Committee Meeting

of

ASSEMBLY TRANSPORTATION AND INDEPENDENT AUTHORITIES COMMITTEE

"The Committee will take testimony from transportation experts and the public concerning the financing of the Transportation Trust Fund (TTF).
The Committee will consider the current funding levels of the TTF and how that money is spent.
The Committee will also take testimony concerning funding options for the TTF in the future"

LOCATION: Camden County College
Camden, New Jersey

DATE: November 6, 2014
10:00 a.m.

MEMBERS OF COMMITTEE PRESENT:

Assemblyman John S. Wisniewski, Chair
Assemblywoman Marlene Caride
Assemblyman Carmelo G. Garcia
Assemblyman Thomas P. Giblin
Assemblyman Charles S. Mainor
Assemblyman Paul D. Moriarty
Assemblywoman Sheila Y. Oliver
Assemblywoman BettyLou DeCroce
Assemblywoman Maria Rodriguez-Gregg
Assemblyman Scott T. Rumana

ALSO PRESENT:

Patrick Brennan
Emily W. Grant
Office of Legislative Services
Committee Aides

Jillian Lynch
Assembly Majority
Committee Aide

Glen Beebe
Assembly Republican
Committee Aide

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

JOHN S. WISNIEWSKI
Chair

LINDA D. STENDER
Vice-Chair

MARLENE CARIDE
CARMELO G. GARCIA
THOMAS P. GIBLIN
CHARLES S. MAINOR
PAUL D. MORIARTY
SHEILA Y. OLIVER
ROBERT D. CLIFTON
BETTYLOU DeCROCE
SEAN T. KEAN
SCOTT T. RUMANA

New Jersey State Legislature

ASSEMBLY TRANSPORTATION AND INDEPENDENT AUTHORITIES COMMITTEE

STATE HOUSE ANNEX
PO BOX 068
TRENTON NJ 08625-0068

EMILY W. GRANT
Office of Legislative Services
Committee Aide
(609) 847-3840
(609) 292-0561 fax

COMMITTEE NOTICE

TO: MEMBERS OF THE ASSEMBLY TRANSPORTATION AND INDEPENDENT AUTHORITIES COMMITTEE

FROM: ASSEMBLYMAN JOHN S. WISNIEWSKI, CHAIRMAN

SUBJECT: **COMMITTEE MEETING - NOVEMBER 6, 2014**

The public may address comments and questions to Emily W. Grant, Committee Aide, or make bill status and scheduling inquiries to Melinda Chance, Secretary, at (609)847-3840, fax (609)292-0561, or e-mail: OLSAideATR@njleg.org. Written and electronic comments, questions and testimony submitted to the committee by the public, as well as recordings and transcripts, if any, of oral testimony, are government records and will be available to the public upon request.

The Assembly Transportation and Independent Authorities Committee will meet on Thursday, November 6, 2014 at 10:00 AM in the Conference Center, Camden County College, 601 Cooper Street, Camden, New Jersey, 08102.

The committee will take testimony from transportation experts and the public concerning the financing of the Transportation Trust Fund (TTF). The committee will consider the current funding levels of the TTF and how that money is spent. The committee will also take testimony concerning funding options for the TTF in the future.

Issued 10/24/14

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ASSEMBLYMAN JOHN S. WISNIEWSKI (Chair): Good morning. I'd like to call this meeting of the Assembly Transportation and Independent Authorities Committee to order.

We'll start with a roll call.

Emily.

MS. GRANT (Committee Aide): Assemblyman Rumana.

ASSEMBLYMAN RUMANA: Here.

MS. GRANT: Assemblywoman Rodriguez-Gregg.

ASSEMBLYWOMAN RODRIGUEZ-GREGG: Here.

MS. GRANT: Assemblywoman DeCroce.

ASSEMBLYWOMAN DeCROCE: Here.

MS. GRANT: Assemblyman Moriarty.

ASSEMBLYMAN MORIARTY: Here.

MS. GRANT: Assemblyman Mainor.

ASSEMBLYMAN MAINOR: Here.

MS. GRANT: Assemblyman Giblin.

ASSEMBLYMAN GIBLIN: Here.

MS. GRANT: Assemblyman Garcia.

ASSEMBLYMAN GARCIA: Present.

MS. GRANT: Assemblywoman Caride.

ASSEMBLYWOMAN CARIDE: Here.

MS. GRANT: And Chairman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Here.

Vice Chair Stender called this morning. She has taken ill and cannot join us, and sends her regrets.

We are in Camden County, in the City of Camden. And one of our colleagues, who so ably represents this area in the New Jersey General Assembly, is here to welcome us -- and I would ask for some opening remarks.

Assemblyman Whip Wilson.

ASSEMBLYMAN GILBERT L. "WHIP" WILSON: Thank you, Mr. Chairman.

I'd like to say welcome to all of you from Mayor Redd, the Mayor of this City; also from the 5th District, which would be Senator Donald Norcross -- who will be leaving us very soon -- and also Angel Fuentes, my colleague in the Assembly.

Welcome to the great City of Camden. This City is going through tremendous upheaval -- changes; things that are happening very positively for our City. We're so proud to host this. We're glad you chose Camden to come to. It just shows that people will, in effect, come to Camden to get things done.

So once again, Mr. Chairman, thanks for having us here. God bless you all, and have a good day.

I'll be leaving in about 15 or 20 minutes to go to a Veterans' event at Rutgers University -- right down the street here.

ASSEMBLYMAN WISNIEWSKI: Very good. Thank you, Assemblyman.

ASSEMBLYMAN WILSON: Bless you all. Thank you, sir.

ASSEMBLYMAN WISNIEWSKI: Good morning. Just as a way of a preface -- you can make your way up to the podium -- today the Transportation and Independent Authorities Committee is conducting its third of four public hearings on New Jersey's Transportation Trust Fund. And today's hearing is particularly concerned about the infrastructure and the financial state of the Transportation Trust Fund.

As you recall, in the late summer, Assembly Speaker Vincent Prieto had asked the Committee to conduct this series of hearings so that we can gather the necessary information to intelligently legislate a package -- or one bill, depending on what we decide -- that will put funding in place for the Transportation Trust Fund. But not only put it in place, put it in place for a sufficiently long period of time so that we are not constantly coming back and pondering the question about how we will fund transportation. In addition, I think one of the other things that has become abundantly clear from the testimony we've heard is we have to create the appropriate safeguards for the money we raise. We all acknowledge that a constitutional dedication is important so that the money can only be used for transportation; but we also have to consider spending safeguards so that we do not literally get carried away with ourselves and spend more than we should in one year, only to leave successive years wanting.

This is a story of how inattention can lead to bad consequences. The New Jersey Transportation Trust Fund was renowned, at its time, as innovative and forward-thinking; as a tool that allowed New Jersey to have a stable and predictable source of transportation funding. However, because of lots of decisions that were made on a bipartisan basis, in both the Executive Branch and the Legislative Branch, the consequences are what we're living with today: a Trust Fund that is using every penny to pay debt; a Trust Fund that doesn't have money to logically authorize new projects, going forward. And the prospect of doing nothing is a solution that we can't accept.

We all drove here today -- probably 99 percent of us drove here today. We saw what money can do if you came down the Turnpike -- by driving across new lanes of road. But we've also seen what the absence of money can do when we have gone across bridges that were rutted or, perhaps, not in the best condition; or sat in traffic because the capacity hasn't been expanded.

And so we need to find a way to put the money in place, to secure the money, and to guarantee it for a long time.

We have a lot of people here today who are going to testify. I think it's important for us, as members of the Committee, to hear from them, to put that into our work product as we move forward; and, ultimately, by the end of this year, start talking about legislation that will put funding back in place for the Transportation Trust Fund.

With that, if there are no other opening comments from any members, our first witness is David Rousseau; he's the New Jersey Association of Independent College--

MS. GRANT: We'll have David Rosen first.

ASSEMBLYMAN WISNIEWSKI: I'm sorry -- David Rosen.

You know, I went to a Catholic elementary school, and my handwriting was a lot different than this. That's all on me. (laughter)

Good morning, David Rosen.

D A V I D L. R O S E N, Ph.D.: Good morning, Mr. Chairman. I appreciate the invitation to come and speak to the Committee. I've never had the opportunity to speak to the Transportation Committee before, and this is a new area for me.

And I don't hold myself out as a transportation expert; there are certainly people in the room who are better qualified for that. And two of my colleagues at OLS, Frank Haines and Patrick Brennan-- Oh, my mike's not on?

ASSEMBLYMAN WISNIEWSKI: One is amplification, and--

DR. ROSEN: Is that better?

ASSEMBLYMAN WISNIEWSKI: That's better.

DR. ROSEN: That's better; okay.

Two of my colleagues, Frank Haines and Patrick Brennan, are OLS staff members who know the nuances and the granularity of the Transportation Trust Fund better than I do.

But what I was hoping to provide to you this morning was kind of an overview, using a series of pictures, to try to frame what I think are the fiscal issues relating to both where the Transportation Trust Fund has been; and then the constraints that you face in formulating a path forward, as the Chairman suggested.

So I direct your attention to the handout that we have in your packet, which -- we would have done a PowerPoint, but it didn't really work very well in this room; we didn't want to make you turn around and face the other way. So it should be in your packets.

Figure 1 is simply a history of the State appropriations for the capital program over the last 31 years. As you know, there's also a Federal component of the capital program -- but that's really outside of what I'm going to be talking about today, and outside of most of the important issues for the Transportation Trust Fund.

So you can see that over the past 31 years, the State has authorized $27 billion in capital projects through the Transportation Trust Fund.

The second slide, Figure 2, shows the State revenues appropriated to the Transportation Trust Fund. The Transportation Trust Fund is a structure unlike anything else we have in State government. There are-- The State appropriates money into the Transportation Trust Fund -- some of it constitutionally dedicated, and sometimes some other money. And the Transportation Trust Fund also gets money from borrowing. So they have two sources of revenue: The appropriations and the borrowing that they do.

And the Transportation Trust Fund uses that money for two purposes: to build projects and to pay debt service on the borrowing that it's done.

So you have two components, both to the money coming into the TTF, and the money coming out. And that's sort of the history that we're going to be looking at here.

In terms of the State revenues that have gone into the Transportation Trust Fund, over that same 31-year period, it's been slightly less than $18 billion. So we've authorized $27 billion in projects, and put in $18 billion in revenue.

Figure 3 places these two lines on the same graph. And you can see throughout the periods, and since the very beginning of the Transportation Trust Fund, we've actually appropriated less money to the

Transportation Trust Fund than we have authorized in the level of projects. I should point out, in terms of the darker line -- the project line -- the reason that it dips from $1.6 billion down to just over $1.2 billion, starting in 2012, is because of the use of the Port Authority money. It wasn't--

ASSEMBLYMAN WISNIEWSKI: David, could I just ask you a question?

DR. ROSEN: Sure.

ASSEMBLYMAN WISNIEWSKI: Just looking at your Figure 2, the aggregate total is $17.7 billion.

DR. ROSEN: Yes.

ASSEMBLYMAN WISNIEWSKI: The next one -- Figure 3, the State revenue line -- is that the same $17.7 billion?

DR. ROSEN: Yes, yes.

` ASSEMBLYMAN WISNIEWSKI: Oh, so you just put both--

DR. ROSEN: We just took Figure 1 and Figure 2, put them together in Figure 3.

ASSEMBLYMAN WISNIEWSKI: Okay.

DR. ROSEN: In PowerPoint, it would have looked neater than that.

ASSEMBLYMAN WISNIEWSKI: Okay.

DR. ROSEN: So it looks like, by 2015, that at least we're putting in as much as we're authorizing. That might look like it's a good story of getting into fiscal balance. However, we go to Figure 4, you'll see that that's not really the case.

What we've done in Figure 4 is show, for each year, how the State appropriation to the Transportation Trust Fund is being used. The dark part of the bar -- the lower part of the bar is money that the State is appropriating to the Transportation Trust Fund that's being used to build stuff. The lighter gray is the amount of the money that the State is appropriating to the Transportation Trust Fund that's going to debt service. And the picture is pretty clear and pretty stark. In the early years of the program, most of the money was pay-as-you-go. For the last three, none of it has been. And even if you go back further than that, going back to the last 15 years, less than half of the money in any of those years was going for projects; the rest was going for debt service. Again, this is not actual dollars; this is the percentage of the dollars.

Looking at the same information slightly differently here, this is how the capital program of the Transportation Trust Fund has been funded in each of the 31 years. The dark part of the bar, again, is the pay-as-you-go part; the gray -- the light gray is the bonding; and then the hatch mark up there is the Port Authority money for the last four years. And, again, you can see, in the early years of the program most of what was done was done pay-go; it varies when the program gets renewed. There are some glitches and changes, but clearly the pattern, over the last decade or more, has been very little pay-as-you-go; and the last four years, none at all.

If you have any questions as I'm going through, stop me. I mean-- Yes?

ASSEMBLYWOMAN CARIDE: I have a question; I'm sorry.

DR. ROSEN: Sure.

ASSEMBLYWOMAN CARIDE: I feel like I'm in school raising my hand. (laughter)

The dark gray -- you were saying that that was money that was given towards projects, correct? In Figure 4 -- correct?

DR. ROSEN: Figure 4 is-- Yes. That is the percentage of the money that is going into the Transportation Trust Fund that is being used for projects, as opposed to debt service.

