

TRI-STATE TRANSPORTATION CAMPAIGN



Testimony for Senate Budget & Appropriations Committee
S2020/A3000 (Holzapfel/Amodeo) which changes various provisions of
"New Jersey Transportation Trust Fund Authority Act."
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Good morning Chairman Sarlo, Vice Chair Stack and members of the Senate 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 more environmentally friendly, balanced and equitable transportation policy in New Jersey, New York and Connecticut.

TSTC is concerned with S2020/A3000, which authorizes the bonding of \$1.247 billion to fund FY2013 of New Jersey's Transportation Capital Program, because it continues a trend of overreliance on debt to support the state's transportation system. This bill would effectively raid over \$260 million from the Transportation Trust Fund to plug the state's general fund deficit. The bill also directly conflicts with the goals of Governor Christie's 5-Year Transportation Capital Program, goals that included a reduced reliance on debt and an increase in PAYGO funding. While Treasurer Sidamon-Eristoff described this raid as "a one-year initiative," with no new revenue sources identified, and the state's historic unwillingness to identify new funding sources, it is hard to imagine that this would be the case.

In 2011, Tri-State and others raised concerns about the Five Year Capital Program because of its heavy reliance on general fund transfers, one-shot revenue, and its failure to identify new, sustainable revenue sources for transportation. Unfortunately Tri-State's concerns have come to fruition in 2012 under S2020.

Borrowing \$260.6 million this year means additional debt of roughly \$13 million **each** year for the next 30 years (assuming 5% interest). This means that there will be at least \$13 million less per year to spend on other pressing transportation needs throughout the state.

Additionally, S2020 grants the authority to bond, in any given fiscal year, up to 30% of the permitted bonding authority of the subsequent year. Such a safety net provision calls into question the integrity of the remaining years of the five-year plan and also has the potential to short-change the program in the latter years whereby requiring an additional reauthorization to increase the bonding authority.

As illustrated, this further complicates transportation funding in New Jersey past the expiration of Governor Christie's five-year plan. In response to Chairman Sarlo's question about the future of the state's transportation funding after Governor Christie's program, New Jersey Department of Transportation Commissioner Jim Simpson reassured lawmakers that transportation funding in 2017 would start with at least \$600 million in cash. Considering transportation funds are already being raided in 2013, S2020 offers little reassurance that this will be the reality.

What is even more unrealistic is the fact that New Jersey's financial plan for its transportation capital program keeps program expenditures at static levels. Since 1984, the TTF has never gone more than five years without increasing the size of the capital program. The current capital program keeps appropriation at a constant level of \$1.6 billion/year for 10 years (2007-2016), instead of increasing it to meet the rising costs of projects. Failing to increase the size of the capital program actually means that the state will be contributing less in real dollars to its transportation system because \$1.6 billion in 2016 dollars will be less than \$1.6 billion in 2007 dollars.

Finally, S2020 provides for trimming, pruning and removal of trees, branches and other vegetation to be paid for through the TTF putting additional pressure on incredibly limited resources.

Every day New Jersey residents experience the state's transportation system whether on the roads, NJ Transit trains or buses, bridges, bike lanes or sidewalks. Half of New Jersey's roads are considered deficient and more than 10 million vehicles drive over structurally deficient bridges a day in the New Jersey suburbs of NYC and Philadelphia. Transportation drives New Jersey's economy whether it's connecting residents to jobs or moving goods through the state. If New Jersey is to continue to be competitive in the local and global economy, it must prioritize maintenance and healthy growth of its transportation infrastructure. Without adequate and sustainable funding our transportation system will deteriorate even further, threatening residents' safety and the state's economic development.

Tri-State calls upon Governor Christie and the Legislature to support a more comprehensive and fiscally responsible way funding approach to transportation. New Jersey's overreliance on borrowing and one-shot short term funding mechanisms hinders the state's capability to plan for a multi-modal transportation system for the 21st century and beyond. New Jersey needs elected officials to enact real long lasting solutions. Failing to do so only kicks the can down the road and saddles future generations with debt.

Thank you.