Statement on the Need to Renew and Replenish the Transportation Trust Fund
And to Increase Local Aid
Presented to the Senate Transportation Committee
By Honorable Brian Wahler, Mayor of Piscataway and
President, NJ League of Municipalities and
Timothy C. McDonough, Mayor of Hope Township and
Past President, NJ League of Municipalities and
Chairman, League Transportation Trust Fund Review Committee
Monday, December 8, 2014

Good morning, Senator Sacco and Members of the Committee. Thanks you for allowing us to present some testimony from the municipal perspective.

Just last year, the American Society of Civil Engineers reported that 651 of the 6,554 bridges in New Jersey (9.9%) are considered structurally deficient and 1,717 (26.2%) are considered functionally obsolete. That report also estimated that driving on roads in need of repair costs New Jersey motorists $3.476 billion a year in extra vehicle repairs and operating costs – $601 per motorist, and that 66% of New Jersey’s roads are in poor or mediocre condition.

Local officials know that investments in these assets must be made. Failure to do so can compromise the safety of the public, the economic vitality of our communities and the security of our neighborhoods.

As we see it, New Jersey faces three challenges, with regards to transportation capital funding. We must:

1. Reauthorize the Transportation Trust Fund to ensure adequate and reliable funding to meet State and local transportation infrastructure funding needs for the next 10 years.

2. Increase Local Aid funding to ensure adequate and reliable funding to meet all local transportation infrastructure needs.

3. Increase the municipal share of Local Aid funding and ensure fair funding for all municipalities.

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Serving Municipal Government in New Jersey Since 1915
In the first year of the Transportation Trust Fund (FY 1985), Local Aid funding represented almost 22% of total Transportation Capital funding. By FY 1997, Local Aid was down to 16%. By FY 2004, we were down to 12%. In FY 2013 (the last year for which we have audited numbers, Local Aid represented 15% of the total.

Average Local Aid funding over the 29 years was just under 15%. If the funding level would have remained at the original 22%, total Local Aid for the 29 years would have been $5,726.5 million, instead of $3,878 million. At 22%, Local Aid in FY 2013 would have been $249.4 million.

Leaving NJ Transit aid out of the equation, and comparing only the amounts appropriated for State and local roadways and bridges, in FY ’85 Local Aid represented 25% of the total. And the annual average for Local Aid, over the life of the program has been about 25%.

The State Department of Transportation (DOT) reports that New Jersey’s municipalities are responsible for 64 percent (28,539 center line road miles) of our roads. County governments are responsible for another 22 percent (6,649 center line road miles). Together, local governments are responsible for 39 percent of our bridges. Local roadways and bridges carry about 55 percent of all traffic.

Again, subtracting NJ Transit funding, if remaining aid was distributed on the basis of traffic carried, in FY 2013 Local Aid (at 55%) would have been $361.6 million.

If it were based on road mileage, municipalities (at 64%) would have received $420.8 million, and counties (at 22%) would have gotten $144.7 million. Total Local Aid would, then, have been $565.5 million.

Even if only based on our respective responsibility for bridges, at 39%, Local Aid would have been $256.4 million.

Given these facts, we welcome the hope offered by the statements of Senator Sweeney, of Speaker Prieto and of other Legislative Leaders.

The need for investments in local roads and bridges has not decreased since 1985. No one has suggested that it will decrease in the future. So given the extent of the local infrastructure, and given the need for strong and steady investment in that infrastructure, we will call for assurances that Local Aid will represent, at a minimum, $350 million. And we will call for adjustments in funding, to account for the effects of inflation.

We welcome your effort to prioritize New Jersey’s transportation funding, and to put our State’s economic future on solid footing. Without bold action on this matter, New Jersey cannot move forward.
COUNTY TRANSPORTATION IMPACT STATEMENT 2014

The New Jersey Association of Counties (NJAC) has long been an advocate for establishing a stable, dependable, and long-term source of dedicated funding for the State’s Transportation Trust Fund (TTF); and, increasing Local Aid allocations to $300.0 million as recommended by the New Jersey Transportation Blue Ribbon Commission.

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. As highlighted in the tables and footnotes below, county and municipal roads and bridges carry an estimated 53% of the State’s overall traffic, yet inequitably receive only 12.3% of funding under the State’s annual $1.6 billion TCP. Moreover, the proportionate share of Local Aid relative to overall TCP increases has dramatically decreased by 56.7% since the inception of the TTF in 1985.

To compound matters, county governments must make substantial capital improvement investments as 281 (11.0%) of the 2,556 major bridges maintained by counties are classified as “Structurally Deficient” and in need of $663.0 million worth of rehabilitation or replacement. A Structurally Deficient bridge is generally defined as a bridge or culvert rated in poor condition, its load carrying capacity is below current design standards, or if a waterway below frequently overtops the bridge. Moreover, 452 (17.7%) of the same 2,556 bridges are classified as “Functionally Obsolete” and in need of $938.0 million worth of rehabilitation or replacement. A Functionally Obsolete bridge is generally defined as a bridge or culvert that is not Structurally Deficient, but its design is outdated. Finally, 2,941 of the 4584 (64.1%) minor bridges maintained by counties are in need of repair and 1,002 (21.9%) must be replaced at a cost of $1.25 billion for a grand total of $2.85 billion.

With these staggering numbers in mind, NJAC urges our State leaders to establish a stable, dependable, and long-term source of funding for vital transportation projects; and, to increase Local Aid allocations under the TTF as a means to mitigate the reliance on the collection of local property taxes, stimulate the economy and job growth, and ensure safe and reliable roads and bridges.
LOCAL TRANSPORTATION INVENTORY 2014

<table>
<thead>
<tr>
<th>Category</th>
<th>County</th>
<th>Municipal</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Centerline Miles(^3)</td>
<td>6,775</td>
<td>25,675</td>
<td>32,540</td>
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<tr>
<td>Lane Miles(^2)</td>
<td>13,550</td>
<td>51,530</td>
<td>65,080</td>
</tr>
<tr>
<td>Major Bridges(^3)</td>
<td>2,556</td>
<td>42</td>
<td>2,598</td>
</tr>
<tr>
<td>Minor Bridges(^4)</td>
<td>4,584</td>
<td>0</td>
<td>4,584</td>
</tr>
<tr>
<td>Total Bridges</td>
<td>7,140</td>
<td>42</td>
<td>7,182</td>
</tr>
<tr>
<td>Vehicle Miles Traveled(^5)</td>
<td>35%</td>
<td>18%</td>
<td>53%</td>
</tr>
</tbody>
</table>

1. Centerline miles represent the total length of a given road.
2. Lane miles measure the total length and lane count of a given road. The figures used above represent two lanes on a given road, and do not take into consideration the size or type of a lane, or whether a given road has more than two lanes, so the total figure for lane miles is likely greater.
3. Major bridges are bridges greater than 20’ in span.
4. Minor bridges are bridges between 5’ – 20’ in span.
5. County vehicle miles traveled equals 35%, Municipal vehicle miles traveled equals 18%, State vehicle miles traveled equals 36%, and toll road vehicle miles traveled equals 11%.

LOCAL TRANSPORTATION NEEDS 2014

<table>
<thead>
<tr>
<th>Annual Need</th>
<th>County</th>
<th>Municipal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bridges</td>
<td>$284,425,000.00</td>
<td>$8,743,000.00</td>
</tr>
<tr>
<td>Resurfacing</td>
<td>$108,295,000.00</td>
<td>$175,202,000.00</td>
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<tr>
<td>Construction/Reconstruction</td>
<td>$98,540,000.00</td>
<td>$179,277,000.00</td>
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<tr>
<td>Design/Contract Administration</td>
<td>$73,689,000.00</td>
<td>$54,483,000.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$564,949,000.00</strong></td>
<td><strong>$417,705,000.00</strong></td>
</tr>
</tbody>
</table>

LOCAL TRANSPORTATION TRUST FUND ALLOCATIONS 2014

The current Transportation Trust Fund allocates $165.0 million in Local Aid of which counties and municipalities share at 50% in the following manner:

- $78.75 million for county roads
- $78.75 million for municipal roads
- $7.5 million for Commissioner’s discretionary funding

Counties receive an additional $25.0 million in State allocations for bridges that is distributed equally among all 21 counties with $4.0 million set aside for the Commissioner’s discretionary funding for a Total Capital Program of $190.0 million.
Good morning Chairman Sacco and members of the Senate Transportation Committee. Thank you for the opportunity to address the committee on the important issue of the future of the Transportation Trust Fund.

I am David Rousseau the Vice President of the Association of Independent Colleges and Universities in New Jersey (AICUNJ).

AICUNJ is comprised of the New Jersey’s fourteen public-mission, non-profit, independent colleges and universities. These colleges have eighteen campuses located throughout the state with the majority located in northern New Jersey.

Nearly 65,000 students attend the state’s independent colleges and universities -- one out of every six of all college students in New Jersey and one in four of all students in four year colleges.

These colleges and universities employee 17,000 residents and generate a total economic impact of nearly $10 billion annually.

AICUNJ is also a member of the NJ State Chamber of Commerce, the New Jersey Business and Industry Association and the NJ Alliance for Action.

During your previous hearings you have heard testimony from the state labor and business organizations and many others on the need for the continued funding of the Transportation Trust Fund to insure that the state’s roads, bridges and public transportation rail and bus systems are safe, reliable and that funding continues to be available for needed repairs and upgrades.
A modern, efficient and safe transportation infrastructure is important to the economic vitality of the state through the movement of goods and the ability of employees to get their respective places of employment.