ASSEMBLYMAN WISNIEWSKI: So it's essentially the pay-go-- We're doing a $100 worth of work, we're taking $100 of revenue and applying it, as opposed to--

DR. ROSEN: Right. In the first year, it's about $99 -- right.

ASSEMBLYMAN WISNIEWSKI: Right. As opposed to other years where we're doing $100 of work and we're borrowing $100 to do it.

DR. ROSEN: Correct.

ASSEMBLYMAN WISNIEWSKI: Okay.

DR. ROSEN: Correct.

ASSEMBLYWOMAN CARIDE: And based on your figures here, we have nothing for 2013, 2014. We're just paying back a debt now.

DR. ROSEN: Well, no, because we're borrowing more. Yes, we're paying-- Yes, the State money is being used to pay debt on prior borrowing, and the TTF is borrowing more to do new projects. As I said, there are two components going in, and two components coming out. So all of the money that the TTF has from the State is going to pay debt service, and then the TTF is going out and borrowing more money to build more projects -- because we're still building projects.

ASSEMBLYWOMAN CARIDE: Correct.

DR. ROSEN: We just don't have any cash to do it, so we're borrowing all the cash to do it.

ASSEMBLYMAN WISNIEWSKI: Assemblywoman DeCroce.

ASSEMBLYWOMAN DeCROCE: A question. When we talk about the debt and the borrowing, over the years, as we paid down the debt, has the State been going out for refinancing on some of the bonds for lower rates? Has that been a standard thing that the State does in order to bring the cost down some?

DR. ROSEN: Certainly. We've done lots of refinancing. And that's one of the nuances that I'm sort of leaving out of this. That refinancing and restructuring -- I'll talk some more about the debt service curve a little bit later -- is one of the ways you can buy yourself a little bit more room.

ASSEMBLYWOMAN DeCROCE: Right.

DR. ROSEN: So refinancing does sometimes give you that extra money. Also, we're using bond premiums to do some of that, which doesn't show up in the debt. So that's true, and those are real things, but they don't change the overall picture. I mean, it's a way of managing a little bit more easily.

ASSEMBLYWOMAN DeCROCE: Well, right -- managing the debt a little more easily.

DR. ROSEN: Yes.

ASSEMBLYWOMAN DeCROCE: Okay. So what I would like to see, if possible -- I don't know if you have it today -- but a schedule of that refinancing over, say, the last 10 years. What bonds were refinanced at what rate and where we went to, to show how much we actually saved on those bonds over the years to refinance them.

DR. ROSEN: Okay, we can get you that.

ASSEMBLYWOMAN DeCROCE: Okay.

DR. ROSEN: I think we can get you most of that information.

ASSEMBLYWOMAN DeCROCE: Well, I think it's informative for the public to know, so that they can see that we're being proactive in that way.

DR. ROSEN: Oh, there's no question that we are managing the debt as best we can -- and responsibly.

ASSEMBLYWOMAN DeCROCE: And I agree, and I'm sure of that. But I think, for the purposes of the public, it's good information for us to have out there.

DR. ROSEN: Okay, we'll get that for you.

ASSEMBLYWOMAN DeCROCE: Thank you.

DR. ROSEN: Figure 5, as I said, shows the same information, essentially a little bit differently, as to where the money of the capital program has come from. We noted, for the last few years, it has come either entirely or almost entirely from borrowing.

ASSEMBLYMAN MAINOR: May I ask a question?

I just want to make sure I'm hearing correctly. You're saying we have no cash, so we're borrowing money; but we're in debt.

DR. ROSEN: Yes -- okay.

ASSEMBLYMAN MAINOR: And we're still paying the old debt.

DR. ROSEN: The State's appropriating money to the Transportation Trust Fund. All of the money that we appropriate in a given year goes for debt service on prior borrowing.

ASSEMBLYMAN MAINOR: Okay.

DR. ROSEN: At the same time, we're borrowing more money to do the new projects.

ASSEMBLYMAN MAINOR: We're borrowing-- So we're just putting ourselves further in debt.

DR. ROSEN: Yes, yes. And I have some charts here that will show some of that as we go forward.

Figure 6--

ASSEMBLYMAN WISNIEWSKI: Well, David, just-- I'm sorry.

DR. ROSEN: Sure, yes.

ASSEMBLYMAN WISNIEWSKI: You're never going to get through this because we're going to keep asking you questions.

DR. ROSEN: That's okay. That's the idea.

ASSEMBLYMAN MAINOR: I'm sorry. I just -- it just sounded so familiar -- like my household. (laughter)

ASSEMBLYMAN WISNIEWSKI: We could do a hearing on your household on some other day, if you'd like. (laughter)

On Figure 5, David, one of the significant parts is the gap. We're doing a $1.6 billion program, but in the final four years on this chart, about 20 or 30 percent of that money is coming from the Port Authority.

DR. ROSEN: Right.

ASSEMBLYMAN WISNIEWSKI: Okay.

DR. ROSEN: Yes.

Figure 6--

ASSEMBLYMAN GIBLIN: One question on the Port Authority money.

DR. ROSEN: Yes.

ASSEMBLYMAN GIBLIN: What's the likelihood of that continuing? Or is that just year-to-year, and we don't know?

DR. ROSEN: I think the commitment is -- what? -- through--

MR. BRENNAN (Committee Aide): (off mike) It is secured through Fiscal 2016.

DR. ROSEN: So the Port Authority has promised us the money through 2016; after that, I guess, it's a renegotiation.

ASSEMBLYMAN GIBLIN: At the same level, I assume.

DR. ROSEN: I guess through 2016. But after that, it's open to renegotiation.

ASSEMBLYMAN GIBLIN: And that's being used -- what? -- for the Pulaski Skyway and things like that?

DR. ROSEN: I believe so.

MR. BRENNAN: The Pulaski Skyway, the Witt-Penn Bridge, and a new road project.

ASSEMBLYWOMAN DeCROCE: That's one we don't pay back, right?

I have one more question.

DR. ROSEN: Yes.

ASSEMBLYWOMAN DeCROCE: I'm sorry. I'll come back to it later; I think I want to come back to it later.

DR. ROSEN: Okay.

Figure 6 is the line showing the total outstanding debt of the Transportation Trust Fund -- which has grown now to somewhere around $15 billion on this. And that doesn't count the money -- the borrowing that we're going to do in Fiscal Year 2015, which will bump it up another, probably, $1.3 billion or so. So you can see that the amount of debt-- And this is the outstanding debt, the debt that we've paid off comes off of this. So it's the total debt that is still outstanding at the end of the fiscal year.

Figure 7 shows the debt service, as opposed to the debt. This graph shows the annual debt service paid by TTF, or payable by TTF in the future for debt that was issued through 2014. That is, this is the debt service that has to be paid on money we've already borrowed that's already in the ground. And you can see, that of this amount that we've -- the debt service we've paid, the amount that's still outstanding is more than twice as large as what we've already paid. We've paid about $13 billion; we have $28 billion still to pay.

ASSEMBLYMAN WISNIEWSKI: And this number will go up by $1.2 or $1.3 billion a year.

DR. ROSEN: Depending on-- I'll get to that in just a second. Yes, depending on what we do, going forward, you'd be adding on top of this.

Now, when we've issued new-- This goes back to your question about restructuring debt. The reason that this debt line is so flat -- if you look at the future debt, debt service hardly goes down at all for the next 15 years. And even out in 2040, it's over $1 billion a year. Now, the reason for that is we've done refinancing that's pushed some of that out, and we've issued new debt; we've structured it so the debt service hits when old bonds are retired. I mean, so normally we would have -- bonds that we would have sold 20 years ago would be retired soon, and that debt service would be going away. What we've done is we've structured the new borrowing so that our debt service is layered on top of that to keep this line fairly smooth. But it leaves us with this very, very long tail of debt. I mean, literally, out to the next 25 years we still have over $1 billion a year in debt service for stuff we've already done.

ASSEMBLYWOMAN DeCROCE: What I was going to ask you -- and you said you didn't want to bring in the Federal funding that we receive -- I think it's around $1.6 billion. But, isn't that a match? So we have to match that $1.6 billion from the Federal government?

DR. ROSEN: My understanding is that there are other ways we can match it -- with the money from the toll roads and some other things. So it's not critical, I don't think, to do that.

ASSEMBLYWOMAN DeCROCE: It's not critical, but what if the Federal government comes in with less than $1.6 billion -- then we have a problem.

DR. ROSEN: And, as you know, there have been real issues at the Federal level about the future funding for transportation.

ASSEMBLYWOMAN DeCROCE: Well, the Federal level only-- They just extend it for a short period, if I'm correct.

DR. ROSEN: Yes. And the big solution there hasn't been arrived at, either. So it's another risk.

ASSEMBLYWOMAN DeCROCE: So you're saying the $1.6 billion match wouldn't come directly out of just the TTF?

DR. ROSEN: Right.

ASSEMBLYWOMAN DeCROCE: Completely?

DR. ROSEN: Right.

ASSEMBLYWOMAN DeCROCE: Okay, thank you.

DR. ROSEN: I had that same question; I got it answered.

ASSEMBLYWOMAN DeCROCE: Okay.

DR. ROSEN: Okay, so currently-- I mean, as the earlier figures showed, all of the State money that's going in the TTF is going to debt service, and it's going to for the foreseeable future. I mean, our debt service is not going down; so if we maintained our current level of funding, there's no money for projects.

So then this next figure -- Figure 8 -- looks at two hypothetical ways of funding five more years of $1.6 billion in projects. Not recommending either of these courses of action; simply putting them out there as kind of the polar positions -- or the ends of the spectrum.

The dark bars are simply to do pay-go for five years. And then all you need to do is find $1.6 billion in the existing budget or from new revenues and pay for it; we don't take on anymore debt.

ASSEMBLYMAN WISNIEWSKI: And that's very easy to do, right?

DR. ROSEN: Absolutely, yes. (laughter)

The other option is to borrow $1.6 billion a year for five years. Now, interest rates are low, so the relative cost of doing that is about $100 million per year for 30 years -- to borrow the $1.6 billion. So the lighter gray bars here represent the debt service that we would pay over the next 30 years to cover the cost of those 5 years of borrowing. So if we sort of did what we've been doing, we would incur this debt line.

The next figure-- Are those two options clear? Any questions on that? (no response)

Okay, the next figure layers that borrowing on top of the current borrowing. So if we simply borrowed $100 million a year for 5 years, do it over 30 years flat, this is what it would do to the debt service curve -- that we looked at before -- when you lay it on top of the other one. So in addition to the $28 billion of outstanding debt, you add another $15 billion.

Okay, so let's-- Now I don't have the solution -- I don't. As you're aware, there are three constitutionally dedicated sources that now go into the Transportation Trust Fund: 10.5 cents on motor fuels, gasoline, and diesel; at least $200 million from the petroleum products gross receipts tax; and $200 million from the sales tax, presumably from the sales tax on cars.

ASSEMBLYMAN WISNIEWSKI: Not less than.

DR. ROSEN: Not less than, right.

ASSEMBLYMAN WISNIEWSKI: But just so -- for point of reference, in the current fiscal year there is more than $200 million in sales tax.

DR. ROSEN: Yes, the next figure--

ASSEMBLYMAN WISNIEWSKI: I'm sorry; I'm jumping ahead.

DR. ROSEN: The next figure has the numbers, yes.

From 2007 -- looking at Figure 10 -- 2007 through 2011 the numbers -- and they were almost these exact numbers every year; there's a slight variation. The 10.5 cents on motor fuels was interpreted to mean $483 million. And then the $200 million, both from petroleum products and the sales tax; and then a small amount from the toll roads, in addition, came in -- which was not constitutionally dedicated. So we put in $895 million.

Over the last four years, including the current year, you can see that the amount of State-budgeted money going to the Transportation Trust Fund has gone up, and it's gone up because our debt service has gone up. Again, remember all of this money, in 2012, 2013, 2014 and 2015, is going to debt service because we need to do that. And we've had to increase these amounts in order to pay the debt service that's coming due. And the biggest increase has been from the sales tax.

But ultimately, it doesn't really matter; I mean, all of these dollars are coming out of the budget. And the sales tax money, going from $200 million up to $518 million -- or wherever it ends up to be later in the year, and it probably won't be that much when they do the refinancing -- all of that is money that's coming out of the State budget that would otherwise be available for other things in the State budget.

ASSEMBLYMAN GIBLIN: What about the toll road authorities, with the decline on that? Could you maybe explain that?

DR. ROSEN: Yes, we're getting -- actually, we're getting substantially more money than that from the toll road Authority, but most of it is being spent now to subsidize New Jersey Transit so that we don't have to do that out of the budget. I mean, all of the pieces interconnect. I mean, you know, no matter which pot you take the money out of, it has some effect. So we could be using more toll road money for the Transportation Trust Fund, but then we'd need more State money to subsidize New Jersey Transit.

ASSEMBLYMAN WISNIEWSKI: Dr. Rosen, just a question to follow up on Assemblyman Giblin's. The money that is going to New Jersey Transit is going for operations or capital?

DR. ROSEN: Yes, operations.

ASSEMBLYMAN WISNIEWSKI: Operations. So instead of the subsidy coming out of the General Fund, it's coming out of the toll roads.

DR. ROSEN: Right.

