing and improving what we already have, first.

Previous Transportation Trust Fund legislation has called for the state to reduce the backlog of deficient bridges by half, a goal the state is nowhere near meeting. According to NJDOT, it will cost the state \$846 million each year just to stop the spread of structurally deficient bridges, and \$1 billion in capital improvements – such as track repair and new trains and buses – to bring NJ Transit into a state of good repair. Road repairs will cost additional hundreds of millions of dollars. These are goals NJ will not be able to meet with unbalanced funding priorities that favor road widening over road and bridge maintenance and transit investment.

The most sustainable way to provide a revenue source would be to increase the gas tax. New Jersey is the only state that essentially gives gasoline purchasers a tax discount for buying gas. New Jersey's gas tax is 14.5 cents per gallon which is the third lowest in the country and this rate has stayed the same since 1988 when the last increase was implemented. In New Jersey, gas is exempt from the state's 7% sales tax. Based on the average price of gas per gallon of \$3.36 as of March 17, 2011, if subject to sales tax, it would amount to 21 cents per gallon. Essentially, the gas tax does nearly nothing to maintain the state's transportation infrastructure.

Another source would be tax revenues from Transportation Development Districts which are special financing districts which assess developments that burden the existing transportation network as set forth in the Transportation Development District Act of 1989. The main transportation goals of a Transportation Development District are to maintain acceptable traffic flows, protect quality of life for existing residents and make alternatives to single occupancy auto more attractive. Transportation Development District's were developed recognizing that existing financial resources and existing mechanisms for securing financial commitments for transportation improvements are

inadequate to meet transportation improvement needs which are the result of rapid development in growth areas. It seems to flow naturally from this legislative intent that a portion of the revenue should be dedicated to improving NJTransit.

It should be mentioned that since the inception of the Transportation Development District legislation, according to the Regional Intergovernmental Transportation Coordination Study Commission, only 4 counties have engaged in the planning process: Mercer, Atlantic, Hunterdon and Union. Mercer was the only county to have a district qualify. In Atlantic, two of the three Transportation Improvement Districts were grandfathered-in as Transportation Development District's. It appears that while there has been interest, the counties that participated in the process could not make it work with the growth thresholds and the nature of improvements required by the Transportation Improvement Districts Act. In 2002-2003, the Office of Legislative services drafted a bill for Assemblyman DeCroce (A954) repealing the law providing for Transportation Improvement Districts and creating "Transportation Enhancement Districts" (TEDs), theoretically addressing the problems encountered under the Transportation Improvement Districts Act of 1989. TEDs would also be permitted to assess transportation enhancement fees on existing properties generating traffic in the district, the fees to be used for the purpose of improving circulation and mobility in the district. Transportation enhancement fees would be assessed to pay for transportation projects to meet existing needs as well as annually to cover costs relating to the maintenance and ongoing operations of the TED and transit operating expenses. This bill was never introduced.

Fifth, we urge you to use the current discussion over the transportation budget to establish a dedicated funding source for transit operations. Presently, over \$350 million a year is taken from the agency's capital fund to pay for operations. This must be a priority as a dedicated source frees up additional money in the TTF for the state's other well needed transportation infrastructure needs. Revenues previously designated for the Access to the Region's Core and from NJTransit parking privatization proposal could help establish such a fund. In the future, we urge you to Transportation Development Districts to help replenish this fund.

Finally, as the Committee considers NJ's vast transportation needs and the challenge of financing them, Tri-State Transportation Campaign urges its members to shift away from approval of costly, wasteful road widening projects. The NJ Turnpike Authority's widening of the Garden State Parkway between exits 30 and 80 in both directions and the widening of the Turnpike between interchange 6A and 9 to six lanes in

each, consume nearly \$3 billion in revenues that could have been better applied to fixing many of the states aging transportation infrastructure or investing in transit.

Adding new road capacity is a costly and inefficient way to improve traffic congestion. In fact, as demonstrated by the NJTPA's data from the Environmental Impact Statement completed in March 2007, the widened Parkway will refill with traffic just a few years after completion. (As indicated in Table 3-12, on page 3-40 of the environmental impact statement). NJTPA predicts one-third of the project area will be over capacity by 2025, the year for which the engineers designed the project.

In closing, Tri State Transportation Campaign urges the Legislature to increase Local Aid to achieve the recommendations from Governor Christie. Local Aid funding will help municipalities pay for essential road maintenance and improvement projects that are focused on increasing safety for drivers, transit riders, cyclists and pedestrians of all ages and abilities. Such funding is desperately needed as municipal revenues are capped. In 2009, pedestrians made up 27% of all traffic fatalities in New Jersey, compared to the national average of 13.3% (NHTSA)—clearly, our state is failing at protecting residents who cannot drive, or choose not to do so. This is an issue of life and death—New Jersey simply cannot afford to allow any more of its citizens to be killed when there are available road safety enhancements that have been proven to prevent deadly accidents.

On behalf of Tri-State Transportation Campaign, I appreciate the opportunity to testify before this esteemed committee today.