The State's colleges and universities also require a modern and safe transportation infrastructure to effectively provide access to the quality education that our students need and deserve. The staff and students at the colleges and universities rely on the roads and public transportation systems every day to get to and from the various campuses throughout the state.

Stress from the concern about delays and actual delays due to traffic congestion likely have an impact on the student's ability to learn. Unexpected delays can result in faculty and students missing valuable class instruction time.

Automobile repairs needed due to deteriorating roads have a financial impact on students - many of whom are paying for their own education.

This year, more than 41,000 full and part time students will commute to the eighteen campuses if the independent colleges and universities. This represents nearly two-thirds of the total students attending these schools. Commuter students represent over 80% of the student population at some of the independent colleges.

In addition, more than 17,000 faculty and other employees commute to work nearly every day at our eighteen campuses.

Combined nearly 60,000 students and faculty and other employees commute the fourteen independent colleges and universities. These students and employees need the state's roads and public transportation system each and every day.

The fourteen independent colleges and universities are only one part of the overall higher education system in the State. When you include the state public colleges and universities, the number of students, faculty and employees commuting to campuses each day increases significantly.

At the State's eleven four year senior public colleges and universities over 57,000 part-time students and a significant portion of the 128,000 full time students commute to the campuses throughout the state. In addition, 45,000 faculty and employees commute to these college campuses throughout the state.

All of the 166,000 students as well as the 18,000 faculty and employees at the nineteen county colleges commute to the more than seventy campuses throughout the state.

Finally, nearly 11,000 students attend the many campuses of the six proprietary schools throughout the state and these schools employee over 1,300 employees.
As you can see a significant number of students need the State’s transportation infrastructure each day in order to continue their education. In addition the over 80,000 faculty and employees need to drive or take public transportation each day to earn their living and to provide the classroom instruction and other services not only to those students that are commuting but also to the students that are living on campuses throughout the state.

It is encouraging that the planets seem to be aligning on the need to insure that the Transportation Trust Fund continues to be funded in the future. Positive signs include the work that this committee is doing to gather input from a wide range of interested individuals and groups. The Governor’s appointment of Jamie Fox as Commissioner of the DOT as well his direction for Jamie to look at all options and his clear statement that nothing is “off the table” is a positive step toward a long term bi-partisan solution. In addition, the work of Forward NJ, which represents a wide range of business and labor organizations, will hopefully provide a base of support to help the Governor and the Legislative leaders of both parties develop a long term bi-partisan solution to continue the funding required to make sure that the State has a 21st century transportation system.

The $2 billion question of course is how to fund the continuation of the Trust Fund. Legislators, Forward NJ and other groups have suggested a variety of funding options. AICUNJ is not taking a position on the specific funding source. We do, however, urge that NEW revenue be provided to fund the continuation of the Trust Fund rather than the use of current General Fund revenue that is already spoken for in the budget.

Since 1988 no NEW revenue source has been used to continue the Trust Fund. Each year existing General Fund revenues have been shifted to the Trust Fund at the expense of other budgetary needs.

As you are all well aware, the State faces significant fiscal issues in addition to the need to fund transportation infrastructure and diverting existing General Fund revenue to solve this problem will only exacerbate other budgetary problems.

From a parochial point of view, the use of existing revenue rather than new revenue will continue to result in minimal increases or possibly even more reductions in the state’s to higher education. Of course there are many other fiscal issues facing the state such as the underfunding of the pension systems and retiree health benefits, the continued need for increased K-12 funding, as well as the continuing efforts to provide property tax relief for the middle class.

Thank you for the opportunity to address the committee on this important issue and I am hopeful that the leadership of both houses and the Governor will agree to a plan that continues the funding for the state’s transportation infrastructure into the future.

I hope that the perspective from one portion of the higher education community that I have provided is helpful.
The Association of Independent Colleges and Universities in New Jersey (AICUNJ) is the public relations, research and government liaison organization for fourteen privately supported institutions of higher education in New Jersey. Members include non-profit four-year undergraduate, graduate, and professional schools accredited by the Middle States Association of Colleges and Schools and licensed by the State of New Jersey. Institutions whose primary function is religious training are not eligible for membership.

AICUNJ was organized in 1966 to represent the interests of its members to New Jersey's lawmakers, regulators and citizens. AICUNJ seeks to strengthen financial aid programs for students and bring about a greater understanding of the impact and contributions of independent colleges and universities in New Jersey. AICUNJ also works with members to develop consortial programs that save time and money and enhance service. At the same time, AICUNJ works to promote the well-being of New Jersey's higher education system as a whole, with special regard for the dual private/public nature of that system and its responsibility to serve the educational, social and cultural needs of the state and the nation.

The Independent College Fund of New Jersey (ICFNJ) is a partnership among corporations, foundations and colleges and universities which provides a vehicle for investing in the quality of private higher education in New Jersey and the State's economic future.

ICFNJ conducts an annual fundraising campaign that urges business and foundation communities to invest in New Jersey's private colleges and universities and their students.

We provide our corporate partners with a way to invest in their future employees through support of innovative strategic giving programs and named scholarships.

The funds we distribute support:
- Professional preparation
- Faculty development
- Community service
- Technology initiatives
- Global awareness
- Lifelong learning

Our Board of Trustees is comprised of our 14 college and university presidents and more than 60 senior business executives from a broad range of industries.

Since 1953, we have attracted over $69 million to support New Jersey's independent colleges and universities.
NEW JERSEY'S INDEPENDENT COLLEGES & UNIVERSITIES

The 14 independent colleges and universities in New Jersey have a long history of meeting the needs of the State and its residents.

Serving All Students

- Our member institutions enrolled 64,768 students in Fall 2013 providing opportunities for students to find the right academic, cultural and social blend to enhance individual learning.
- We enroll 24% of all students attending four-year institutions in New Jersey.
- The overall minority enrollment at our member institutions is 30%, with the undergraduate minority enrollment even greater at 36%.
- Our colleges and universities provide over $657 million in institutional grant aid to undergraduate students.

Meeting the Workforce Demand

- While enrolling 15% of all higher-education students, New Jersey's independent colleges awarded 20% of all degrees conferred in FY2014.
- Our students earned 24% of the baccalaureate degrees and 37% of all advanced degrees conferred in FY2014.
- Our students earned 28% of all the education degrees and 30% of all advanced education degrees conferred by four-year institutions in FY2014.
- New Jersey's independent colleges excel in degrees awarded by four-year institutions in the fields of Science and Technology:
  - 30% of all math degrees
  - 46% of all engineering degrees
  - 42% of all chemistry degrees
  - 31% of all nursing degrees
  - 59% of all physical science advanced degrees
  - 53% of all computer science advanced degrees

New Jersey's Investment in Independent Higher Education

- Thanks to the Building our Future bond act and bond renewals, capital support for the independent institutions was $73.5 million in FY2013.
- The Tuition Aid Grant (TAG) and Educational Opportunity Fund (EOF) programs totaled $92.8 million in financial aid for New Jersey students attending an AICUNJ institution in FY2014.
- Direct State support in fiscal year 2014 to our fourteen member institutions equaled $1 million.

Contributions to the State of New Jersey

- The economic impact of the sector on the State of New Jersey was more than $9.7 billion in FY2012.
- New Jersey's independent colleges and universities employ more than 17,000 people.
- Our member institutions saved the State of New Jersey over $184 million in FY2013 – the price it would cost the State to educate the New Jersey residents our institutions enrolled.
- The fourteen institutions collectively have more than 423,700 living alumni. About 54% of all graduates of these institutions still live in New Jersey.
- Our 14 member institutions will spend over $827 million in 2015 & 2016 on new construction and renovation of campus facilities. These projects will generate many jobs in construction and related industries over the next several years.
- Governor Christie and six of the governor's Cabinet Members, as well as 36 members of the New Jersey State Legislature, are alumni/ae of AICUNJ institutions.

2014
Statement of Gordon MacInnes  
President, New Jersey Policy Perspective  
December 8, 2014

Today, the Senate transportation committee is casting a spotlight on the condition and prospects for New Jersey's transportation network and the bank that finances it. The following may provide a useful context for the committee.

"Emergency" is the right word and even that might be too soft. I will not repeat what is already known and accepted about this emergency. It is--simply--a product of successive legislatures and governors of both parties deciding that an accurate discussion of the condition of the TTF was to be avoided despite clear, documented warnings of the consequences. Instead of a real discussion of the state's transportation needs, we've gotten small-bore responses in the hope that no one would notice, handing off the negative impact to future administrations, legislatures and residents.

Time's up. The emergency has arrived. My first recommendation is that it be fully acknowledged. All the evidence points to a disaster for our future if we dawdle any longer. Commissioner Fox urges that a third rail tunnel to Manhattan be put on the table. Any New Jersey driver will confirm the federal transportation department's ranking of our bridges and highways as near the bottom of the 50 states for drivability and safety. In short, the typically timid politically-appealing response of a little bit here and little bit there won't work.

Both the Speaker and the Senate Président have urged that the emergency requires a bold, immediate response. "Bold" means finding revenues of at least $1 billion but up to $2 billion in new revenues dedicated to the TTF. Finally, the true dimension of the emergency has been acknowledged by two of the three constitutional officers who must reach agreement on policies and priorities.

My second recommendation is that the legislature and governor begin to match up unmet priorities with specific taxes or tax increases to fund them. No one in public life wants to be the bearer of the bad news that we played games with our future and that the cost of repairing the damage will be noticeable to everyone who buys gas in New Jersey. The same bipartisan spirit that responded to Superstorm Sandy is required now for the TTF emergency.