ASSEMBLYMAN WISNIEWSKI: But isn't it correct that the toll road does not necessarily have a very long commitment on that subsidy, going forward?

DR. ROSEN: That's correct.

ASSEMBLYMAN WISNIEWSKI: And so--

DR. ROSEN: Again, that's open to--

ASSEMBLYMAN WISNIEWSKI: Right. At some point in time, in the future, there's going to have to be a difficult discussion about, if the toll road can't provide that subsidy -- which is about $200 million or $300 million a year--

DR. ROSEN: I think it's $300 million, isn't it?

MR. BRENNAN: (off mike) It's $295 million, in addition to the $12 billion.

DR. ROSEN: It's $295 million; okay.

ASSEMBLYMAN WISNIEWSKI: It's $295 million a year going to fund the operations of Transit. If that money doesn't come from toll roads, and then it comes out of the General Fund -- which is already sales tax money that normally would go into the General Fund -- is now going to pay TTF debt.

DR. ROSEN: Right. And previously it came out of the General Fund.

ASSEMBLYMAN WISNIEWSKI: Right.

DR. ROSEN: And we, in order to cover other budget contingencies, we shifted that to the toll roads.

ASSEMBLYMAN WISNIEWSKI: Right.

DR. ROSEN: Yes. Like I said, it's still the same dollars, and you're moving them around.

ASSEMBLYMAN WISNIEWSKI: Correct.

ASSEMBLYWOMAN DeCROCE: When you talk about the petroleum products gross receipts tax, do you -- are you looking at restoring it to where it was prior to 2000 -- the 2.75 percent?

DR. ROSEN: What do you mean, am I looking-- I mean, these are the numbers that are in the budget.

ASSEMBLYWOMAN DeCROCE: Well, you're saying the numbers. Will the 2.75 percent get us to that number? To not less than $200 million, under the petroleum-- Because right now we're only taxing 4 cents per gallon based on $1.44 to come up with the petroleum receipts monies to the TTF. Am I correct or not?

MR. BRENNAN: Currently, the previous changes to the construction of the statute for the PPGR -- now it is set at 4 cents per gallon, based on 2.75 percent of the retail price as of 1990-something.

ASSEMBLYWOMAN DeCROCE: Which is $1.44.

MR. BRENNAN: Right. If you were to change--

ASSEMBLYWOMAN DeCROCE: --to where it was--

MR. BRENNAN: So you're saying if we change the PPGR to 2.75 percent of the retail price as of today?

ASSEMBLYWOMAN DeCROCE: Right, where it was-- No, to $3.50.

MR. BRENNAN: As of-- Against $3.50.

ASSEMBLYWOMAN DeCROCE: Right.

MR. BRENNAN: So, I mean, 2.75 percent of $3.50 a gallon is -- what is that?

ASSEMBLYWOMAN DeCROCE: It's $508 million, I think.

MR. BRENNAN: Okay, so it would generate another $300 million.

ASSEMBLYWOMAN DeCROCE: You don't have to go to $3.50, but that's my point. You know, if -- are we looking to keep that where the formula is at currently, or are we looking to -- or should we look -- not are we -- should we look to go back to where it was prior to 2000?

DR. ROSEN: I mean, there certainly are ways to raise more money, and that's one of them.

ASSEMBLYWOMAN DeCROCE: Right.

ASSEMBLYMAN WISNIEWSKI: I think that's one of the policy decisions that we ultimately have to grapple with.

ASSEMBLYWOMAN DeCROCE: Right. No, I'm asking-- And the input is yes -- it will raise about $300 million more, correct?

DR. ROSEN: Yes.

Okay. Now, switching a little bit to focus on the State budget and, sort of--

ASSEMBLYWOMAN OLIVER: Yes, Mr. Chairman, I have one question, before we move, on this grid.

ASSEMBLYMAN WISNIEWSKI: Yes, Assemblywoman Oliver.

ASSEMBLYWOMAN OLIVER: Dr. Rosen, when the significant toll increases were agreed upon by Governor Cuomo and Governor Christie, it did not effectuate the State resources that then get applied for Fiscal Years 2013 through 2015, in terms of the toll road authorities? Because we have increases on the Turnpike -- toll increases; toll increases on the Parkway. That additional revenue is not getting dedicated to roadway improvements? Or is that money going to debt service as well?

DR. ROSEN: That money is being used primarily to subsidize New Jersey Transit.

ASSEMBLYWOMAN OLIVER: Okay.

DR. ROSEN: The Port Authority or the-- I'm sorry.

ASSEMBLYWOMAN OLIVER: The Turnpike. Well, I was -- in the beginning I talked about Port Authority; but also we did increases on the Turnpike and the Parkway.

DR. ROSEN: Yes, the Turnpike money is going, essentially, to New Jersey Transit; I guess, arguably, part of the Port Authority tolls is the money that we're seeing for the Pulaski Skyway and the other projects.

So pivoting now to talk about the State budget and the resources that are and are not available there, or the competing forces with respect to the current money in the State budget. Figure 11 is an attempt to depict the growth that occurs in State revenues separate from tax law changes. We've gone back to the actual revenue collection changes from year-to-year; and for Fiscal Years 2003, 2005, 2007, 2010 we've backed out the effects of some major tax increases. I mean, there are some other tax changes that take place, and there is tax amnesty and some other things that jumble these numbers, but we've tried to take out the tax law changes, and the corporation business tax, income tax, sales tax -- which impacted the yearly growth. So this is a rough attempt to show the underlying growth in revenues from year-to-year.

ASSEMBLYMAN WISNIEWSKI: And this is to show what would happen just under normal economic market--

DR. ROSEN: Well, this is what would happen in these years with different economic circumstances -- but trying to remove the effect of tax law changes; that this is what would have happened if we didn't do anything.

ASSEMBLYMAN WISNIEWSKI: Okay.

DR. ROSEN: And I guess there are a couple of take-aways from this. I mean, if you're looking to find money in the State budget, in the growth in State revenues to pay for transportation, I wanted to give you, sort of, an order of magnitude look at what the overall growth is that's available -- not just for transportation, but for all budgetary purposes.

ASSEMBLYMAN WISNIEWSKI: So somebody could look at this and say, "You don't need to raise any new revenue because you have $500 million a year, on average, that the State revenues increase." The problem is, is that, as we all know, there's any number of pieces of legislation that get passed in a year that anticipate some of that increase. And so the TTF is not the only entity looking for that additional revenue.

DR. ROSEN: Right. And I think there are a couple of take-aways from this. One, is the high degree of variability. We have some very good years; we have some moderately okay years; 2009 and 2010 were awful years. And it's not reliable. The $534 million average is a blend of a lot of different experiences, and it would be difficult to dedicate this money, for sure, going forward.

The other take-away, I think, is that this $534 million represents 2.3 percent of the revenues. So if you're thinking about the rest of the budget -- imagining sort of normal growth pressures -- pressures to maintain current budgetary programs might well consume something like 2.3 percent of growth with normal inflationary costs that programs of various kinds would affect. So it's not like revenue is growing at a very rapid rate.

Now, obviously, budgeting is always about choices. And you can always make choices; and you can always decide that *A* is more important than *B,* and stop funding *A* and fund *B.* But I guess the point I'm trying to make here is there's not a lot of slack. It's not like we're rolling in lots of extra money every year that isn't spoken for.

The last slide, which relates to that, is to simply remind you not just of the maintenance of effort kinds of pressures on the State budget, but what we refer to as the *structural deficit.* And we've highlighted here four statutory requirements. Now, we don't have to honor those statutory requirements, and often we don't honor them in the budget. But if you were going to meet the pension law obligation of five-sevenths in Fiscal Year 2016, you would need an extra $2.2 billion in Fiscal Year -- above what we're currently spending in 2015.

ASSEMBLYMAN WISNIEWSKI: So that $500 million is gone right there.

DR. ROSEN: For five years. If you were going to fund the Homestead Rebate program at its statutory level in 2016, you would require $1.8 billion more than we're currently spending. If you were going to fund the School Aid Formula as it's written, you would need an extra $1.65 billion above the Fiscal Year 2015 level. And if you were going to fund the various Municipal Aid formulas, you'd need $935 million.

Now, the nature of budgeting is that you don't have to do any of those things. You can choose not to meet those statutory obligations. But I thought it was important to note, at least, that we've made those choices already. So not doing those things don't represent an option to pay for transportation.

ASSEMBLYWOMAN OLIVER: Excuse me, Chairman, I've got a question.

ASSEMBLYMAN WISNIEWSKI: Yes, Assemblywoman Oliver.

ASSEMBLYWOMAN OLIVER: Yes, Dr. Rosen, what is the additional cost now that we have constitutionally dedicated Open Space Trust Fund money?

DR. ROSEN: (confers with staff) I think we're increasing it about $40 million a year in 2021 -- a couple of years down the road. It's one more-- The constitutional dedications are the ones we have to honor.

ASSEMBLYWOMAN OLIVER: Right.

DR. ROSEN: And we do those in the budget every year. Statutory obligations we don't have to honor, because we can simply override them in the Appropriations Act.

ASSEMBLYMAN WISNIEWSKI: You mean things like pension contributions?

DR. ROSEN: Well, I mean, it's certainly statutory. And I guess we'll find out from the courts whether it's more than that. I mean, it's still unresolved.

ASSEMBLYMAN WISNIEWSKI: Assemblyman Giblin.

ASSEMBLYMAN GIBLIN: Dr. Rosen, I'm sure you've looked at other states to see how they fund transportation. Does anything jump out in that comparison, that maybe we're not doing here, that would help us as far as the revenue side?

DR. ROSEN: I have to confess, I really haven't done that. There are other people who can do that better than I can. But we'll get you some information on it.

ASSEMBLYMAN GIBLIN: Thank you.

ASSEMBLYMAN WISNIEWSKI: Anyone else have any questions for Dr. Rosen? Members? (no response)

Thank you very much for your testimony. It was very enlightening, and you can count on the fact that we will be talking to you again.

DR. ROSEN: Okay, thank you.

ASSEMBLYMAN WISNIEWSKI: Now David Rousseau. (laughter)

Good morning.

R. DAVID ROUSSEAU: Good morning. It actually feels like old times, following David. (laughter) And actually, looking at some of his charts brought back some nightmares.

Good morning, Chairman Wisniewski and members of the 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. In a prior career, some of you knew me: I spent 23 years in senior level positions in both the Legislature and the Executive branches, completing that career as Treasurer for the last two years of the Corzine Administration. I also spent two years at the New Jersey Policy Perspective, and was one of the co-authors of the report this past spring on the Transportation Trust Fund.

But for this part of my testimony I am here as Vice President of the Association, and I think I may, at the end, make some personal comments not attributable to the Association.

AICUNJ is comprised of New Jersey's 14 public-mission, nonprofit, independent colleges and universities. These colleges have 18 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: 1 out of every 6 of all college students in New Jersey, and 1 out of every 4 for 4-year schools -- 4-year colleges. These colleges and universities also employ 17,000 residents and generate a total economic impact of nearly $10 billion annually.

AICUNJ is also a member of New Jersey's State Chamber of Commerce; Business and Industry Association, and the New Jersey Alliance. I'm sure these are all groups that you've heard from already, or will hear from in the process.

During your previous hearings you have heard testimony from state labor and business organizations, and many others, on the need for continued funding for the Transportation Trust Fund to ensure 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, safe transportation infrastructure is important to the economic vitality of the state through the movement of goods and the ability of employees to get to 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 their students need and deserve. The staff and the students at the colleges and universities rely on the roads and public transportation system 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 a student's ability to learn. Unexpected delays can result in faculty and students missing valuable class and instruction time. Automobile repairs needed due to deteriorating roads have a financial impact on students -- many whom are paying for their own education.

This year, more than 41,000 full- and part-time students will commute to the 18 campuses of the independent colleges and universities. This represents nearly two-thirds of the total students who attend these schools. Commuter students represent over 80 percent of the student population of some of our independent institutions. In addition, as I said, the more than 17,000 faculty and other employees commute to work nearly every day at our 18 campuses. Combined, nearly 60,000 students, faculty, and other employees commute to these 18 campuses throughout the state. These students and employees need the state's roads and public transportation system each and every day.

The 14 independent colleges and universities are only a part of the overall higher education system. When you include the State's public colleges and universities, the number of students, faculty, and employees commuting to campuses each day increases significantly. At the state's 11 four-year 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 colleges and campuses throughout the state.

All of the 166,000 students, as well as the 18,000 faculty and employees of the 19 county colleges commute to the more than 70 campuses throughout the state.

And finally, nearly 11,000 students attend the many campuses of the six proprietary schools throughout the state, and these schools employ over 1,300 employees.

As you can see, a significant number of the students need the 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 provide the classroom instruction and other services -- not only to those students who are commuting, but also the students who are living on campus throughout the state.

It is encouraging that the planets seem to be aligning on the need to ensure 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 a dear friend and former colleague, Jamie Fox, as Commissioner of the DOT, as well as the direction to Jamie to look at all options -- in his clear statement that, "Nothing is off the table" -- is a positive step towards a long-term, bipartisan solution.

Diverting a little bit -- this is actually, in my view, the first time since 1997 that I think we have an opportunity -- and actually, I'm looking up; I don't know if any of you were here in 1997 -- the lame duck of 1997 was probably the last time we had, I think, this opportunity to come up with a bipartisan solution to this major issue affecting our State.