There is a powerful consensus developing about both the magnitude of the transportation problems that must be addressed and the perils of inaction. But so far, little has been offered about what should be done. In April, NJPP recommended applying the sales tax to gasoline sales, which at April prices, would add about $1.2 billion to the TTF. Recently, Assemblyman Wisniewski introduced a significant hike in the petroleum products tax that would raise about the same amount. Both employ percentage increases that work well with stable or rising prices. It's possible that a
combination of per gallon and percentage tax hikes will be required to finance essential investments in an era of declining prices and more fuel-efficient vehicles.

What New Jersey cannot afford is to rely on no revenue increase, such as the proposal to dedicate the segments of the gasoline and petroleum products taxes not yet dedicated. Not only is the amount involved paltry, it continues the “free lunch” practices that put us in this hole.

The third recommendation is to not play political games that have nothing to do with dealing with the emergency. Already, there is a rumbling that the TTF emergency should be used to gain political points by insisting that any gas tax increase be offset with elimination of the estate tax. Maybe the estate tax should be modified as a part of a comprehensive reform of New Jersey’s tax structure. But it makes no sense to combine increased gas taxes that everyone will pay and that will pay for specific needs, with a sudden elimination or reduction in a tax that only 5 to 10 percent of New Jerseyans pay – the revenues from which help balance our fragile annual budgets. There is no connection between the two.

Consider that the state’s general fund is in such desperate condition that the 2011 pension reform has been blown up. Consider that New Jersey is lagging our neighbors and the nation in recovering jobs and economic activity, which helps explain the yawning deficit in the operating budget. Consider that property tax rebates have been slashed for families trying to make it in high-cost New Jersey on less than $75,000 a year. Consider that state aid to counties and towns has been declining for years while their costs continue to rise.

The idea that we would combine trying to salvage the TTF and at the same time dig the general fund into an even deeper hole by cutting our revenues by $300 to $700 million defies common sense and prudent financial practice.
November 18, 2014

TO: The Honorable Chris Christie
New Jersey Legislature
The Honorable Andrew Sidamon-Eristoff
The Honorable Jamie Fox

FROM: Eric DeGesero, Executive Vice President

RE: TRANSPORTATION FUNDING

The Fuel Merchants Association of New Jersey (FMA) represents petroleum distributors in the state.

While FMA does not support an increase in, or new assessment of, any tax on petroleum, we recognize the need for a dedicated and stable source of transportation funding. As discussions continue regarding reauthorization of the Transportation Trust Fund (TTF), FMA offers the following concerns and recommendations relative to the impact a tax increase would have on the state’s petroleum distributors.

Concerns Regarding an Increase
FMA members have significant concerns as to how any fuel tax increase will impact them operationally.

For example, the bond that FMA members procure pursuant to N.J.S.A. 54:39-122 will increase. The purchasing power of their lines of credit with their suppliers will likely diminish as a higher tax is factored into the purchasing price of their fuel. A higher tax will also adversely impact the operation of those businesses that serve government entities as it will mean larger refund amounts which they must wait for, hurting cash flow.

Three Actions to Mitigate Above Concerns
An increase in the motor fuels tax will have a detrimental impact on the operations of motor fuel distributors in New Jersey. A higher tax rate will adversely impact the line of credit distributors have with their suppliers since it is unlikely there will be a dollar for dollar increase to offset the increase. Furthermore, distributors will have more at risk when customers don’t pay and the receivable, including the tax, must be written off as a bad debt. Currently there is no refund mechanism to account for the bad debt. To address the adverse impacts if tax increases are part of the TTF renewal, FMA believes the Legislature should:

a) Enact S-1083(Bucco/VanDrew) and A-1070(Schaefer/Schepisi/Space) which would allow certain fuel dealers and distributors refunds of petroleum products gross receipts tax and credits against motor fuel tax for certain bad debts from sale of fuel.
b) Enact legislation that would prohibit taxes from being part of the credit card interchange fee. This would free up cash flow to help offset a potential tax increase.

e) Amend N.J.S.A. 54:39-134 to reduce the amount of bond that a distributor must procure to either the single highest month in the past twelve (as opposed to 3x) or a lower amount at the discretion of the Director of the Division of Taxation. Many FMA members have decades of solid payment history to the state by which the Director may feel on a case by case basis a lesser amount could be warranted.

**FMA Opposes Assessing the Sales Tax on Motor Fuels**

There has been discourse in the media regarding TTF replenishment that includes assessing the sales tax on gasoline by repealing the current exemption at N.J.S.A32B-8.8.

While it can be stated this is closing a tax “loophole,” FMA would note that few if any other goods or services on which the sales tax is assessed are also assessed an excise tax. Furthermore, collecting a retail tax on a motor fuels is bad policy. Few, if any other goods on which the sales tax is assessed have daily changes in price, let alone significant daily changes in price. While all retailers assess and collect the sales tax, the volatility in price and daily change will hurt collection efforts which will suffer from both human error and unsavory operators. The Christie Transportation Transition Report recognized the inefficiency of the previous system of motor fuel tax collection in making its first Finance Recommendation, which stated, “Collect the gas tax at distribution to reduce the losses and expenses from multiple collection points currently used.” (1/5/2010). The Legislature enacted this recommendation when it passed Assembly Bill 3014 in the 214th Legislature (P.L. 2010 c. 22).

Even if there were no collection related issues as outlined above, the variation in sales tax revenue as a result of volatile fuel prices will make annual planning for stable transportation funding extremely difficult. For example, West Texas Intermediate (WTI) crude oil prices have swung from $104/barrel in July 2014 to $76 now (Nov. 14, 2014). Approximately 4 billion gallons of gasoline are consumed in New Jersey annually. If prices were to swing $0.50/gallon, that would result in a variance of $140 million per year. Depending on the total amount that is looking to be raised (FMA is unsure and has heard from $1.2 billion to $2 billion per year), this could mean the projection being off by 10%. As policymakers, you must grapple with swings in revenue from the gross income tax related to capital gains, while not to the same dollar magnitude the ability to stably plan for a capital program will be dramatically impacted.

**Competitive/Border Issues**

Proponents of a fuel tax increase have noted the fact that many vehicles drive through New Jersey and therefore we will continue to benefit from significant out of state volume, even with an increased tax rate.

While unaware of any quantification of the out of state fuel volume, FMA agrees that it is significant. However, FMA also cautions that there is a distinction between inelastic demand for New Jersey gasoline - those driving through on toll roads, and elastic demand for gasoline - those out of state commuters who buy in New Jersey because of lower prices but could just as easily purchase in their home state. The below chart outlines the price of gasoline and diesel in neighboring states.
<table>
<thead>
<tr>
<th></th>
<th>Gasoline/cents per gallon</th>
<th>Diesel/cents per gallon</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Jersey#</td>
<td>14.5 (PGRT incl.)</td>
<td>17.5 (PGRT incl.)</td>
</tr>
<tr>
<td>Delaware</td>
<td>23 (incl. 0.9% GRT)</td>
<td>22 (incl. 0.9% GRT)</td>
</tr>
<tr>
<td>New York</td>
<td>50.25 (incl. state sales tax)</td>
<td>48.65 (incl. state sales tax)</td>
</tr>
<tr>
<td>Pennsylvania*</td>
<td>41.8</td>
<td>52.10</td>
</tr>
</tbody>
</table>

*Add to NJ Cost ~7-8 cents a gallon for labor. *Will adjust January 2015 by approximately 9 cents/g.

Other general concerns include how alternative fueled vehicles will contribute to transportation funding as well as the overall impact on the cost of goods with higher fuel prices.

**FMA Opposes Increasing the Gross Receipts Tax on Heating/Off-Road Fuel**

The Petroleum Gross Receipts Tax (PGRT) is calculated in two different manners. For gasoline, commercial heating oil, and diesel fuel it is a 4 cents/per gallon tax, for all other petroleum products it is assessed at 2¾% of the sales price. According to the Energy Information Administration there are 1.2 billion gallons of distillate (heating oil, diesel, heavy oil excludes – jet fuel) sold in New Jersey. Of this total, 785 million is on-highway diesel and only 90 million commercial/industrial (the 175 million of residential is already exempt). The off-road and heating component is small and would not raise that much money relative to overall TTF needs. FMA questions if it is it time to co-collect the PGRT with the motor fuels tax (pursuant to N.J.S.A. 54:39-148h.) or if the revenue from the PGRT is calculated within the excise tax to simply eliminate the PGRT altogether on for gasoline, commercial heating oil, and diesel fuel.

**Conclusion**

If a tax on motor fuels is going to be enacted to reauthorize the TTF, the concerns of small business need to be addressed and the tax needs to be a one-time excise tax increase that doesn’t dramatically damage our advantage against neighboring states.
Outline of Legislation Prohibiting Interchange Fees on State Taxes

I. Short title of bill

II. Purpose

Example: "To amend the New Jersey Tax Code to prevent charging of interchange fees on state tax portions of electronic payment transactions in order to protect New Jersey tax policy and prevent unfair financial harm to merchants that participate in New Jersey’s tax collection efforts."

III. Amendment of current law

Example: "In general, the New Jersey Tax Code is amended by adding the following section XXX after section YYY"

IV. Definitions:

a. Electronic payment transaction –

Sample: a transaction in which a person uses a debit card, credit card, or other payment code or device, issued or approved through a payment card network to debit an asset account or use a line of credit, whether authorization is based on signature, PIN, or other means.

b. Interchange fees –

Sample from Durbin Amendment to Dodd Frank Act: any fee established, charged, or received by a payment card network for the purpose of compensating an issuer for its involvement in an electronic payment transaction.

c. Issuer –

Sample from Durbin Amendment: any person who issues a debit card, or credit card, or the agent of such person with respect to such card.

d. Payment card network –

Sample from Durbin Amendment: an entity that directly, or through licensed members, processors, or agents, provides the proprietary services, infrastructure, and software that route information and data to conduct debit card or credit card transaction authorization, clearance, and settlement, and that a person uses in order to accept as a form of payment a brand of debit card, credit card or other device that may be used to carry out debit or credit transactions.