In addition, the work of Forward New Jersey, 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 the long-term, bipartisan 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 do you fund the continuation of the Trust Fund? Legislators, Forward New Jersey, and other groups have suggested a wide variety of funding options. I'm not here to take a position on any of these new funding sources. However, I do urge you that new revenue be provided to fund the continuation of the Trust Fund, rather than the use of the current General Fund revenue that's already spoken for in the budget.

Going through David's charts, one thing that I would add is that, when you look at the chart about the revenue that went into the Trust Fund since the Trust Fund was begun in 1984 -- and David, you and your guys can correct me if I'm wrong -- I believe that there was only one time where new revenue went into the Trust, and that was in 1988; a 1988 gas tax increase. All these other revenue increases were pulling money from the State budget. Again, 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. And, as David said, budget is about choices. And transportation-- And the choices were made that we're going to continue the Trust Fund, we need to continue the Trust Fund; and this becomes a priority over other budget issues, which pushes things away.

As you're all aware, the State faces significant fiscal issues in addition to the need to fund transportation infrastructure. And simply diverting existing General Fund revenue to solve this problem will only exacerbate other problems that we have. From a parochial point of view, the use of existing revenue, rather than new revenue, will continue to result in minimal increases -- or, even possible, more reductions -- in the State's commitment to higher education. And, of course, there are many other fiscal issues facing the State, such as the underfunding of the pension systems, retiree health benefit increases' cost, the continued need for increased K-12 funding, as well as the continued efforts to try to provide property tax relief for the middle class.

I thank you for the opportunity to address the Committee on this important issue, and I'm hopeful that the leadership of both houses and the Governor will agree to a plan that continues the funding for the State's infrastructure into the future.

And I hope that this different perspective from one portion of the higher education community is helpful to you. And I am willing to answer any questions you have on this, or I will put another hat on, if you ask other questions.

ASSEMBLYMAN WISNIEWSKI: David, thank you very much for your testimony.

Questions?

ASSEMBLYWOMAN CARIDE: I have one.

ASSEMBLYMAN WISNIEWSKI: Yes, Assemblywoman.

ASSEMBLYWOMAN CARIDE: Good morning.

MR. ROUSSEAU: Good morning.

ASSEMBLYWOMAN CARIDE: I was listening to what you were saying, and I was reading along as you read. And I know you're not here to give an opinion as to the sources or possible sources to fund the Transportation Trust Fund. But being that universities and colleges in our state need to have the infrastructure at top best in order for students to go to your schools, in order for the students to want to go to our schools, has your organization -- the members -- discussed any possible solutions that you can share with us here today?

MR. ROUSSEAU: I think the solutions that are out there-- I mean, there's not many ways to skin this cat. I mean, I think the solutions that are out there -- from gas tax increases, to sales tax on gas -- are the most reasonable choices that are out there. The organization hasn't taken a firm position, but I think everybody realizes that that's probably where we're going to end up at some point in time. Or adjustments to the petroleum products gross receipts tax, or things like that. I will leave that to you guys to decide which choices you want to make.

ASSEMBLYMAN WISNIEWSKI: What do we tell constituents who hear this discussion -- about asking them to pay additional money -- $300 a year potentially -- what do we tell them when they say, "Well, we have the cheapest gas around; why would we want to change that?" Or, "We have enough taxes; why would we want to add on to it?" Given your years of experience, what would be your response?

MR. ROUSSEAU: I think that that's why it's needed to be a bipartisan solution. And that's why I think we've never been able to tackle this issue -- because one party hasn't wanted to do it on its own, knowing that it was going to be hit by the other party on the attack. And I think if you have that bipartisan agreement, if you have groups like Forward New Jersey and other organizations out there selling this and letting people understand that, "Hey, it's costing you a lot more than this money is going to cost you with repairs to your roads (*sic*), sitting in traffic," and then reminding people that a certain amount -- let's say it's a gas tax increase --

that some amount of our gas tax is paid for by people who are commuting through the state.

ASSEMBLYMAN WISNIEWSKI: A third.

MR. ROUSSEAU: I think what's an interesting issue right now -- again, this is me speaking, not the Association: is the drop in gas prices a positive or a negative on the ability to raise the gas tax? Well, one school of thought is, "Well, of course it's a positive because people will-- Oh, okay, you add 10 or 15 cents, they're back to paying $3, is what they're paying." It also may be a negative. Because in people's mind set they might say, "Wait a minute. I like paying $2.75 or $2.60 a gallon for gas. I don't want to see that go up." So that's an interesting dynamic of what the current situation is. But I think we've all learned over the last 20 years that -- how tax increases can become a partisan issue, and then basically sink the ability to do bipartisan work. And this is the opportunity; you have a Republican Governor, you have a Democratic Legislature -- in order to get this done, it's going to have to be a bipartisan solution. I mean, there is no other way. It has to be a bipartisan solution.

ASSEMBLYMAN WISNIEWSKI: Any bill that gets signed is, by definition, bipartisan.

MR. ROUSSEAU: Is a bipartisan solution.

ASSEMBLYMAN WISNIEWSKI: But isn't part of the issue here -- and again, not in your university hat, but in your experiential hat of so many years in the State government -- it's a question of how much you pay and when you pay it. If you don't maintain the roads, right now I think the estimated cost per driver for repairing their vehicle from under-repaired infrastructure is about $600 a year.

MR. ROUSSEAU: Yes, I think that's about correct. That was the number we used in our NJPP report back in the spring, yes.

ASSEMBLYMAN WISNIEWSKI: And that doesn't include the time value for people who sit in traffic.

MR. ROUSSEAU: Or the amount of gas you're generating (*sic*) sitting in traffic.

ASSEMBLYMAN WISNIEWSKI: So the argument can be -- you can continue to pay $600 a year, and you can continue to lose -- some of the estimates I heard for New Jersey is $1 billion in lost productivity waiting in traffic. Or you can pay a smaller amount and fix those problems.

MR. ROUSSEAU: Yes, exactly. And I think with the opening of the Turnpike -- of the lanes on the Turnpike--

ASSEMBLYMAN WISNIEWSKI: Beautiful.

MR. ROUSSEAU: --I think the public is seeing now the benefit of investment in our infrastructure. And they see it by the fact that coming south on the Turnpike they're not in a bottleneck anymore.

ASSEMBLYMAN WISNIEWSKI: Right.

MR. ROUSSEAU: And I think as people see that, they'll come to realize that, "You know what? Hey, that extra toll money I paid actually had a benefit. I'm home 20 minutes earlier now than I was before. I'm home with my family, or I can do other things. I can make sure I can get to my kid's-- If I'm rushing home from work, I can make sure I can get to my kid's afterschool activities in time." So it's the quality-of-life issue.

And just one thing I would also add. Again, this is me, not the Association. Debt has become a four-letter word. And the reality is that any future funding of the Transportation Trust Fund is going to need some level of debt, and should have some level of debt. We don't build -- you don't build a house with cash; you don't build a building with cash; you shouldn't be using all cash to pay for roads, and bridges, and everything that will be used by people for 20-some years. There is generational equity there, that the people who are using the road 30 years from now will pay something by having a higher fee at that point in time. But there has to be that mix. Somewhere along the line -- both parties -- we changed that mix. When you looked at David's charts about pay-as-you go versus-- And it was because of other budget pressures. It was because of the need to have school aid, the need to have property tax relief. It was all those other needs.

So I thank you. Any other questions?

ASSEMBLYMAN WISNIEWSKI: Any questions?

ASSEMBLYWOMAN CARIDE: I have one.

ASSEMBLYMAN WISNIEWSKI: Yes, Assemblywoman; sure.

ASSEMBLYWOMAN CARIDE: Going back to your hat with the universities, my concern is this: Students don't have a lot of money. So the gas tax, if it goes through, gas will be a little bit more expensive. At the university, in you organization, have you discussed how you'll be able to handle, or if they foresee, a drop in the enrollment? Because my understanding is that the enrollment in our schools has increased. But now if you're tacking on extra money for gas for these students who can barely afford to get to where they're going -- have you discussed the possible decline in enrollment?

MR. ROUSSEAU: I'm making an assumption here that it would not have as big of an effect on the four-year colleges as it could have on the county colleges -- with a student deciding, "Okay, I'm going to take one less course."

I'm going to put another hat on. When I go back, and if you read the report we wrote for the New Jersey Policy Perspective, we put a section in there that basically says that one of the things that has to be looked at when you raise the gas tax -- if you raise the gas tax-- It is a very regressive tax. That maybe you need to figure out a way to have some circuit breaker -- either on the income tax, or something like that -- that gives a tax credit back to people -- back to lower income people, which would include students who are paying their own way, to offset that. One of the options was to simply raise the value of the Earned Income Tax Credit. That wouldn't help a student, because they're probably not having-- Some of them will have -- it would help; but, I mean, that's-- Trying to move between the two hats, I think the impact on students would be more at the county college level, and maybe not taking -- taking one less course or something like that. Because remember, we're not talking about thousands of dollars of increase in taxes. I mean, the estimates are, what? Two to three hundred dollars, depending on what level of increase you do.

ASSEMBLYMAN WISNIEWSKI: Eighty cents a day.

MR. ROUSSEAU: What the level of increase you do.

ASSEMBLYWOMAN CARIDE: No, I understand. But those $200--

MR. ROUSSEAU: No, and, like I said--

ASSEMBLYWOMAN CARIDE: --can mean feeding a family or not.

MR. ROUSSEAU: I think it would have more of an impact on students attending the county colleges than-- And maybe some part-time students attending some of my institutions, like a Bloomfield or -- Bloomfield, especially. Bloomfield has a very high number of lower income students; Bloomfield and Caldwell.

ASSEMBLYWOMAN CARIDE: Well, did your organization speak about, like, a safety net for these students or something like that?

MR. ROUSSEAU: No, no, we haven't gotten into those specifics. I just wanted to really show you that there's a-- You've heard from business leaders, you hear about moving goods and services. Well, you know what? The clients at the colleges are the students, and you need to move them to and from the classroom for them to learn, and you need an effective road, bridge, public transportation system to get them to and from where they go. Colleges and universities are also a business; both public and private are a business. And just like all the other businesses have these needs, we have those needs too.

ASSEMBLYMAN WISNIEWSKI: Assemblywoman Oliver.

ASSEMBLYWOMAN OLIVER: Oh, yes.

Mr. Rosen--

MR. ROUSSEAU: Mr. Rousseau; *he* was Mr. Rosen.

ASSEMBLYWOMAN OLIVER: Oh, Rousseau. Oh, I'm sorry.

ASSEMBLYMAN WISNIEWSKI: You look alike.

MR. ROUSSEAU: We get confused all the time. (laughter)

ASSEMBLYWOMAN OLIVER: I'm sorry. I knew you weren't Dr. Kevorkian. (laughter)

MR. ROUSSEAU: I'm not a doctor.

ASSEMBLYWOMAN OLIVER: I knew that.

MR. ROUSSEAU: I've been called just as bad at times.

ASSEMBLYWOMAN OLIVER: Okay. You know, when I think about the universities, the P-3 legislation worked very well for some of them -- where they were able to do capital improvements and buildings, etc. You were around during the monetization days. Other states have used the vehicle of private investment in the construction of roads. What is your thinking in terms of: Is this potentially an option for the State of New Jersey?

MR. ROUSSEAU: Other hat, not the hat of AICUNJ -- it's going to have to be part of your solution. The needs are so great-- I mean, I think everybody is starting at-- Look, we've kept a $1.6 billion project list, now, for 8 to 10 years. We haven't increased it. Now I think there's going to have to be an increase. I think $2 billion is a good number to get to, and maybe even higher. And if you're going to do that, you're going to have to have public-private partnerships. Without a doubt, you're going to have to do that. Other states are doing it; the one that you referenced was a little too aggressive.

And the other thing I think you need to realize is that, as you do this, we have had over the last 15 years or so historically low interest rates. And as the Assemblyman over there said, it gave us the ability to -- and as David said -- to do refinancings and restructurings. And I can remember that as we would do different scenarios on the Transportation Trust Fund, or different things, you would say, "Okay, interest rates are 4 percent, but five years from now, we have to assume that they're going to be 6 or 7 percent," because you have to make that assumption. At some point in time, interest rates -- which decrease your buying power to be able to do the same number of projects -- we've been lucky that we have gone 15 years with these low interest rates. At some point in time, that's probably going to change. And you have to have some sensitivity analysis in what you are doing to make sure that you can -- if you say you're going to have a $2 billion program supported by $*X* billion of pay-as-you-go and $*X* billion of bonds -- remembering that a change in those interest rates -- either way -- can either give you more money or keep your program going longer, but a change in interest rates the other way will give you less money and potentially contract your program.

ASSEMBLYMAN WISNIEWSKI: Just to follow up on Assemblywoman Oliver's question: Getting private industry involved is not a substitute, though, for whatever commitment the State has--

MR. ROUSSEAU: Oh, no.

ASSEMBLYMAN WISNIEWSKI: --because we would agree that private industry is not donating the infrastructure to the State. They want their money back too.

MR. ROUSSEAU: And there it comes to people smarter than I am right now, and people on Wall Street and other places to figure out: What is the cost of that money?

ASSEMBLYMAN WISNIEWSKI: Right.

MR. ROUSSEAU: Are you paying more to that private entity to be part of the public partnership? Are you paying them 6 percent return on their money, when you could have borrowed at 4 percent return on the money? You have to balance those two things to figure out which is the best way to go.