V. Prohibition of interchange fees on state-tax portion of electronic payment transactions

a. Prohibit interchange fees on motor fuel excise tax as described/defined in [insert code cross reference]
VI. Prohibition on circumvention of interchange fee prohibitions

*Example:* prohibit circumvention of interchange fee prohibitions by issuers or payment card networks – may include a general prohibition of circumvention or evasion of the law’s purpose, and also specifically prohibit manipulation of interchange rates or structures to circumvent the intent of the law (e.g., increasing rates on non-tax portions of electronic payment transactions to compensate issuers for loss of interchange revenue on the tax portions)

VII. Enforcement

*Example:* insert technical amendment(s) to tax code and other relevant statutes’ enforcement provision(s) granting enforcement authority over this section to the appropriate body

VIII. Civil penalties for violations

IX. Private right of action (i.e., retain right to private cause of action for violations of these provisions)

X. Effective date

XI. Severability
SENATE, No. 1083

STATE OF NEW JERSEY
216th LEGISLATURE

INTRODUCED JANUARY 30, 2014

Sponsored by:
Senator ANTHONY R. BUCCO
District 25 (Morris and Somerset)
Senator JEFF VAN DREW
District 1 (Atlantic, Cape May and Cumberland)

Co-Sponsored by:
Senator Oroho

SYNOPSIS
Allows certain fuel dealers and distributors refunds of petroleum products gross receipts tax and credits against motor fuel tax for certain bad debts from sale of fuel.

CURRENT VERSION OF TEXT
As introduced.

(Sponsorship Updated As Of: 2/26/2014)
AN ACT allowing certain fuel dealers and distributors refunds of petroleum products gross receipts tax and credits against motor fuel tax for certain bad debts from the dealers' and distributors' sale of fuel, supplementing P.L.1990, c.42 (C.54:15B-1 et seq.) and P.L.2010, c.22 (C.54:39-101 et seq.).

BE IT ENACTED by the Senate and General Assembly of the State of New Jersey:

1. a. A distributor of motor fuels licensed pursuant to section 33 of P.L.2010, c.22 (C.54:39-133) or a person that has been recognized as a licensed company pursuant to section 6 of P.L.1991, c.181 (C.54:15B-12) shall be allowed a refund for the portion of a bad debt from the sale of fuel that constitutes petroleum products gross receipts tax. The portion of a bad debt from the sale of fuel that constitutes petroleum products gross receipts tax shall be determined from the purchase and sale records concerning the person filing for the refund and shall be that portion of the charge for fuel and the charge for tax that is the charge for tax, without regard to any other charges reflected on the distributor's invoice.

b. As an alternative to applying for a refund, a taxpayer that has been recognized as a licensed company pursuant to section 6 of P.L.1991, c.181 (C.54:15B-12) may elect to receive the value of the portion of a bad debt from the sale of fuel that constitutes petroleum products gross receipts tax by taking a deduction from gallons sold against the payment otherwise required pursuant to section 7 of P.L.1990, c.42 (C.54:15B-7). The reduction of the payment required pursuant to section 7 of P.L.1990, c.42 (C.54:15B-7) shall be applied on the report for the period during which the bad debt is written off as uncollectible in the claimant's books and records and is eligible to be deducted for federal income tax purposes. If the reduction of payment allowed pursuant to this subsection exceeds the amount of petroleum products gross receipts tax otherwise due for the period during which the bad debt is written off, that amount of excess may be carried forward to subsequent periods, as necessary, and applied against liability in those periods.

c. For the purposes of this section:

"Bad debt" means "bad debt" as defined by section 166 of the federal Internal Revenue Code (26 U.S.C. s.166) as the basis for calculating bad debt recovery; provided however, the amount calculated pursuant to section 166 of the federal Internal Revenue Code (26 U.S.C. s.166) shall be adjusted to consider any amount paid on an account to be a payment for motor fuel and petroleum products gross receipts tax, and any charges on the account for anything other than motor fuel and petroleum products gross receipts tax shall be disregarded in calculating the amount of bad debt.
d. If the refund for bad debt pursuant to subsection a. of this section or the deduction from the payment otherwise required pursuant to section 7 of P.L.1990, c.42 (C.54:15B-7) allowed pursuant to subsection b. of this section is taken for a bad debt and the debt is subsequently collected in whole or in part, any amount collected shall be considered payment for motor fuel, petroleum products gross receipts tax, and any associated service charges reflected on the account, and the proportion of the amount collected that is petroleum products gross receipts tax shall be paid and reported on the report filed for the period in which the collection is made.

2. a. A distributor shall be allowed a credit against the payment required pursuant to subsection c. of section 5 of P.L.2010, c.22 (C.54:39-105) for the portion of a bad debt from the sale of motor fuel that constitutes motor fuel tax. The portion of a bad debt from the sale of motor fuel that constitutes motor fuel tax shall be determined from the statements required by subsection a. of section 5 of P.L.2010, c.22 (C.54:39-105) to be delivered with each consignment of fuel to a purchaser and shall be that portion of the charge for fuel and the charge for tax that is the charge for tax, without regard to any other charges reflected on the statement.

b. The credit against the payment required pursuant to subsection c. of section 5 of P.L.2010, c.22 (C.54:39-105) allowed pursuant to subsection a. of this section shall be applied on the report for the period during which the bad debt is written off as uncollectible in the claimant's books and records and is eligible to be deducted for federal income tax purposes. If the amount of the credit allowed pursuant to subsection a. of this section exceeds the amount of motor fuel tax for the period during which the bad debt is written off, that amount of excess credit may be carried forward to subsequent periods, as necessary, and applied against liability in those periods.

c. For the purposes of this section:

"Bad debt" means "bad debt" as defined by section 166 of the federal Internal Revenue Code (26 U.S.C. s.166) as the basis for calculating bad debt recovery; provided however, the amount calculated pursuant to section 166 of the federal Internal Revenue Code (26 U.S.C. s.166) shall be adjusted to consider any amount paid on an account to be a payment for motor fuel and motor fuel tax, and any charges on the account for anything other than motor fuel and motor fuel tax shall be disregarded in calculating the amount of bad debt.

d. If the credit against the payment required pursuant to subsection c. of section 5 of P.L.2010, c.22 (C.54:39-105) allowed pursuant to subsection a. of this section is taken for a bad debt and the debt is subsequently collected in whole or in part, any amount collected shall be considered payment for motor fuel, motor fuel
tax, and any associated service charges on the account and the
portion of the amount collected that constitutes motor fuel tax shall
be paid and reported on the report filed for the period in which the
collection is made.

3. This act shall take effect immediately and apply to fuel sold
on or after the first day of the third month next following the date of
enactment.

STATEMENT

This bill allows motor fuel distributors and heating oil dealers a
refund of their petroleum products gross receipts tax for certain
“bad debts” on their sales of fuel.

This bill also allows motor fuel distributors a credit against their
motor fuel tax due for certain bad debts on their sales of motor fuel.

Motor fuel distributors sell motor fuel to other distributors and to
retail dealers for that price they must charge for the fuel plus the
State petroleum products gross receipts tax ($0.04 per gallon for
gasoline and diesel) and motor fuel tax ($0.105 per gallon for
gasoline and $0.135 for diesel fuel). In general, motor fuel
distributors purchase motor fuel “tax included” and pass the tax on
to their customer. Heating oil dealers generally purchase their fuel
“tax free,” and must charge their non-exempt customers for the
petroleum products gross receipts tax on their sales of heating oil.
The distributors and dealers must pay these taxes when they
purchase motor fuel and then pass them on to their customers. If a
distributor’s or dealer’s customer goes out of business or fails to
pay for some other reason, the distributor of motor fuel is at risk not
only on the loss for the cost of the fuel but also on the loss for the
taxes.

The petroleum products gross receipts tax and the motor fuels tax
are frequently co-collected but are independently administered.

This bill allows a distributor or dealer who has an account that
becomes an uncollectible bad debt to claim a refund of petroleum
products gross receipts tax for the petroleum products gross receipts
tax portion of the bad debt. To make the process as simple as
possible, the sellers that are recognized as licensed companies
allowed to directly pay petroleum products gross receipts tax on
their sales are allowed, in the alternative, to take the refund in the
form of a deduction on their tax returns.

This bill allows a motor fuel distributor who has an account that
becomes an uncollectible bad debt to claim a credit against motor
fuel tax liability for the motor fuel tax portion of the bad debt.
The bill defines that a “bad debt” becomes uncollectible when it
becomes a bad debt deduction for federal income tax purposes.
In the case of each tax, if a portion of the bad debt that was previously written off as uncollectible is ultimately collected, a dealer or distributor who was allowed a refund or credit must pay the portion of the amount collected that represents the tax liability.
LECET STATEMENT SUBMITTED TO THE
NEW JERSEY STATE SENATE TRANSPORTATION COMMITTEE
DECEMBER 8, 2014 HEARING
ON
THE NEW JERSEY TRANSPORTATION TRUST FUND (TTF)

My name is Joseph McNamara, Director of The New Jersey Laborers’ - Employers’ Cooperation and Education Trust. NJ LECET is a labor management fund representing over 25,000 laborers in NJ and their signatory contractors. We work statewide with numerous stakeholders to promote investment in economic development, transportation and utility infrastructure.

A PERMANENTLY AND SUFFICIENTLY FUNDED TTF - AND THE INFRASTRUCTURE INVESTMENTS IT MAKES - ARE VITAL TO THE FUTURE ECONOMIC GROWTH OF OUR STATE

We believe that New Jersey must now more than ever focus on the importance of investing in infrastructure to lay the foundation for future economic growth. There is no more important way to do this than by investing in the TTF. Each day hundreds of thousands of people, thousands of state and regional businesses must travel on our roads, bridges and transit systems and this is the lifeblood of our general commerce and economic activity. Specific areas of commerce, such as the jobs and economic activity of our Ports, which are poised for significant growth in the next decade, are absolutely dependent on a safe and efficient multi-modal transportation network. Every resident and business of our state have benefited from the past improvements made by the TTF, whether related to their daily commute or the linkage to their employment. It is critical that these benefits continue.

The needs and problems of New Jersey's transportation network are serious and have been well documented. In the same vein, the fiscal woes of the TTF have been similarly documented. The TTF will functionally run out of money by mid-year next year and, unless a solution is found, will be unable to certify state funds in February 2015 in order to draw down 50% Federal transportation matching funds.

WE ARE PARTICIPATING IN AND SUPPORT THE WORK OF THE FORWARD NJ COALITION AND BELIEVE THEIR TTF POLICY AND FUNDING OPTIONS MUST BE REVIEWED AND ACTED UPON AS SOON AS POSSIBLE

Forward NJ is a Coalition of NJ-Based organizations focused on reforming the state's transportation system. The three-fold mission of the Forward NJ Coalition is direct: We must REFORM and consolidate management of the system, REDUCE the burden on consumers and create Public-Private Partnership capacity and INVEST revenue in a reliable, sustainable, constitutionally-dedicated fashion to move NJ FORWARD
We have attached a fact sheet on the Coalition as well as a research paper by Dr. Allison Premo Black, Chief Economist for the American Road and Transportation Builders Association. The report examines the economic impact of several different funding scenarios for the TTF on the state economy and for key business sectors.

The Senate Transportation Committee has played a key role in supporting funding and transportation initiatives in our State. We urge you to continue to do so in seeking a solution for the TTF. We stand ready to assist you and other important stakeholders in any appropriate way. Thank You.
Date: December 8, 2014

To: Members of the Senate Transportation Committee

From: Mary Ellen Peppard, Assistant Vice President of Government Affairs

Re: NJFC Views on Transportation Trust Fund

The New Jersey Food Council is a trade association representing the food retail and distribution industry, one of the largest users of transportation in our corridor state as well as the state’s two largest convenience stores with fuel. NJFC recognizes the need for a reliable transportation system to safely and efficiently move food products and supplies, many of which are perishable. We take this issue very seriously, and fully recognize the urgency of dealing with New Jersey’s outdated infrastructure, and being vigilant that constitutionally dedicated sources of revenue are used solely for capital infrastructure.

NJFC offers our unique perspective of utilization and reliance on our transportation system. While it is important to carefully consider various revenue options, we do not want our food retail and distribution members to disproportionately bear the costs of funding. NJFC could potentially support a gradual, modest phase in of a gas tax increase of no more than 9 cents over a three year period (3 cent increase per year). The food industry operates on very small margins, and a significant increase in transportation costs would ultimately result in higher food prices. Any increase in the gas tax should be constitutionally dedicated for the sole use of capital improvements for the Transportation Trust Fund.

We could not support indexing a gas tax increase to the Consumer Price Index (CPI). Tying the tax to CPI forces our members to attempt to plan for this unpredictable hike. Food retailers and distribution members in New Jersey are already struggling with the ramifications of the recent minimum wage hike tied to CPI. This is creating an unbalanced labor line item, and adding additional unpredictability to our transportation line item makes our business model anti-competitive.

We would also be unable to support a 7 percent sales tax on gasoline. The volatility in fuel prices, and the resulting variability in this tax, would be extremely challenging for both retailers and consumers. We believe anything that adds to price volatility, like a percentage based tax, is bad for business and the consumer. The average gasoline transaction is 10 gallons and the average diesel transaction is about 19 gallons. In 2014, the minimum average retail price for regular 87 grade has been $3.08 and the
maximum price has been $3.80. Keep in mind, prices move in tandem with cost considerations, the largest being the market movements of crude oil which have been affected by major geopolitical events and traditional supply and demand factors in the world markets. A 7% tax on the minimum price would be 22 cents per gallon while the tax on the maximum price above would be almost 27 cents. Across a 10 gallon fill-up (for gasoline), the variability of a tax to a total customer transaction could be as large as 50 cents. This variability would be double for diesel given the higher gallon fill-up. That equates to a 44% increase to the current 14.5 cent price per gallon tax. Overall, given customer sensitivity to fuel prices but supporting the need for infrastructure funding, a flat based cents per gallon tax as New Jersey has currently would seem to continue to make the best sense for customers and fuel merchants.

There are steps the state could take to lower the costs of fuel without raising taxes. New Jersey could permit self-serve gas to lower the labor costs of fuel retailers and that savings could be passed onto consumers if the gas tax is raised. Labor costs for self-serve are estimated to amount to approximately five cents a gallon, resulting in savings for consumers of $250 million based on an approximate average of five billion gallons of motor fuel sold per year in NJ. New Jersey could also lift the retailer prohibition on selling motor fuel below cost. These changes would lower the overall price of gas, softening the impact of a gas tax increase to the consumer.

NIFC has identified additional revenue generators for your consideration, including dedicating a portion of a statewide disposable bag fee to the Transportation Trust Fund. There are numerous bag fees throughout the country, many of which contain provisions stipulating that a portion of the charge go toward environmental programs. If crafted appropriately, New Jersey legislation could provide for the majority of the monies to be dedicated to the Transportation Trust Fund. Another potential avenue is an alcohol beverage fee generated from liquor license reform. There is currently pending legislation that modernizes liquor licenses for packaged goods outlets, the fees from which could be invested in the state's transportation system. Finally, excluding transportation projects from the prevailing wage mandate and project labor agreements would lower costs of transportation spending.

Thank you for considering our views on this important issue. Please contact us at 609-392-8899 or mpeppard@njfoodcouncil.com if we can provide additional information.
Clubs of New Jersey

AAA Testimony for the Assembly Transportation Funding Hearing December 8, 2014

Thank you to the Chairman and members for holding this hearing today, I am Cathleen Lewis and I am here today representing the AAA Clubs of New Jersey and our over 2 million members in the state.

In 1901 nine motor clubs, including the New Jersey Automobile Club of New Jersey, banded together to form the American Automobile Association or AAA in an effort to advocate for safe roads and highways suitable for automobiles.

One hundred and 13 years later, the AAA Clubs of New Jersey sit here today advocating for the necessary funding to maintain safe roads and highways for our vehicles. In order to maintain and expand our transportation infrastructure New Jersey needs a stable, sustainable funding source.

Transportation funding is a constant need, especially here in New Jersey. Our roadways are continually pounded by not only our own residents but by trucks and travelers from throughout the country. Our state is a gateway and as such it is imperative for not only the safety of our motorists but also for our economy.

For over a decade AAA has polled motorists to gauge their views on road conditions and traffic safety issues. In 2009, 39 percent of motorists said their commute had stayed the same over the last two years, asked the same question in 2013, 37 percent said their commute had gotten worse. Those 2013 responses were taken before our roads were pounded by an extremely harsh winter, it’s unlikely that opinions of road conditions have gotten any better over the last year.

Across the state drivers rated local and state roads as fair or poor, while major interstate and toll roads received the highest ratings. As transportation funding has dwindled, the local roadways that a majority of New Jerseyans use everyday have suffered the most. Local roadways are integral to our infrastructure. Commuters depend on their local roadways to get to work, to the grocery store, to school and to everyday errands.

I think everyone can relate to the frustration of making it off the highway and into your town only to spend 20 minutes stuck in traffic for the last mile. And for more and more commuters that’s the daily reality. Let me drill down a little more into our latest poll results:

When asked to rate the conditions of various roadways:

- 63% of motorists rated Interstate roadways as Good or Excellent
• 70% of motorists rated Toll roads as Good or Excellent
• 53% of motorists rated state and county roads as Fair or Poor
• 61% of motorists rated local roads as Fair or Poor
• 23% rated local roads as Poor, the highest Poor rating of any roadway type

It’s not hard to see why there is such a distinction in road conditions. With a cash-strapped Transportation Trust Fund there is not enough to go around. Local roadways receive less funds to take care of more miles of roadways. The condition of our local roadways is an indicator of what happens when there are not enough transportation dollars to address needed infrastructure maintenance and repair. Any funding solution must adequately provide for local roadways.

Crumbling infrastructure hurts New Jerseyans in a variety of ways:

• Longer commutes
• Higher repair costs
• Weakened roadways
• Increased crash risk

Most drivers on New Jersey roads have experienced the sudden realization that a large crater is a few feet in front of their car. The driver’s choices are to either swerve into another lane of traffic to avoid the pothole or drive over it hoping that it won’t cause too much damage to their vehicle.

Avoiding the pothole may cause a crash which can result in injuries and even more expensive repairs. For commuters those crashes mean more delays and the possibility of additional crashes as inattentive drivers don’t notice the sudden slow down.

The risks of uneven pavement and potholes is even greater for motorcycle riders, those hazards can quickly launch a rider off their vehicle or cause a wipeout as they try to avoid the hazard.