ASSEMBLYMAN WISNIEWSKI: So it really becomes a different way of financing the project, not an alternate source of funds.

MR. ROUSSEAU: Yes; in my opinion, exactly.

ASSEMBLYMAN RUMANA: And Mr. Chairman, when-- I think Assemblywoman Oliver just mentioned about the monetization issue -- and I don't know what capacity you were in at that point, Mr. Rousseau.

MR. ROUSSEAU: I was just becoming State Treasurer. (laughter)

ASSEMBLYMAN WISNIEWSKI: A great time.

ASSEMBLYMAN RUMANA: So, interesting time. But having lived through that -- not in the Legislature yet, but watching this evolve from the outside; I was Mayor at that point -- and the concept of toll roads comes to mind. And do we have-- Looking at the projection of trying to toll a new road -- for instance, 78 and 80 -- that would truly capture money from outside the state and bring it back into the state. Did you look at that at that time, when you were dealing with the monetization concept?

MR. ROUSSEAU: Yes, things were looked at. Other than just the Parkway, you're talking about-- Other than the Parkway and Turnpike, other things were looked at, at that point in time.

ASSEMBLYMAN RUMANA: So how many cars travel from the west to the east?

MR. ROUSSEAU: Oh, I don't remember that. I mean, it's a point in a time where I--

ASSEMBLYMAN RUMANA: Yes. I didn't think-- As I'm thinking through about this line of questioning--

MR. ROUSSEAU: But again, these are things that other states-- When David knows -- they come up with things for you to do, and that's what other states are doing. You know, you can say, "Okay, the users of this road are going to be the ones who pay for the maintenance of this road," just like the Turnpike and the Parkway are paid for by the users of those roads through the tolls.

ASSEMBLYMAN RUMANA: I mean, recognizing the size of this problem, but at the same time I think everybody on this panel -- and if you ask everybody in the Legislature and everybody in the Administration -- our folks in this state pay an incredible amount on every level, for every thing. And you don't want to add to that burden. Trying to find ways of capturing money that may be somebody else's money is not a bad concept to look at.

MR. ROUSSEAU: I'll tell you, I drive 78 almost every day now to get to my office in Summit. And there are often -- at least going the direction I am -- it's an awful lot of New Jersey-- It's just a matter of how you are going to skin that cat, and how you're going to raise the money from both New Jersey residents and out-of-state residents. Is it tolls on new roads, is it gas tax, is it a sales tax, is it a petroleum products tax, is it different things? It's all coming (indiscernible). Some of this is going to be exported, no matter which way you do it.

ASSEMBLYMAN RUMANA: Let me be clear. The concept is to put it at the border, not to continue the toll booths down the road. You want to get it where you're capturing the money just from the Pennsylvania folks.

MR. ROUSSEAU: And be ready to be aware, though, that probably what will happen is that Pennsylvania will do the same thing.

ASSEMBLYMAN RUMANA: So if we have a reverse commuter--

MR. ROUSSEAU: Right, yes.

ASSEMBLYMAN RUMANA: But -- all right.

ASSEMBLYMAN GIBLIN: Any further questions, members of the Committee? (no response)

Okay, we'll move on to our next presenter.

MR. ROUSSEAU: Thank you.

ASSEMBLYMAN GIBLIN: Representing the New Jersey Gasoline, C-Store, Automotive Association, Sal Risalvato.

S A L R I S A L V A T O: Thank you.

ASSEMBLYMAN GIBLIN: If you would just identify yourself for the record with your proper title and organization.

MR. RISALVATO: Is this on (referring to PA microphone)?

ASSEMBLYMAN GIBLIN: Yes.

MR. RISALVATO: My name is Sal Risalvato, New Jersey Gasoline, Convenience Store, and Automotive Association.

Thank you very much for not just allowing me to present at this hearing, but actually for holding the hearing; because listening to the previous speakers, all I can say is, "Wow." But I've been saying that for a long time, from a somewhat different angle. In my previous life, prior to taking charge here at NJGCA -- which used to be referred to as NJGRA; we were known for 70-plus years as the New Jersey Gasoline Retailers Association -- I was a member of this Association. So I was the owner of a gasoline service station when I was 20 years old, back in 1978. I was in business the last time the gas tax was raised. I was also still in business the last time we implemented the Gross Receipts Tax. And that was similar to where we are today -- although not as dire.

And the reason that we implemented a Gross Receipts Tax is because there was not the will in the Legislature or in the Governor's Office to say we raise the gasoline tax. And that is what has gotten us here, because we implemented a 4 cent Gross Receipts Tax back in the 1990s, rather than increase the gas tax -- but it did the same thing. The day that the Gross Receipts Tax went into effect, gasoline went up 4 cents. And over the years I have been part of those who have been asking you, as legislators, and those who have sat in the Executive chair in the Governor's Office to please not raise the gasoline tax. And I've done that for several reasons that I want this Committee to continue to regard in deliberations, because they still exist.

New Jersey does have the lowest, or one of the lowest -- the third-lowest gas tax in the nation, and there is a benefit to that. And we do gain a lot of revenue from out-of-staters who come across our borders to purchase gasoline because they can purchase it for so much less. And that will have an effect on my members.

Now, I don't want you to get the impression early that I am going to say, "Don't raise the gas tax." However, I can say I don't want you to raise the gas tax, just like I haven't wanted it to be raised -- just like I haven't wanted any other tax to be raised; because I'm the same, and my members are the same as I, as U.S. citizens and all the other citizens: nobody likes any kind of an increase in tax. And the gasoline tax has had a political charge to it for so long that we've gotten ourselves into this predicament.

So I see somewhat of an inevitability here, because you can continue running down the same path -- and we're hurdling brick walls right now. I think we're really at the point where the brick walls can't be hurdled and we're just running smack right into them.

And it's important that I get the opportunity to give you the pros and cons of certain ways to do this, because I understand everything is on the table. I also -- just as you joked earlier in previous testimony, when you said it sounds like running my household -- I was just thinking to myself as I sat there, "This is sort of like running my household," -- getting one no-interest credit card offer to continue paying down a balance. The only thing is, I have veto power over my decisions, and I don't have a deliberative legislative body in my house. It's me and my wife; I'd like to think that I am the one with the veto power. It probably is not true. However, I make those decisions in my family, as do everybody else. And your joke may have been a joke, but I was just thinking that. And the State is in that same predicament.

We're trying to figure out where do we get more revenue, because we have a continuing and a growing need, and we can't just continue playing shell games. Now, again, I need to make the difference between, "I don't want you to raise the gas tax, or any other tax" -- and that is different form me coming here and saying, "Don't raise the gas tax, or any other tax."

But again, I have to get back to what I came for, and that is so that you understand the implications of certain things. I've heard an enormous amount of talk recently about simply -- simply -- adding gasoline to those products that are included in the gas tax. Now, if we were to do that effective tomorrow, that will raise about -- depending on the price of gas at what gas station -- anywhere from 19 cents to, maybe, 23 or 24 cents. Tomorrow, overnight -- if that's what happens. If we raise the gas tax or the Gross Receipts Tax by that amount, we have the exact same effect. It's a matter of semantics, it's a matter of how it's messaged, and it's a matter of how it's presented to the public. But I sense -- because I pay attention, politically -- that from both the Legislature and the Governor's Office there would be some kind of a lubrication -- an ease here to be able to say, "We didn't raise the gas tax. We simply taxed gasoline the way we tax other products -- other items for sale, consumer items." The net result will be identical.

However, there is something that is problematic if it's a sales tax. One is there is an added burden to my members -- the people at retail gasoline. Every single day, when I change my price -- and the market is that volatile, and you all have noticed that the price changes that frequently -- whether it's up or down, I have to make a manual prone-to-human-error calculation. I have to include that on my pump. I have to collect it, and the part that I fear the most is that I have to sequester that money until the 20th of next month to remit with my other sales tax on taxable items.

A gas station that does, say, a low end of the average of 100,000 gallons a month -- of which the profit on that may only be $6,000 or $7,000 -- will owe, at the end of the month, $21,000 in sales tax. It's very, very hard to manage, sequester, and then remit on the 20th of the next month -- which, by that point, you already owe probably another $15,000; you've accumulated another $15,000.

Here's my fear -- is that the State doesn't get their money. And the State doesn't get their money because it becomes way too easy for fraud. Now, I don't want to come here and say my members are dishonest, because I'm going to come here and I'm going to tell you that my members are very honest and hardworking people. But I'm also not going to tell you that there aren't bad people out there.

Now, if they cheat the State, that's your concern. But if they cheat the competitor across the street, because they have not remitted what they're supposed to remit, now that's my concern -- because they're cheating my members. And people who are struggling and playing fairly and by the rules will lose advantage to the people who may not be as honest. And that does happen, and I have examples in the testimony -- there's a lengthy testimony where I've provided some documentation; my staff has worked very hard. Eric Blomgren on my staff has been immersed in this issue with me for a few weeks now and has just done a very good job helping me research some of these things. I can give you the anecdotal things because I was there back in the 1980s. My history is that long, so there are few people who can be in my position who can talk to you about how this all has unfolded to where we are today.

But that issue, of making a sales tax on gasoline that does essentially the same thing as if you were to say, "Let's raise the gas tax 20 cents," will be problematic to both the State and my members. And there are other states that have had to make changes in similar laws because of that issue. And I don't want that to become an issue here.

The actual issue of placing a percentage on gasoline has some good points and it has some bad points. The volatility in the marketplace could cause the State, if not disciplined -- because I just talked about the discipline of the small business owner -- but if the State is not disciplined-- And please forgive me, with all due respect; I don't believe that this discipline does exist. Just in this past year alone we've seen the retail price of gasoline decline by 80 or 90 cents. If last year the budget that was signed on June 30 included revenues counting on a particular price of gasoline at that time, as the price we calculated the percentage on, we'd be in big trouble right now because that's how much revenue the State would have lost.

Now, there are ways of avoiding that; there are some states that have had to go back and recalculate because they've done that. And they've changed back from a percentage to a cents-per-gallon excise tax because of that very issue. And there are some ways of building something into a percentage -- and that would be a bottom if the market declines; and even a cap to protect consumers because we've seen some pretty large price spikes. If you remember back to 2008, gasoline was around $4.25 a gallon. So that's harmful to the consumer. So perhaps something could be built in there.

I know, Mr. Chairman, you've been talking about a percentage and you've been talking about some floors. I haven't analyzed it totally; there's not a document that's readily available. I would love to discuss it with you. A percentage could help alleviate this discussion as we go into the future, because the political will has to be there to continually keep up with the TTF so we don't have this problem again.

Massachusetts just, on Tuesday in a referendum, the citizens up there voted to eliminate that percentage-type of gas tax related to inflation and whatnot because of the uncertainties and the burdens that could be placed on them as citizens. So they're going to have to make that up in a cents-per-gallon way.

So there are pros and cons to both; basically, what I'm asking here today is: Even if it's a percentage it has to be collected upstream, and not remitted by the retailer, to eliminate that fraud. Now, I just have to caution you: I say that, but that creates another burden for my members. But if we have to select between burdens, I would choose to have this burden placed on them -- and that is that every 10 cents you raise the gasoline tax means that when that truck rolls in the driveway -- which has to be paid for, it's COD; sometimes there's a day or two credit, but it's generally COD -- that means every time that truck rolls in, my member has to come up with $900 additional for every 10 cents you raise it. If I have three or four loads--

ASSEMBLYMAN WISNIEWSKI: But just let's be clear. They're coming up with-- I just don't want people to misinterpret your testimony. It's not that he's losing $900 in profit.

MR. RISALVATO: No. No, no, no, no, no.

ASSEMBLYMAN WISNIEWSKI: He's coming up with $900 additional--

MR. RISALVATO: Capital.

ASSEMBLYMAN WISNIEWSKI: --but he's raising his -- the amount he's charging by that $900.

MR. RISALVATO: Mr. Chairman, yes. And I don't want to mislead in any way. That is $900; tomorrow, if the tax goes up, that truckload costs me $900 more than it did today.

ASSEMBLYMAN WISNIEWSKI: I guess my point, Sal, is we have to find a way to raise the money. There are, currently speaking, several existing limited pathways to do this. There is the cents-per-gallon tax on gasoline -- which raises the issues you've talked about. There is the sales tax approach that New Jersey Policy Perspective had written about, which, again, raises the same thing. Or the Petroleum Gross Receipts Tax, which addresses that at the wholesale level, so that your members are not in that chain any longer -- at least, for that portion, the existing gas tax will continue.

And so for us, I think that the real issue is what's the correct amount? How much money is needed? Are there other resources that we're not addressing? That's, I think, the most difficult political decision that's going to take place in the Legislature.

MR. RISALVATO: Mr. Chairman, I wouldn't want to be you under any circumstances -- or in the Legislature.

ASSEMBLYMAN WISNIEWSKI: I've heard that before.

MR. RISALVATO: This is very, very difficult; there's no question. And again, I'm not saying don't raise *a* tax or *the* tax. I am saying I don't want you to; but I also can't give you a source of revenue from somewhere else.

ASSEMBLYMAN WISNIEWSKI: Right.