New Jerseyans have also witnessed the costs of delaying infrastructure maintenance. From the collapse of 287 after Hurricane Irene to a series of collapses earlier this year due to missing manhole covers and sewer grates, which had been loosened after the lanes were shifted and traffic was placed directly on top of the grates.

Waiting until roads are at or near collapse or riddled with potholes often means significant changes to traffic patterns and longer delays. Changes to traffic patterns – where lanes must be shifted or detours are required may lead to increases in crashes as drivers try to make quick alterations to their routines.

New Jersey drivers face commutes that on average are 9 minutes longer than the rest of the country, but many face uncertainty every day – will roadwork or a crash push their 30 minute commute to an hour or more? Will uneven road surfaces cause damage to their vehicle or possibly create hazards that could cause a crash?
But for many the overriding concern is the costs that come with this deteriorating infrastructure. Costs for repairing damage caused by potholes can range from $50 for a simple wheel alignment to $500 or more for replacing a tire and a rim. If the vehicle suspension system or steering components are impacted, the repair cost can rise to $2,500 or more.

These cost concerns need to be weighed as we look for a solution, which will inevitably mean a new source of revenue. During the past decade the AAA Clubs of New Jersey bi-annual poll of New Jersey drivers has shown consistent support for an increase in the gas tax if the taxes collected are dedicated to projects that will improve our roadways. In 2013, poll results showed a dramatic decrease in support of an increase in the gas tax. The message from motorists was simple: we don’t trust that the money collected from the gas tax will go to where it’s needed. I’m sure many committee members have heard the same thing, which is why the first step to any funding solution must be regaining the public’s trust.

Let me be clear: we believe that the gas taxes collected are getting to the transportation trust fund. The problem is the funds collected are insufficient to cover much more than debt service. However, there are other statutorily dedicated funds that have been diverted over the years. The following funds should be re dedicated immediately:

- The New Jersey Turnpike Authority and South Jersey Transportation Authority dedicated toll revenues of $24.5 million
- Heavy Truck Fees representing $30 million.
- Good driver surcharges that range from $48.5 million to $80 million a year

Additional steps to achieve savings, such as the restructuring of the transportation authorities, should be explored to ensure that the taxpayer’s money is being spent wisely. But the re dedication and reductions of costs will not dig us out of this hole. New funding is necessary and it should be a broad based solution that ensures that all road users are paying into the system.

An increase in the gas tax is currently the most logical place for additional funds as it captures out-of-state drivers who inflict significant wear and tear on our roadways. Out-of-state drivers account for roughly one-third of the total income of the gas tax. And for a majority of instate drivers the gas tax is currently the best way to collect funds based on road usage.

A gas tax increase is not a popular solution, but a necessary one. What will an increase in the gas tax mean to motorists? The highest proposed increase is 30 cents per gallon, which would cost the average motorist $200 a year. That’s $3.84 a week or a large iced coffee at Dunkin Donuts.

It is important to note that an increase of $200 a year is significantly easier to absorb than the costs associated with unexpected vehicle repairs thanks to common road hazards. Compare that with costs of repair that according to the American Society of Civil Engineers is an additional $600 per New Jerseyan each year.

One of the objections that is often raised is that New Jerseyans cannot absorb an increase in gas taxes. But motorists absorb large fluctuations in gas prices due to market conditions on a regular basis.
Today’s gas prices are at a four-year low with prices as low as $2.68 a gallon. Two months motorists were paying $3.16 a gallon – that’s a forty-eight cent difference in just two months. To the average motorist, an incremental increase to the gas tax would be absorbed in the usual market fluctuations we all have experienced for years.

Other objectors believe that New Jersey’s low gas prices are a point of pride, but even a thirty cent increase would keep New Jersey’s prices close to or lower than the rest of the area. The average gas prices last week:
New Jersey: $2.68
New York: $3.14
Pennsylvania: $2.93
Connecticut: $3.08

Today’s answer of raising the gas tax to generate additional revenue may not be tomorrow’s solution. A flat gas tax per gallon that isn’t adjusted to inflation will leave us in the same situation we are today in just a few years down the road. Funding must keep up with costs, which is why any gas tax increase must be indexed.

But for a long term funding solution we must also look for new revenue sources, as fuel efficiency increases there will be less gas tax revenue. Alternative fuel vehicles will continue to be a larger part of New Jersey’s fleet and are not paying into a gas-tax only system. In our bi-annual poll, motorists supported efforts to ensure a more equitable funding system that requires all vehicles on the roadways to pay into the system. Fifty-eight percent of respondents support charging a fee to drivers of alternative fuel vehicles to fund the transportation system. As we talk about today’s solution we must also explore solutions for tomorrow and create opportunities to include all vehicles in transportation funding.

New Jersey drivers deserve to have safe transportation infrastructure to travel on. Our roadways are vital to our industries and our quality of life. Finding a stable, sustainable way to fund our infrastructure is key to moving New Jersey forward.
associated development; however, without an increase in TTF funding, there won't be an opportunity for these types of projects to be built.

Solutions for restoring the solvency of the TTF must serve the area’s non-drivers. The creation of a safer, more equitable and economically viable transit system in South Jersey is possible with an adequately funded Transportation Trust Fund. Building new trails, sidewalks, bike lanes and transit projects will create construction jobs, improve access to centers of employment for area residents and will reduce roadway congestion.

On behalf of Tri-State Transportation Campaign, I appreciate the opportunity to testify before this esteemed committee today.
New Jersey Groups Call for Permanent Fix to State Transportation Problems
by Janna Chornetz

The Assembly Transportation and Independent Authorities Committee will hold its fourth and final special hearing regarding the state’s Transportation Trust Fund on Thursday morning as part of the 59th Annual New Jersey State League of Municipalities Conference, now underway in Atlantic City.

Navigating the transportation funding debate is complicated. While the public debate has focused primarily on increasing taxes and creating additional revenue streams, this is only part of the discussion. Clear and concise answers to some of the most complex questions regarding bonding, debt, current and future transportation projects are essential to an informed conversation by all stakeholders from the bus rider to the state’s transportation commissioner.

With skepticism and frustration regarding the condition of the state’s transportation assets and systems, a clear explanation of the accounting behind the soon-to-be bankrupt Transportation Trust Fund is required.

For these reasons, Tri-State, along with New Jersey Future, Regional Plan Association (RPA), New Jersey Policy Perspective (NPP) and the Amalgamated Transit Union (ATU) New Jersey State Joint Council today released a list of questions to guide a transparent and informed discussion about transportation funding between state lawmakers and the public:

New Jersey Groups Call for a Permanent Fix for the State’s Transportation Fund

“The Transportation Trust Fund, the primary source of money paying for road, bridge and transit repairs, as well as new transportation projects in the state, is nearly bankrupt. In FY2015, the state will have spent nearly the same amount to service its transportation debt as it spent on transportation projects.

The Transportation Trust Fund is not only going broke, but it is badly broken. Successive administrations have over leveraged the fund so that it consists entirely of borrowed funds, instead of a balance of pay-as-you-go funding and longer-term bonding. Many organizations, including the above, have thoroughly documented this situation.

Fortunately, the issue is receiving attention from policymakers in Trenton who are beginning to float a variety of funding proposals. The governor and the legislature are expected to adopt a final funding solution early next year, in time for New Jersey to maintain its transportation programs and continue receiving its share of matching federal funds.

To inform the debate, the public needs to fully understand the current state of the TTF and any new funding proposals, in terms of what they will mean for our roads, bridges and transit system as well as the impact on taxpayers today and in the future.

We call on the state to share with the public the answers to the following questions about today’s TTF:

- What funds are dedicated to the Trust Fund now?
- How much money will those sources generate in the next five years? Ten years?
- What are the TTF’s current debt obligations?
- How much money is required annually to meet these obligations for each of the next five years? Ten years?
- How much TTF revenue will remain after debt payments for each of the next five years? Ten years? Or is there a deficit?
- How are the ratings by Moody’s and S&P impacting the amount of debt service that needs to be paid and future bonding?

The answers to these questions will help us understand where we are and how we got here so that we don’t repeat the same mistakes again and we don’t saddle future taxpayers with having to solve this problem in another three years, five years or ten years.

But understanding the current situation is only half the story. The capital program has been at a historically stagnant level of $1.6 billion annually for the past ten years, below the rate of inflation and behind the demonstrated need to keep the state’s road, bridge, and transit infrastructure in a state of good repair.
We know that new revenue must be raised to solve this crisis, but what can the public expect to get for the additional money it will be asked to pay? We call on the state to openly answer the following questions as new revenue sources are debated and the amount of revenue to be raised is calculated:

- How big of a transportation program is anticipated/needed for each of the next ten years?
- Will this program size maintain or improve the current infrastructure conditions?
- Will this program size maintain or improve the current operating conditions?
- Will this program include funding for new large-scale projects, such as light rail extensions or a trans-Hudson tunnel?
- How much of this program will be funded with new debt?
- How much of this program will be "pay-as-you-go"?
- What are the potential sources of new revenue?
- How much transportation spending will those revenues support in the next five years? Ten years?
- What will be the total amount of transportation-related debt in each year for the next twenty years?
- How long can the proposed program sustain itself with projected revenues before having to go back to the public for more money?

In order to keep New Jersey's economy strong and its commuters safe, new revenue sources must be identified to replenish and sustain the state's nearly bankrupt transportation fund. New Jersey residents deserve a robust transportation capital program that not only addresses the state's current needs but will also set a fiscally responsible path for funding future infrastructure needs. The state's overreliance on debt and one-shot fund transfers is an impediment to future transportation planning and a threat to economic growth and quality of life for residents and commuters.

We support the discussions currently underway in the Assembly Transportation and Independent Authorities Committee and within the executive and legislative chambers to address the transportation funding crisis. As these discussions progress, we urge policymakers to review and answer the above questions and to share those answers with the public. The public has the right to know what it is paying for and a responsibility to pay for what it gets."

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The Tri-State Transportation Campaign is a nonprofit advocacy organization working toward a more environmentally sustainable, fiscally sound, and socially just transportation network in New Jersey, New York and Connecticut. [www.tstc.org](http://www.tstc.org)

New Jersey Future is a nonprofit research and policy group advocating smart growth, environmental preservation, neighborhood revitalization and transportation choices. [www.njfuture.org](http://www.njfuture.org)

Regional Plan Association (RPA) is the nation's oldest independent, not-for-profit regional planning organization that improves the quality of life, economic competitiveness and sustainability of the 31-county New York-New Jersey-Connecticut region through research, planning, and advocacy. [www.rpa.org](http://www.rpa.org)

New Jersey Policy Perspective (NJPP) is a nonpartisan, nonprofit research organization that aims to create a New Jersey with economic opportunity for all and widely shared prosperity. [www.njpp.org](http://www.njpp.org)

ATU – Largest labor union representing transit and allied workers in the U.S. and Canada – fights for the interests of its hardworking members and promotes mass transit. [www.atu.org](http://www.atu.org)
Testimony of Janna Chernetz, NJ Advocate at Tri-State Transportation Campaign
Transportation Funding/TTF
Senate Transportation Committee
State House, Trenton NJ
December 8, 2014

Good morning Chairman Sacco, Vice Chair Gordon and members of the Senate Transportation Committee. I’d like to thank you for continuing the important conversation regarding the future of transportation in New Jersey.

My name is Janna Chernetz and I am the Senior New Jersey Policy Analyst for the Tri-State Transportation Campaign, a non-profit transportation policy advocacy organization working for a more balanced and equitable transportation system in New Jersey, downstate New York and Connecticut.

This Committee is certainly fully aware of the current state of transportation in New Jersey given the insolvency of the Transportation Trust Fund. Roadways, bridges, and transit need significant investment but there is no sustainable plan to raise revenue for transportation. This also means new initiatives and projects such as bus rapid transit, light rail expansion, more NJTransit one-seat-rides, or more bicycle and pedestrian infrastructure cannot be built. And successful and desired state funded programs that spur economic growth such Transit Village cannot expand.

When it comes to the argument to increase revenue to address the condition of the state’s roads and bridges, the facts speak for themselves or as attorneys call it “res ipso loquitur.” Ten million motorists drive over deficient bridges in NJ daily and the poor condition of roads cost motorists an additional $600 annually in car maintenance.

My testimony today will focus around the need to adequately fund public transportation in New Jersey.

Transit Ridership

According to the American Communities Survey, almost 11 percent of New Jersey workers 16 years and older use public transportation to get to work. Of that 11 percent, two-thirds travel by bus. Hudson, Essex and Bergen Counties (those counties closest to New York City) have the highest percentage of commuters using transit: 39, 20.5 and 13.3 percent respectively. Seventy percent of New Jersey residents who commute to New York City use mass transit and 24 percent who commute to Philadelphia use mass transit. These numbers far exceed the national average when it comes to commuters using transit but New Jersey is no better than the national average when it comes to those commuting within New Jersey as those using transit falls to only 5 percent. NJ Transit reported the second highest ridership gains in FY 2014 since 2008. Total ridership for that one year period grew by 950,946, taking yearly ridership from 45.48 million to 46.4 million.

Bus-

As mentioned above, two thirds of all transit trips are taken by bus. In FY2013, there were over 160 million unlinked passenger trips by bus. Of the roughly 61 percent of transit trips by bus, the North Jersey local represents 27 percent of all trips, followed by NY Interstate, South Jersey and Contract Carriers at 21, 9 and 4 percent respectively. The
implementation of Bus Rapid Transit (BRT), a cost effective approach to transit service that incorporates features such as off-board fare collection and bus exclusive lanes to offer faster and more reliable service especially on high ridership routes is lacking in New Jersey. There are currently 5 routes being advanced in the Bergen County BRT study. Other study locations in the past have included Camden-Glassboro, Monmouth and Union Counties, and the congested Route 1 corridor. However, without adequate funding, the Bergen County project, and any other BRT service, will not come to fruition and NJTransit will be unable to expand bus service.

Cross Hudson Rail Capacity -

I would be remiss if I did not address the cross Hudson rail commute especially in light of the report identifying the need to overhaul the two existing tunnels due to damage sustained by Superstorm Sandy. According to Amtrak, each tunnel would need to be shut down for at least a year. Reducing cross Hudson capacity to that extent would have devastating effects on the 160,000 daily commuters that go through the tunnels. The now defunct Access to the Region’s Core (ARC) project would have provided not only fast and more frequent service between New York and New Jersey as well as similar increases in property values as Midtown Direct, but it would have ensured sustainable cross-Hudson transit infrastructure and more importantly would have been completed by 2018.

Amtrak’s proposed Gateway project would significantly expand and improve NJTransit service as well as provide additional one-seat rides to Penn Station and allow for the much needed maintenance of the tunnels without significant service disruption. So far, the right-of-way has been preserved, but funding for the project has yet to be identified. While this is an Amtrak headed project, leaders in both New York and New Jersey must continue to advocate for Federal funding for this project given the regional significance.

Car Ownership

For some, public transportation is not choice. Approximately 12 percent of households lack access to a vehicle. In Newark alone, the state’s largest city, approximately 40 percent of households do not own vehicles.

There are 11 municipalities in which at least one-third of all households do not own a vehicle:

Atlantic City (highest, at 45.5 percent)  Union City (44.3 percent)
Passaic (39.8 percent)                   Newark (39.2 percent)
Jersey City (39.1 percent)               West New York (38.7 percent)
Guttenberg (36.4 percent)                Camden (36.1 percent)
East Orange (35.7 percent)              Hoboken (35.3 percent)
East Newark (34.7 percent)

In all of Hudson County, more than a third (33.9 percent) of all households do not own a vehicle. The next highest county is Essex, at 23.1 percent. As such, NJTransit provides even larger role in transportation for New Jersey residents.

NJTransit Funding

Complicating NJTransit’s already woeful financial situation, NJTransit’s operating expenses outpace operating revenues forcing the agency to transfer dollars from its capital budget to meet its operating needs year after year. Over the past four budgets, $1.6 billion (363M in FY2012, $397M in FY2013, $397M in FY2014 and $463M in FY2015) was taken from the agency’s capital fund to meet the agency’s operating needs. This money could be better used for much needed capital projects including enough to fund the HBLR extension to Englewood and the Camden-Glassboro Light Rail Line.
Economic Benefits of Transit

There are also substantial economic impacts of transit. Commuters on the North Jersey Coast Line and the Raritan Valley Line have been advocating for a one-seat-ride to Manhattan. Midtown Direct service on the Morris & Essex Line, which offers a one-seat ride to New York’s Penn Station, was added in 1996. Since the addition of the service, homes near train stations served by Midtown Direct increased in value by an average of $23,000 per home, according to the report, The ARC Effect, by RPA. The Midtown Direct 7:33am train to NY Penn also boasted the highest ridership on NJTransit rail according to numbers released last month by NJTransit during the Customer Service Committee meeting, seeing approximately 28,000 passengers in July. The implementation of a one-seat-ride also enhances quality of life. The time commuters would save could translate to more time with family and friends, being home in time for dinner or homework, or making it to your child’s extracurricular activity.

There is a growing demand for Transit Oriented Development (TOD) which is the type of development that includes a mixture of housing, office, retail and/or other amenities integrated into a walkable neighborhood and located within a half-mile of a transportation hub. A report recently released by Rutgers University showed an “unparalleled” shift in population away from the suburbs and towards urban areas reflecting a desire of people to live in places where they can work and play; essentially places where people can drive less or even forgo car ownership completely. New Brunswick is a stellar example positive effects of transit oriented development look no further than right down Route 18 to New Brunswick. The Gateway Transit Village brought a mix of retail, office, housing and parking to an under-utilized area adjacent to the New Brunswick Train Station, in turn revitalizing New Brunswick’s transit corridor. This is just part of the development in the past decade around the train station. New Brunswick’s job growth must also be highlighted. From 1999-2012, the city gained approximately 12,500, which is about a 42 percent increase.

In addition to other state offered economic incentives to promote development around transit, the NJDOT supported and funded Transit Village program, has helped make New Jersey a national leader and role model in promoting sustainable, transit-oriented development by helping towns develop where it makes the most sense: near rail and bus hubs. The program is an overwhelming success and there are currently 28 designated Transit Villages with other municipalities in the process of seeking designation. However; without an increase in funding, NJDOT will not be able to expand this program.

Without public transportation, there would be roughly 440,000 additional cars on New Jersey’s roads every day. Imagine 440,000 more vehicles clogging our already-congested roadways. Imagine 440,000 more vehicles adding to the wear and tear of our already-crumbling roads and bridges. Imagine 440,000 additional tailpipes and their associated pollutants and CO2 emissions.

The ability to expand New Jersey’s public transportation system doesn’t just create construction jobs; transit also improves access to jobs. As a key driver in stimulating development and fostering economic vitality, any solution to restoring the solvency of the TTF must also adequately address the needs of transit.

On behalf of Tri-State Transportation Campaign, I appreciate the opportunity to testify before this esteemed committee today.
REFORMING NEW JERSEY'S TRANSPORTATION SYSTEM

Forward NJ is a coalition of N.J.-based organizations focused on reforming the state’s transportation system. Forward NJ will educate stakeholders and the public as to the crisis we are confronting in relation to our outdated infrastructure.