MR. RISALVATO: All that I'm simply asking you to do is to take into consideration-- Now, the Gross Receipts Tax, we may kind of like-- You know, that was done to say, “Well, we’re putting the tax on the wholesalers,” as if it was going -- being taxed to the oil companies. However, the gasoline excise tax is also collected at the wholesale level, so it was just calling it something else.

ASSEMBLYMAN WISNIEWSKI: Right.

MR. RISALVATO: So it doesn’t matter if you raise one or the other, or both. If you go by what Assemblywoman DeCroce went by, in terms of a percentage, if you take the same percentage that the Gross Receipts Tax was when it was implemented of the price of gasoline, today it would be -- it would come out to be about 9.7 cents a gallon, instead of 4; an increase of 5.7 cents, if you go by that same percentage. If you take the percentage of the gas tax at the last time it was raised, versus the price of gasoline at the time, it was roughly 10 percent. So that 10-cent gas tax that we have today, if we were to equate at today’s price, would be about 28 cents a gallon, and not 10.

However, if we would do that -- if we would have had this discussion and talked turkey last June, that would have been 35 cents. That’s the difference; that’s why the percentage thing has such a profound effect.

So I’m here because I really want to help you. You’re in a pickle. The State’s in a pickle. I drive roads too; I could have made a list of the potholes I hit on the way here from Ocean County.

ASSEMBLYMAN WISNIEWSKI: All of us could.

MR. RISALVATO: I understand. I just want you to be clear how it affects the small business owners who are integrally a part of this. And the real bad part is the fraud that goes with it. Just the other day I met with Speaker Prieto to talk about this very thing. I got back to my office and got a bulletin from the industry about the fraud charges in Illinois -- within two hours of my conversation. And I believe it was something like $100 million, and they've just charged 50 retailers.

In Indiana, the--

ASSEMBLYMAN WISNIEWSKI: So you're saying the retailers in New Jersey aren't submitting the tax?

MR. RISALVATO: There are dishonest retailers.

ASSEMBLYMAN WISNIEWSKI: Okay. So that's an issue that we have to address.

MR. RISALVATO: I mean, I'm very sorry to say that they exist, but--

ASSEMBLYMAN WISNIEWSKI: Do you have an idea on how big a problem it is, in terms of dollars?

MR. RISALVATO: I don't, because we don't do it. But I can say this. If I underestimate my gallonage at the end of the period by, say, 10,000 gallons -- okay? -- I've just cheated the State out of a significant $7,000, okay?

ASSEMBLYMAN WISNIEWSKI: Okay.

MR. RISALVATO: So now I can use that to pay my payroll and everything else. And again, your worry is the State of New Jersey and the money getting into Treasury. My worry is the guy across the street from him who is not doing that, who has to take money out of his kids' college fund to make payroll next week -- and that happens. And that's what I can't have happen. So we both can't have that happen.

Whatever you do -- whether it's a percentage or a cents-per-gallon, whether it's Gross Receipts, whether it's gas tax -- whatever you call it, it needs to be collected at the rack so that when that truck rolls in, it's paid for. And, again, that comes with a burden to my members, because that's capital that has to be laid out.

ASSEMBLYMAN WISNIEWSKI: We understand.

MR. RISALVATO: We prefer that, and that's the impression I want to leave with you today.

ASSEMBLYMAN WISNIEWSKI: Questions from any of the members?

ASSEMBLYWOMAN OLIVER: I do, Chairman.

ASSEMBLYMAN WISNIEWSKI: Assemblywoman Oliver.

ASSEMBLYWOMAN OLIVER: You know, I was describing to Assemblymen Garcia and Moriarty that we repeatedly hear New Jersey has one of the lowest gas taxes in the country -- one of the lowest gas taxes in the country, but everything else in New Jersey is the highest.

From your experience with retailers, dealing with the consumers -- you've been an owner-operator of a gas station -- what solace is that to a consumer in New Jersey that this is a great thing to do because we have one of the lowest gas taxes in the country? I'm not taking a position of whether -- like you -- whether I support it or I don't. But I raise the issue of what does that mean to a consumer? He or she may be paying one of the lowest gas taxes in the country, but he's paying the highest property taxes in his community; he's paying one of the highest costs of housing in the country. Why should a consumer feel good that he's paying one of the lowest -- and so 5 cents more, or 8 cents more puts him in good stead with somebody in another state?

MR. RISALVATO: Well, I guess simply because he's paying the highest of everything else, it feels good to pay the lowest of something -- that's one.

ASSEMBLYWOMAN OLIVER: Okay.

MR. RISALVATO: Two, we have to figure out exactly what we will lose. I have members in certain areas of the state who 40 percent of their customers are coming from Pennsylvania and New York.

ASSEMBLYWOMAN OLIVER: Okay.

MR. RISALVATO: Because there is such a-- It's worth it to--

ASSEMBLYWOMAN OLIVER: Yes, right.

MR. RISALVATO: Now, is it worth it to come from New York City and pay the toll? No.

ASSEMBLYWOMAN OLIVER: No.

MR. RISALVATO: But if I'm in New Jersey, I'm filling up before I get back. And if I live in any of those border states (*sic*) -- in Orange, Rockland County, Pearl River -- any of that--

ASSEMBLYWOMAN OLIVER: Got you.

MR. RISALVATO: Anything in Pennsylvania where it's just a quick trip across the-- I mean, it is worth saving 25 or 30 cents, because that's $2.50 on a 10-gallon tank. It is worth it. They will do it; and they do do it.

ASSEMBLYWOMAN OLIVER: Right, okay.

MR. RISALVATO: We will lose that revenue if we raise the tax.

ASSEMBLYWOMAN OLIVER: I got you.

MR. RISALVATO: We will lose -- we won't have the 10 cents we get from them now.

ASSEMBLYWOMAN OLIVER: I got it; okay.

ASSEMBLYMAN WISNIEWSKI: Anyone else? (no response)

Sal, thank you for your testimony.

MR. RISALVATO: Thank you, Mr. Chairman, I do appreciate the opportunity.

ASSEMBLYMAN WISNIEWSKI: Cathleen Lewis, AAA. And following Cathleen, we're going to have Serena Rice, Anti-Poverty Network of New Jersey.

Cathleen, please.

C A T H L E E N L E W I S: Thank you, Chairman.

You all have a copy of my testimony, so I will not read it to you.

ASSEMBLYMAN WISNIEWSKI: Thank you.

MS. LEWIS: I think that, more, what's important -- and you started to get to this conversation -- AAA represents 2 million motorists in the state. I think that if you go to any gas station and ask motorists if they want to pay more at the pump, they will tell you no. But what we have found over the years is, up until last year, if you asked motorists would they pay more to make sure that their roads and bridges were adequately maintained, and that we continued to invest in our infrastructure, they would have said yes. We have continually polled on this issue. Last year was the very first time that a majority of them said no. We don't think that means that we should sit up here and say that we should no longer think about raising revenues. We think that that means that we need to do a better job of convincing motorists that the money is going to get to the right place.

And I want to be clear, because this is so often misconstrued. AAA understands -- and we continually tell our motorists and our members -- that the gas tax revenue is getting to the right place. There are statutorily dedicated revenues that aren't getting to the right place, but the gas tax is -- which means that when we look at new revenues, we need to look to make sure that they have the same dedication that the gas tax does -- that we make sure that that money is going to the right place.

So I think that, as part of the solution, when it comes to where we get these revenues from we need to shore up people's faith that the money is getting to the right place to start with.

But that doesn't solve the problem; the problem is much bigger. The problem is that we need new revenues. We have not been collecting enough money to adequately maintain, repair, and build on our infrastructure. And it's a difficult task, because no one wants to tell people that they need to pay more in taxes.

And there are two large arguments that people get -- and I'm sure you've all gotten them from your constituents -- that I want to talk about. The first is that, "I don't want to pay more; I can't pay more. I'm already overtaxed; I'm already spending too much money. I can't afford any more." Based on projections, and based on proposals, we've seen between an additional $200 to $300 that it will cost yearly for people to pay up to 30 cents additional in their gas tax -- in whatever mechanism that works in. So you're talking between $4 and $6 additional per week, per person. That is much easier to budget for than the cost of immediate repairs -- that can cost somewhere between $50 to, really, $2,500 when you have significant repairs that need to be done to your vehicle. So I can appropriately budget, even if I have a tight budget, that $6 a week. I can't appropriately budget for it when my steering gets completely out of whack because I've hit a pothole, and I need that car to get to work but I don't have $2,500 to fix that car. So that's the real cost that we're looking at.

On top of that, AAA follows gas prices. And people often tell us that it would be hard to budget for that money. Well, in the last month we have gone from $3.16 a gallon all the way down to $2.80. We've had a fluctuation of more than 30 cents in the last month. It's easy, because it's on the downward level, but we've had that fluctuation on the upward level over the years. And in the last year we've gone from $3.16 to $3.57 over the summer. So people have absorbed that fluctuation into their regular budgets.

And I know there are going to be some questions, but lastly -- because we've talked a lot about how New Jersey's low gas prices mean that more people are buying gas in New Jersey. So today we're at $2.80, New York is at $3.34, Pennsylvania is at $3.10, and Connecticut is at $3.30; which means that particularly those commuters who are coming from New York, and those people who are getting gas because it's cheaper on this side -- well, if I add 30 cents to $2.80 I'm still 30 cents cheaper than the gas in New York. So there's no reason to think that people who are saving money now because we have a low gas tax aren't going to continue to save that money if they decide to pump on this side of the state (*sic*).

We've talked a lot about the gas tax. The last piece, when we talk about revenue, that I want to mention -- because it has not been mentioned yet today -- is we need to think about revenues for today. But I caution you that you should not stop the process once we figure out the revenues for today. The solution for today is not tomorrow's solution. We are looking at fuel efficiency increasing, which means that even if we fix today's problem, the money is going to go down because our cars are going to get more fuel efficient.

ASSEMBLYMAN WISNIEWSKI: How quickly, though?

MS. LEWIS: Um--

ASSEMBLYMAN WISNIEWSKI: How quickly?

MS. LEWIS: Not tomorrow, but we have to look down the pipe.

ASSEMBLYMAN WISNIEWSKI: The only reason I raise that is that one of the arguments often made about not relying on the motor fuels tax is that, "Well, after all, it's a diminishing return, and we shouldn't do that because there's not going to be enough money."

MS. LEWIS: Yes.

ASSEMBLYMAN WISNIEWSKI: But as long as I've been driving I've been hearing about the nirvana of these fuel-efficient vehicles and we won't be buying as much gasoline, and--

MS. LEWIS: I think you should solve today's problem with today's revenues. But I think that if we're going to have this debate we need to think about tomorrow, and start to think about what that new mechanism is going to be.

ASSEMBLYMAN WISNIEWSKI: Right.

MS. LEWIS: We're going to have more fuel-efficient vehicles, we're going to have people who aren't using gas; we have them today. I will tell you, we polled on it and a majority of people think that all road users should be paying into that system. And they know that alternative fuel vehicles aren't. So if we're going to have this debate -- and it is a hard debate to have -- we shouldn't stop once we solve today's problem; we should look at tomorrow's.

There are some people I can see have a question.

ASSEMBLYMAN WISNIEWSKI: Any questions from Committee members?

ASSEMBLYMAN RUMANA: I mean, I--

ASSEMBLYMAN WISNIEWSKI: Assemblyman.

ASSEMBLYMAN RUMANA: Thank you, Mr. Chairman.

So, you know, you're going to-- There are a lot of different things we could talk about. One of the things that comes to mind, though, is if you're going to theoretically take your discussion here and increase the taxes being paid by between $200 and $300 a year, you're always going to try to take the path of least resistance. So then I can tell you, when I looked at getting a non-hybrid car versus a hybrid car -- I remember at the time thinking to myself, "Geez, I can't go for that extra few thousand dollars that it's going to cost." But when you do this, you make it worth my while -- to go take another look at that, and start pushing people down that road. Now, that may be a good thing overall from an air quality standpoint. But you'll probably force those issues to happen a lot more, and decline the amount of money that we really capture. So you're trying to chase it more at that point.

MS. LEWIS: Which goes to my last point, which is that while we're tackling this we need to look at what a new mechanism is going to be to make sure that we are capturing those people. Because while it's wonderful -- it is; and we would stand by the idea that we should be encouraging people to use alternative fuels -- they're putting the stress on the roads that cars that have gas have. They need to be paying into the system as well.

So you're correct; there may be some people who make that calculation and go for a hybrid. But we should be looking at how we collect revenues that go into the Transportation Trust Fund from those vehicles as well.

ASSEMBLYMAN WISNIEWSKI: Assemblyman Giblin.

ASSEMBLYMAN GIBLIN: I know we're giving subsidies to NJ Transit. Have you ever thought about the wisdom of cutting back on those subsidies, or does that cause problems, or more cars on the road? I mean, does it work in tandem like that?

MS. LEWIS: It does. I think that, particularly in a state like New Jersey, it is important to have viable alternative transportation because all of those people who are riding those trains are not on the roadways. And if we, all of a sudden, put those people back on our roadways, costs are going -- costs to maintain those roadways are going to go up because you're putting more stress on those roadways.

ASSEMBLYMAN GIBLIN: I'm not talking about eliminating them in total; but even if you look at a phase-out over 10 or 20 years, I don't know. I mean, where's the money going to come from? People don't want the gas tax, but then they're getting very moderately priced PATH, and train costs, and subsidies for buses, and things like that. So it's six of one, half-a-dozen of the other, maybe.