We must REFORM and consolidate management of the system, REDUCE the burden on consumers and create Public-Private Partnership capacity and INVEST revenue in a reliable, sustainable, constitutionally dedicated fashion to move NJ FORWARD.

1 REFORM
Consolidate into a Single Efficient, Strategic Transportation Planning Unit to Recognize Massive Savings

- Massive savings over 10 years = $1 billion by making government more effective, efficient and innovative.
- Consolidate NJDOT, NJ Transit, N.J. Turnpike, N.J. Parkway, and SJTA into one efficient, strategic infrastructure unit that would realize increased buying and bonding capacity, lower interest rates, improve credit rating over current units, and allow us to leverage private capital to increase project development.

2 REDUCE
Burden on Consumers – Public Private Partnerships

- Public Private Partnerships would be utilized to help finance mega-projects, freeing up hundreds of millions in TTF funds.
- With the additional resources made available, the number of capital projects underway at one time could double.
- Program would be structured to incorporate global best practices and also ensure a level playing field for our local NJ contractors.

3 INVEST
Reform Revenue Process, Transportation Money for Transportation

Revenue Options Include:

- $0.15 Gas Tax, Indexed to CPI
- $0.20 Gas Tax, Indexed to CPI
- 7% Sales Tax on Total Motor Fuels Sales
- 3.5% Sales Tax on Total Motor Fuels Sales
- Revert to percentage-based Petroleum Products Gross Receipts Tax at 5% (Wholesale)
- Dedication of Online Gaming Revenue
- Dedication of funds realized due to change in Utility Relocation law
- Raising Car Rental Fee to $15
- Raising Car Rental Fee to $20
- Dedication of Good Driver Surcharge Proceeds
- Dedication of Undedicated Diesel Charges
- Full Dedication of MVC Surplus Funds

On June 30th 2015, less than one year from today, New Jersey’s Transportation Trust Fund will reach bankruptcy and have no capacity to pay for any transportation projects. According to New Jersey Policy Perspective, the TTF needs $20 billion over the next 10 years to maintain and improve the state’s roads, bridges and mass transit systems, as well as to begin critical projects. The lack of a long-term solution to this dire problem threatens the safety and quality of life of residents and commuters, as well as the state’s business climate and economy.
Testimony of Matthew Norris, South Jersey Coordinator at Tri-State Transportation Campaign
Transportation Funding/TTF
Senate Transportation Committee
State House Trenton, New Jersey
December 8, 2014

Good morning Chairman Sacco, Vice Chair Gordon and members of the Senate Transportation Committee. I would like to thank you for continuing the important dialog regarding the future of transportation in New Jersey.

My name is Matthew Norris and I am the South Jersey Coordinator for the Tri-State Transportation Campaign, a non-profit transportation policy advocacy organization working for a more balanced and equitable transportation system in New Jersey, New York and Connecticut.

This Committee is certainly fully aware of the current state of transportation in New Jersey given the insolven cy of the Transportation Trust Fund. Roadways, bridges and transit need significant investment, but there is no sustainable plan to raise revenue for transportation. These needs are acutely felt in South Jersey, where improvements need to be made to roads to make them safer for pedestrians and drivers alike. New initiatives, such as plans for the Circuit regional trail network, bus rapid transit and light rail expansion also need funding in order to advance.

My testimony today will focus on the need to adequately fund transportation projects in the City of Camden and South Jersey in order to improve mobility in the region and aid in local economic development initiatives.

Need for Bicycle and Pedestrian Project Funding

A recent study by the U.S. Public Interest Research Group showed that young people across the country are choosing to live and work in places where they don’t have to drive. This is true in Camden, where many students who either commute to Rutgers University-Camden or live nearby are choosing to commute by public transit, on foot or by bicycle. Whether by choice or out of necessity, locals rely on travel modes other than driving. US Census statistics for the City of Camden show this clearly:

- 6.5 percent of workers aged sixteen and over commute on foot, a rate more than 2.5 times higher than the nationwide rate of 2.5 percent;
- 16 percent of Camden workers commute by public transit, a rate more than three times higher than the national average of 6.5 percent;
- Nearly 35 percent of occupied housing units in Camden do not own a motor vehicle, a rate nearly four times higher than the national average of 8.9 percent.
Whether locals cannot afford a car or simply choose not to drive, investing in walking, biking and transit infrastructure in Camden is critical. Only through these investments can local leaders improve daily travel conditions for existing residents, while also providing a welcoming environment for visitors and potential new residents alike.

The Circuit

With sustainable TTF funding, projects that would serve the large and growing demand for pedestrian and bicyclist infrastructure in and around Camden could be advanced. This includes the Circuit, a 750 mile network of pedestrian and bicycle trails connecting people to jobs, communities and parks throughout South Jersey and into Pennsylvania. Circuit trails will eventually connect Camden to Trenton and additional communities throughout Camden, Burlington, Mercer and Gloucester counties. Trails will also connect local residents to light rail and bus transit and to Philadelphia via the Ben Franklin Bridge.

According to a Rutgers University study, Infrastructure, businesses and events associated with walking and biking contributed $497.46 million to the New Jersey economy in 2011, and there is an eight-to-one return on investment on bicycle and pedestrian infrastructure improvements in the state. Across the Delaware River in Philadelphia, homes within walking distance of trails are valued between 4 to 7 percent higher than similar homes that lack easy trail access, according to a PennFuture study. The Circuit has received private funding from the William Penn Foundation which has helped allow the network to grow. By leveraging state money with private money, everyone’s dollars can go further towards the goal of completing the network.

The economic benefits of completing the Circuit are clear. Locals and those from out of state will be able to walk or bike into Camden and then on into Collingswood, Cherry Hill or any number of South Jersey destinations, allowing them to access farmer’s markets, restaurants, parks and entertainment venues, helping to boost the local economy and support small businesses. Circuit trails will provide a vital recreational, economic and commuting benefit to the region, but only with funding to connect existing trails.

Dangerous Roadways

Between 2010 and 2012, 442 pedestrians were killed on New Jersey roads, including many of our state highways. Pedestrians use these roads to reach work, shops and bus stops. In order to make these roadways safer, NJDOT needs to make improvements such as installing connected sidewalks, pedestrian median islands, crosswalks and bicycle lanes where appropriate. Many of the state's most dangerous roads are in South Jersey, including Route 130 in Burlington County, Black Horse Pike in Atlantic County and White Horse Pike in Camden County.

A Tri-State analysis of the 2015 NJDOT Capital Program shows that roughly 2.5 percent of state funds are to be spent on bicycle and pedestrian projects, while another 6 percent of funding is planned to go to road and bridge projects that include amenities like sidewalks or bike lanes. These rates should increase to truly transform New Jersey’s roadways into safe and convenient places for walking and biking. In order for this to happen, new revenue streams to replenish the state’s Transportation Trust Fund must
be identified—new revenue should be sustainable, long-term, dedicated and not a sources of one-shots or increased borrowing.

**Bus Rapid Transit and Light Rail**

The insolvency of the transportation trust fund is further complicating NJ Transit’s already poor financial situation. NJ Transit’s operating expenses outpace operating revenues, forcing the agency to transfer dollars from its capital budget to meet its operating needs year after year. Over the past four budgets, $1.6 billion ($363M in FY2012, $397M in FY2013, $397M in FY2014 and $463M in FY2015) was taken from the agency’s capital fund to meet the agency’s operating needs. This money could be better used for much needed capital projects including the Glassboro-Camden line and the planned South Jersey bus rapid transit system.

The Glassboro-Camden line would run 18 miles and connect existing downtowns, providing a great incentive for transit-oriented development around stations. Glassboro and Woodbury, the two largest towns along the selected route have already begun redevelopment efforts to create pedestrian friendly downtowns. Gloucester County’s three largest employers, Inspira Health, Rowan University and the Gloucester County government are all within walking distance of planned stations. The full project is expected to cost around $1.3 billion, with the state sharing costs with the federal government and private investors.

The planned South Jersey bus rapid transit system would run along Routes 55, 42 and I-676, and would travel on dedicated highway shoulder lanes and medians for part of the trip between Winslow Township and Philadelphia. The system would give buses signal priority, allow riders to use ticket machines before boarding and would include train-style shelters and new park-and-ride lots. The project is expected to cost $46 million. An estimated 6,400 riders would use the system daily.

Both of these projects are wise investments for Camden and South Jersey. A 2011 Monmouth University poll showed that two-thirds of New Jersey residents would like to see the development of more sustainable communities, with easy access to multiple forms of transportation and opportunities for walking to shops and restaurants. This will be essential in Gloucester County, where the population increased by over 13% between the 2000 and 2010, with no signs of stopping. High quality bus and light rail transit would alleviate the extra pressure on roadway infrastructure and open space in this growing region.

New Jersey Transit’s RiverLINE has already demonstrated the benefits of light rail transit in the region. With an increase in ridership between 2005 and 2013 of nearly one-third and development projects moving forward adjacent to stations, the line has become an economic engine for the region. Residential and retail projects have been built or are moving forward near stations in Trenton, Camden and Cinnaminson. Historic downtowns in Burlington and Bordentown have seen increases in visitors and economic revitalization. In Florence, industrial projects that rely on the RiverLINE for workers and to move goods have been recently completed, including for a distribution center for Subaru America and expansion of the Haines Industrial Center complex only a few minutes walk from the local RiverLINE station. The Glassboro-Camden line and South Jersey bus rapid transit system would likely also see