MS. LEWIS: It is difficult; it's a balancing act that I do not envy you all. You have to make that balancing act. But I think that those subsidies are an important part of the balance here in New Jersey -- that we need to have that public transportation.

ASSEMBLYMAN WISNIEWSKI: Assemblyman Moriarty.

ASSEMBLYMAN MORIARTY: Hi, Cathleen. Thanks for appearing here again today.

MS. LEWIS: Hello.

ASSEMBLYMAN MORIARTY: Can you tell me, again, what you said about -- that you had a survey last year?

MS. LEWIS: Yes.

ASSEMBLYMAN MORIARTY: Tell me about that again.

MS. LEWIS: Well, there were two pieces. So we had a survey last year; we've done it for a over a decade. Last year was the first year that a majority did not support an increase in the gas tax with the proper dedications. Every other year that we have, an overwhelming majority has. And I think as we looked at those numbers, what we saw was less about an eroding of support for the gas tax, and more about a distrust that the money was getting to the right place.

ASSEMBLYMAN MORIARTY: So in other words, this is bad timing.

But I think that's correct; I think that people feel that even if we do raise the gas tax, that the problems won't be solved, right? And I don't know that the problems will be solved; that people will suddenly, magically not be sitting in traffic -- do you?

MS. LEWIS: On day one? No, I don't. I think that we have a lot of work that has to be done on our roadways. It will take a while to, sort of, get through that. I think that what needs to be done is that we need to find ways to restore people's trust. I think that-- What we've been doing, from an education standpoint, is trying to explain to members that the gas tax is getting to the right place. It's those other statutorily dedicated ones that aren't, so we need to find ways to get those statutorily dedicated funds back to the right place. And then if we're going to increase the gas tax, then we need to do it in a way that we make sure it is truly dedicated, and find ways to convince people that that's actually happening.

ASSEMBLYMAN MORIARTY: So are you trying to educate your members that it's in their best interests that something be done to fix the Transportation Trust Fund, and that there may be some increases in some taxes, and that you're in favor of it?

MS. LEWIS: Yes.

ASSEMBLYMAN MORIARTY: You've been saying that?

MS. LEWIS: Yes.

ASSEMBLYMAN MORIARTY: Are they listening, you think?

MS. LEWIS: Well, they pay attention, because they call me. (laughter) Some of them are. I've had many debates from people who read letters to the editor, or op-eds, or some of our publications -- calling and asking why. And we go through all these arguments, and a lot of times what I get is, "All right, but I don't like it." And I think that that's what you're going to get.

ASSEMBLYMAN MORIARTY: Right.

MS. LEWIS: Because nobody is going to go, "Great. I want to spend more money every day." But they're going to go, "All right, but I don't like it."

ASSEMBLYMAN MORIARTY: So what is a current membership to AAA? What does it cost for a single membership?

MS. LEWIS: It depends on which of the four clubs you belong to; but it goes anywhere from $50 to about $80.

ASSEMBLYMAN MORIARTY: Okay, so let's say I have a $50 membership, and you say now it's $150. How many people are going to drop out?

MS. LEWIS: If I raise it -- if I doubled it?

ASSEMBLYMAN MORIARTY: No, tripled it.

MS. LEWIS: Or tripled it; yes, if I tripled it, then yes, we would probably have people who didn't do it. But while you would be tripling the gas tax, you're not tripling the cost of gas. There's a difference. If I, for instance, were to -- and our membership doesn't work like this, but if there was a towing portion of the membership -- let's say, my membership was $40, and the towing portion was $10, and I tripled that $10; and so, all of a sudden, it was $80 -- that would be a cost that maybe people would understand and absorb easier. We're not talking about tripling the cost of gas.

ASSEMBLYMAN MORIARTY: No, no, no -- but I understand. But if you tripled the cost of a membership, and you were the head of AAA, do you think your members would like you, specifically? You think they'd be a little upset with you?

MS. LEWIS: No, they probably wouldn't. They probably would not.

ASSEMBLYMAN MORIARTY: So in this political equation, how do you see people tripling the gas tax? (laughter)

MS. LEWIS: I think that-- I'm not in any way saying this is an easy solution. I'm saying that this is one of those places where there needs to be an education process. And AAA is trying to do our part in educating our members. I mean, it would be very easy for me, as a spokesperson for AAA, to look at the poll that we got last year that said a majority of the people don't think that we want to raise the gas tax. I could represent my members and go, "Well, guys, don't raise the gas tax." But I know that for my members' well being, for them to be able to ride on these roadways, this is something we need to do.

So I'm sitting here -- and this is my second time here -- telling you to raise revenues. And I think that -- it's not easy for me, either. It's significantly harder for you; I totally agree. But I think that we need to look at how we educate people to understand why these things need to be done.

ASSEMBLYMAN MORIARTY: Thank you.

ASSEMBLYMAN GIBLIN: Can we count on AAA to endorse a concept like that publicly?

MS. LEWIS: We've continually said that we need to raise revenues and that the gas tax currently is the most equitable way to do that. We have not endorsed a particular figure yet, or a particular bill. But we will continue to say that they need to be raised.

ASSEMBLYMAN WISNIEWSKI: I know that Assemblywoman DeCroce has a question, but I just wanted to interject on this topic.

I do think that we all have to use the terms that are obvious. We continue to talk about that we need to raise revenue, because there's a reflexive gene in all of us that instructs us to not use any words that begin with *T*. And so we use, "We have to raise *revenue*." The reality is, if we're going to solve the problem, we're going to have to raise a tax -- because it can't get done any other way. It's a very difficult decision to do; it is politically charged. But we have taken the State -- collectively, both sides of the aisle, for the last 20 years -- to a point that's not sustainable; where we have no money for transportation and we have to find it.

And I would offer this observation: that if we keep tiptoeing around the obvious words, we're going to make it harder for ourselves to find it. But we also have to look at a couple of very basic facts. U.S. DOT says the average driver uses 500 gallon of gasoline a year. Five hundred gallons of gasoline times 30 cents is $150, okay? In my own estimation, I've increased that 500 to 750, because we're New Jersey -- we do things better than everybody else. (laughter) We buy more gasoline. But even at that, it comes out to less than $300 a year. The price for the current motor fuels tax, to drive on our roads, is a half-penny per mile. If you do the math, and you go from a half-penny, if you doubled it it's a penny a mile; if you triple it it's a penny and-a half a mile. But you have to take that in the context of our toll system. If you're driving on the Parkway, the best you're doing is 4 cents a mile. If you're driving on the Turnpike, the best you're doing is 7 cents a mile.

And so we have to have a discussion about the numbers so people-- And look, you know, since Steve Strunsky wrote online about the proposal I have, I've gotten a lot of interesting mail from people who have talked about that proposal. And it comes out to about 80 cents, 75 cents a day. If you go to Starbucks and you buy a cup of coffee, you're not spending 75 cents. Even if you go to Dunkin' Donuts, you're not spending 75 cents. Even if you buy a bottle of water-- But you get so much more of it. And so we have to really have-- When we're talking about this, we have to use frank, real terms.

And on that, Assemblywoman DeCroce.

ASSEMBLYWOMAN DeCROCE: I was just chuckling about the Starbucks comment. You know--

ASSEMBLYMAN WISNIEWSKI: Are you a Starbucks fan?

ASSEMBLYWOMAN DeCROCE: No.

ASSEMBLYMAN WISNIEWSKI: Oh, okay.

ASSEMBLYWOMAN DeCROCE: But you juice up your body at Starbucks; you juice up your car at the gas tank. But, whatever.

What I wanted to say to Cathleen was, I had looked into some polls and currently-- Well, Rutgers had run the Rutgers-Eagleton poll. They had one in April, and in April it showed 66 percent of New Jersey residents opposed raising the gas tax. The same poll was redone on September 29 and October 5 of this year, and it has dropped to 58 percent of the residents oppose a hike in the gas tax -- even if it's a dedicated funding.

MS. LEWIS: Well, I think that -- and I just want to make sure I have your numbers correctly -- the opposition has dropped. Is that what you're saying?

ASSEMBLYWOMAN DeCROCE: Yes.

MS. LEWIS: Which I think means, hopefully, that these hearings -- the messages that are coming forward from places like AAA, from Forward New Jersey, all those places -- are starting to resonate. People are starting to understand that they're going to have to pay for this. You know, when we polled two years -- almost three years ago now -- we had about 60 percent of people supporting a gas tax. Those numbers were upside down when we polled last year. So I think that maybe were getting back to that point.

And I will say, to the Chairman's point: We know -- and I do, I have that reflexive gene too -- when we say *revenue,* a gas tax is the most equitable way to capture the users of our roads today. And it doesn't just capture the users of our roads who live in this state. It captures-- A third of those revenues come from out-of-state. We want to make sure that we continue to capture those. So when we say we need to raise revenues, we mean that we need to raise the gas tax; we need to raise it in a manner -- whether that means we're raising the petroleum side, the wholesalers' side, or the retailers' side. We need to rededicate some of those statutory revenues that have not gone there. And we need to look at the whole piece, because at the end of the day this doesn't happen unless the gas tax is increased. Because there's no other broad-based fee that captures all the users of the roadways.

ASSEMBLYMAN WISNIEWSKI: Assemblywoman.

ASSEMBLYWOMAN DeCROCE: Yes, and I have to concur with you. I think for any of us to survive all this, is going to be educating the public. And I have said that at many hearings, and many discussions pertaining to the TTF. And I think that's up to us, as legislators, to make sure-- And I've even talked about the Governor; whatever the Governor decides. If he goes along with this, it's about educating -- you know, look upon him to educate the people as well.

But one thing I do think that we have to look at, that I think you're absolutely right -- I try to be proactive in what I do. And I think that while we're looking at all of this, and we talk about hybrid cars-- Let me say, I did have hybrid, but my hybrid required high-test gasoline, so I did trade it in because the newer ones do not. We do need to take that into consideration so we're being proactive -- so as time goes on, and we lose people with hybrid cars, we'll be able to pick up. And it will be a drop in what we put into the TTF. So I think that's something that we seriously should remember.

ASSEMBLYMAN WISNIEWSKI: I agree; I agree.

ASSEMBLYWOMAN DeCROCE: Thank you.

ASSEMBLYMAN WISNIEWSKI: Anyone else?

ASSEMBLYWOMAN OLIVER: Yes, I do.

ASSEMBLYMAN WISNIEWSKI: Assemblywoman Oliver.

ASSEMBLYWOMAN OLIVER: Yes, I have a couple of comments, and a question.

First of all, I'm a card-carrying AAA.

MS. LEWIS: Thank you.

ASSEMBLYWOMAN OLIVER: But if you triple your prices three times, I'm out of there, all right? (laughter) That's number one.

MS. LEWIS: That was a suggestion from your colleague, not from us. (laughter)

ASSEMBLYWOMAN OLIVER: Okay. You know, something that I really am glad you put on the record -- you said that whatever we decide to do, and whatever happens with the revenue enhancer, it's for now and it's not the long-term. I am concerned about us getting this done now, but focusing on long-term.

MS. LEWIS: Yes.

ASSEMBLYWOMAN OLIVER: And when I think about the growth and expansion of our state; when I think about the future development that we certainly are going to experience; when I think about the things we're doing on the economic development side with enhancements to bring development to Camden, to bring development to Jersey City, to bring it to Newark, to bring it to Plainfield; and we talk about the urban transit tax credits that are enhancers for development -- if we're going to be growing the economy in New Jersey, and we're going to create jobs and create more people living here, we're going to increase the number of cars on the roads. That is not going to get rid of traffic on 287, traffic on 78, traffic on I-95.

We've had a little bit of discussion about how we have to subsidize mass transit. Mass transit is subsidized in most states. I know you represent the automobile interests, but at some point we have to have a discussion about expanding access to mass transit. When the gentleman from -- when David was here discussing the colleges, I know in my District we have Montclair State University. New Jersey Transit built a train station on the campus in Little Falls. There's discussion now about a Bergen-Hudson Light Rail line to relieve all of that congestion in Bergen and Hudson. I think, in the long term, it can't just be about the cars; it has to be about other available avenues for people in New Jersey to get from point *A* to point *B*.

MS. LEWIS: Well, I think -- and just to clarify, we care about the drivers, not the automobiles. (laughter)

ASSEMBLYWOMAN OLIVER: Okay, okay.

MS. LEWIS: The automobiles' interests are sometimes different than the drivers' interests. But we wouldn't disagree with any of that. We have worked closely with Transportation officials; we work very closely in my area with the TMAs -- and I know other AAAs in the state do. We think that particularly in a state like New Jersey, where it is densely populated, where our roadways are congested, Transit plays a huge piece to the puzzle. But we have to shore up our roadways first. And the reason we have to shore up our roadways first is because that's how the majority of people travel in this state. And at the end of the day, even if we move people out of their cars -- which is a good thing -- you still have trucks, you still have people and goods that need to move, and they're going to move on our roadways. And if those goods can't get there, then all of the Urban Enterprise pieces that we do -- all of that economic development doesn't work because you can't get the goods and the people there.

As we've had this conversation, I've started to think -- when you start talking about alternative vehicles, I start to think of the Jetsons. And it occurs to me that maybe the Jetsons have flying cars because all their roadways crumbled and they couldn't go on them anymore. (laughter) I don't think we want to get there.

ASSEMBLYMAN GIBLIN: Any other questions, Committee members? (no response)

Thank you, Cathleen, for your testimony.

MS. LEWIS: Thank you.

ASSEMBLYMAN GIBLIN: It's always welcome and insightful.

Our next presenter will be Serena Rice from the Anti-Poverty Network of New Jersey, based in Trenton.

SERENA RICE: Good afternoon.

ASSEMBLYMAN GIBLIN: Please put your name and title on the record, please.

MS. RICE: Yes. My name is Serena Rice; I'm the Executive Director of the Anti-Poverty Network of New Jersey.

Thank you for taking the time to hear from me today. You all are receiving copies of my testimony, so I also won't read it verbatim.

But just to explain a little bit about who we are at the Anti-Poverty Network: We are a network of nearly 100 organizations and many more individuals. And our mission is to prevent, reduce, and end poverty in New Jersey. Therefore, I am obviously here representing the interests of our low-wage residents.

Given that, you might expect me to be the first one who is brave enough to come up here and say, "No gas tax increase." That's actually not why I'm here. As the representative from AAA said earlier, I recognize that the people I represent also need a functional Transportation Trust Fund. They depend on our transportation infrastructure just as much as anyone else -- perhaps more. Because when that $2,000 repair is required on their car, they're out of work because they don't have $2,000 in the bank. They can't even juggle expenses and lose a vacation. They're just out of work.

And so I recognize we need to fix this problem. Some kind of tax increase is the way to do it.

The reason I'm here is to say that we need to have that tax increase go along with the restoration of the Earned Income Tax Credit. Because, if not, a gas tax will disproportionately affect low income workers. They'll be paying a higher percentage; it is a regressive tax -- a sales tax or gas tax increase is going to be a -- it's a regressive tax on folks who are already paying out their entire income every month just to make ends meet. And they lost -- the lower income households of New Jersey have lost about $50 million a year in State Earned Income Tax Credit since 2010; $50 million is not a huge price tag when we're talking about the kinds of numbers that are going to go into fixing the Transportation Trust Fund, but it will significantly reduce the impact of these kinds of tax increases on lower income New Jerseyans.

In my testimony I use a very low estimate of what it will actually cost these households: between $6 and $12 a month, I said, for the lowest income household. That's because their budgets are so tight they are not driving; already they are not driving as much as most of the rest of New Jersey is driving. And $6 to $12 a month sounds like nothing, right? The Chairman brought up Starbucks. That's just a couple of vente lattes, right? But the thing is, $6 a month is four meals on a food stamps budget. And one of your colleagues, along with 15 other Legislators -- Assemblyman

Mainor -- took the food stamps challenge in September. I went to hear them speak-- I went to hear them speak at a panel presentation at the end of that challenge, and they brought up coffee a lot -- but they weren't talking about Starbucks. They were talking about the fact that it was really, really difficult to squeeze a can of instant coffee into their budget for that week, and they felt like, "I have to do it, but how do I squeeze a can of instant coffee into my budget for a week on food stamps?" Because, like I said, $1.40 per meal on food stamps. And hundreds of thousands of New Jersey workers are receiving -- and their families -- are receiving food stamps.

We need to make sure that these workers are recognized as an important part of our economy. Yes, they're depending on our transportation infrastructure, but they really don't have the room in their budget. They don't have $6 a month in their budget. And if we take that small step to just restore the funding for the State Earned Income Tax Credit to the level it was in 2010 we can relieve that burden on them. They'll share a proportionate portion of their income in this tax increase. And it will be a fair increase for a service that is really going to be serving all of New Jersey.

ASSEMBLYMAN GIBLIN: Questions? Any members of the Committee? (no response)

I want to thank you for your testimony, and we will weigh it in terms of our deliberations as far as funding the Transportation Trust Fund.

Are there any other presenters?

MS. GRANT (Committee Aide): Yes, I'll bring up a couple more.

ASSEMBLYMAN GIBLIN: We have Cyndi Steiner from the New Jersey Bike and Walk Coalition.

MS. GRANT: See if the next person is here, too; but I think he may have left.

ASSEMBLYMAN GIBLIN: Is John Boyle here, from the Bicycle Coalition of Greater Philadelphia?

C Y N D I S T E I N E R: (off mike) I have John's statement, if that's okay.

ASSEMBLYMAN GIBLIN: Okay, so this will be Cyndi Steiner.

MS. STEINER: May I read John's also?

ASSEMBLYMAN GIBLIN: Whatever you want, as long as it's--

MS. STEINER: They are only a page each.

ASSEMBLYMAN GIBLIN: Okay. Well, just put your name and proper title -- what's your organization -- on the record.

MS. STEINER: Thanks for your time today. I appreciate it.

I'm Cindy Steiner, Executive Director of the New Jersey Bike and Walk Coalition. Our mission is to work to improve the infrastructure of our roadways for reasons of safety, economy, health, environment, and general livability of our communities.

We would like to see the discussion on the need for transportation funds recognize the need for capital investment in active transportation infrastructure -- that being bicycling and pedestrian infrastructure. Bicycling and walking are becoming increasingly popular as forms of transportation, in addition to recreation, due to many reasons.

They are solutions to the traffic congestion problems that plague our state; they improve the economies of the communities that make provisions to encourage their use; they provide significant long-term health benefits to individuals; and they have virtually no negative impacts on the environment.

When we provide sufficient transportation infrastructure for bicycling and walking, their usage rates increase substantially, enough that communities experience positive economic impacts. Infrastructure includes such amenities as bike lanes, crosswalks, trails, pedestrian and bicycling safety features, and traffic-calming measures that are included in road projects from the outset and serve to reduce vehicular speed, thereby reducing crashes between automobiles and active transportation users.

In 2013, the Rutgers Voorhees Transportation Center released a report, that was funded by New Jersey DOT and the Federal Highway Administration, based on data from 2011 that showed that active transportation investment was $63 million in the State of New Jersey -- and this funded approximately 250 projects across the state; it generated $150 million in economy activity; it created 648 jobs; it produced $44.5 million in wages and salary, $16 million in tax revenue; and contributed $75 million to the State's GDP.

The combined overall impact -- because that's just the impact of direct investment in transportation infrastructure -- the combined overall impact of capital investment, bicycling events, and activities in the bicycling business on the state is actually $497 million. This supported over 4,000 jobs, created $153 million in compensation, contributed $278 million to the State's GDP, and generated $49 million in tax revenue, accounting for almost three-fourths of the $63 million infrastructure investment.

Across the nation, in 2010, bike and ped transportation projects created 11 to 14 jobs for every $1 million spent; whereas regular road projects create only 7 jobs for $1 million spent. That represents a 57 percent to a 100 percent increase in jobs created for every $1 spent on active transportation infrastructure.

In 2012, the U.S. spent $1.2 billion on bike and ped projects, and this generated 8,400 jobs nationally, according to the Federal Highway Administration. That being said, New Jersey has the nation's second-worst bike and pedestrian number of fatalities as a percentage of all road deaths. Fully 27 percent of the people killed on our roadways were not in a motorized vehicle. This statistic indicates very strongly that there is a significant need for bike and ped projects in New Jersey to reduce our road fatality and injury rates.

Communities that have made these investments benefit directly, in that bike riders and pedestrians spend more dollars per month than car drivers. It's a whole lot easier to stop and spend some money when you're not aggravated looking for a parking space.

So investments in our road infrastructure so that our roads can accommodate all users will increase safety; and also translate to economic value for communities through job creation, revenue for local businesses, and tax revenues for municipalities.

That's my statement.

ASSEMBLYMAN GIBLIN: Questions? Any members of the Committee? (no response)

Okay.

MS. STEINER: I have John's statement also. Should I just give it to you?

MS. GRANT: Yes, I can make copies and pass it to everybody.

MS. STEINER: Okay, he only left about two or three.

MS. GRANT: That's fine.

MS. STEINER: Okay.

MS. GRANT: We'll make copies and get it to the members.

ASSEMBLYMAN GIBLIN: Matthew Norris from the Tri-State Transportation Campaign.

Are there any other speakers in the audience who want to-- You have to fill out a slip if you want to be heard.

So Mr. Norris would be the last speaker, I assume, if nobody comes forward?

Mr. Norris, just identify yourself and your proper title with Tri-State Transportation Campaign.

MATTHEW NORRIS: Good afternoon to the Assembly. Thank you for the opportunity to speak.

My name is Matthew Norris; I am the South Jersey Advocate for Tri-State Transportation Campaign. Tri-State is a nonprofit advocacy organization working to improve the balance of transportation in New Jersey, New York, and Connecticut.

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

Perhaps nowhere more than in Camden is the need to focus on bicycle and pedestrian infrastructure, and also public transportation, more needed. Thirty-five percent of households in the City of Camden don't have access to a motor vehicle; 16 percent of residents commute by Transit; and 6.5 percent commute on foot, versus 2.5 percent nationally. So the rates, really, in Camden are off the charts; and that includes residents who may not have a choice, may not be able to afford to own a motor vehicle. It also includes Rutgers students who are choosing not to own cars and to commute by public transit, or to live near campus and walk. So the need to invest in Transit, and bicycle, and pedestrian infrastructure in Camden is greatly needed; and any solutions in terms of improving the solvency of the Transportation Trust Fund should include provisions that focus on those issues.

One of the initiatives specifically in this region, that would help to serve the goals of improving transportation access for those who do not drive or who choose not to drive -- something called the Circuit Regional Trail Network. This is a 750-mile network of connected, multi-use biking and walking trails in Camden County and Gloucester County, Mercer, Burlington, and also across the river into Philadelphia. There's a wide array of groups that are working to stitch together existing trails and to build new trails to form connections. And the goal is that these will serve as alternative transportation corridors so people can actually commute -- on foot or by bike -- to trails. It plans to make connections to PATCO, to New Jersey Transit, for -- to help people who don't drive, who don't own cars to be able to get around, to commute to jobs, and to live their daily lives.

Again, as Cyndi Steiner from New Jersey Bike and Walk Coalition mentioned, close to $500 million was brought into the New Jersey economy in 2011 due to infrastructure, business, and events related to biking and walking. So the economic benefits of investing in this type of transportation system is huge. People can walk to reach entertainment destinations on the Camden Waterfront; visitors can cross the Ben Franklin Bridge from Pennsylvania into Camden and reach those amenities, attend farmers' markets, things like that. It helps improve local businesses and the local economy.

We also need to focus on improving the dangerous roadways in our state. Any solution to improve -- to fully fund the Transportation Trust Fund needs to look at solutions to start to reduce the unnecessary pedestrian deaths on all of our roadways.

Some of the most dangerous roadways in the state tend to be our State highways -- Black Horse Pike, White Horse Pike, Route 130. The 2015 New Jersey Capital Program devotes 2.5 percent of spending on bicycle and pedestrian infrastructure. New Transportation Trust Fund revenue that's long-term, dedicated, and sustainable, could go towards helping to reduce fatalities on our roadways.

Finally, I just wanted to also touch on Transit in the region as well. New Jersey Transits poor financial situation forces the agency to transfer capital dollars to meet operating revenue. Over the last four budget cycles this has totaled $1.6 billion. This money could be better spent on new infrastructure that helps the local economy in South Jersey, and projects like this include the planned South Jersey Bus Rapid Transit System and the Glassboro-Camden light rail line. As you know, the

Glassboro-Camden light rail line is a planned 18-mile system that would connect Glassboro and Camden, and the communities in between. Gloucester County has seen a huge increase in population in the last 10 to 15 years; between the 2000 and 2010 census there was actually over 13 percent growth in population. And without alternative means of transportation, this creates even more stress on our roadways. And, quite frankly, people are looking for other opportunities to get to work, to buy groceries, to see friends as well.

A 2011 Monmouth University poll found that two-thirds of New Jersey residents would like to see development of sustainable communities and more transit options. And this would be extremely helpful in Camden and Gloucester counties, which the light rail line would connect.

Three of the largest employers -- actually, the three largest employers in Gloucester -- Inspira Health, Rowan University, and Gloucester County would all be within walking distance of stations. And then there's also huge economic development and Transit-oriented development opportunities along a line like that.

Just for a point of comparison: The River Line, which opened a little bit more than 10 years ago -- mixed use residential and retail developments have been built, or are in development, at Camden, in Trenton, and Cinnaminson. There's been revitalization of historic downtowns; and there's also been industrial and warehouse development in Florence, in Burlington County, that relies specifically on the River Line for many of its workers to reach the jobs there, and also uses the tracks at night to move freight between their facilities.

Solvency for the Transportation Trust Fund needs to be restored. It can serve drivers and nondrivers alike. A safer and more equitable transportation system in South Jersey is possible. Bike lanes, sidewalks, Transit options will all help to improve the economy and will allow residents of all different types of income levels to access centers of employment, while it also helps reduce roadway congestions.

So on behalf of Tri-State Transportation Campaign, thank you very much for the opportunity to testify today, and if you have any questions I'd be happy to answer them

ASSEMBLYMAN WISNIEWSKI: Any questions, members? (no response)

Okay. Seeing none, thank you very much for your testimony.

MR. NORRIS: Thank you.

ASSEMBLYMAN WISNIEWSKI: We have no other individuals who have signed up to testify, so thank you everyone for being here today. Our next Transportation Trust Fund hearing will be in Atlantic City, at the League of Municipalities, on November 20.

(MEETING CONCLUDED)