
Committee Meeting

of

ASSEMBLY TRANSPORTATION AND INDEPENDENT AUTHORITIES COMMITTEE

“The Committee will take testimony concerning the transportation network in municipalities around the State. The Committee will also consider the role of the Transportation Trust Fund in financing the local transportation network and alleviating the property tax burden on the State’s residents”

LOCATION: Atlantic City Convention Center
Atlantic City, New Jersey

DATE: November 20, 2014
9:00 a.m.

MEMBERS OF COMMITTEE PRESENT:

Assemblyman John S. Wisniewski, Chair
Assemblywoman Linda D. Stender, Vice Chair
Assemblyman Thomas P. Giblin
Assemblyman Paul D. Moriarty
Assemblyman Robert D. Clifton
Assemblywoman BettyLou DeCroce
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



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COMMITTEE NOTICE

**TO: MEMBERS OF THE ASSEMBLY TRANSPORTATION AND INDEPENDENT
AUTHORITIES COMMITTEE**

FROM: ASSEMBLYMAN JOHN S. WISNIEWSKI, CHAIRMAN

SUBJECT: COMMITTEE MEETING - NOVEMBER 20, 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 20, 2014 at 9:00 AM in Hall A, Atlantic City Convention Center, 1 Convention Boulevard, Atlantic City, New Jersey 08401.

The committee will take testimony concerning the transportation network in municipalities around the State. The committee will also consider the role of the Transportation Trust Fund in financing the local transportation network and alleviating the property tax burden on the State's residents.

Issued 11/14/14

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ASSEMBLYMAN JOHN S. WISNIEWSKI (Chair): Good morning. Welcome to the Assembly Transportation and Independent Authorities Committee.

This is our fourth public hearing on the Transportation Trust Fund. And I want to thank the New Jersey League of Municipalities for making the arrangements so the Committee could meet down here at the 99th League of Municipalities Conference.

It is particularly important for us to be here with municipal leaders from throughout the state, because when we talk about a statewide Transportation Trust Fund, one issue that often gets overlooked is that a majority -- a majority of the traffic in the State of New Jersey is not traveling on State roads. The majority of the traffic in the State of New Jersey is traveling over municipal and county roads.

That being said, in our \$1.6 billion capital program, our county and municipal aid program is less than \$100 million. And so, clearly, one of the issues that we have to address as we move forward -- and reconstituting and finding funding for the Transportation Trust Fund for the future -- is making sure that we adequately address all of the roads from all of the jurisdictions.

As we begin this, I want to point out that the League has been very gracious in allowing us to have this room, but they also have given us a definitive time limit because they do have other events that are scheduled for this space. And so if you are interested in testifying I would ask that you fill out a slip; if you have written testimony, I'd ask that you give that to the Committee Aide. But, most importantly, if you have written testimony, there's no need to come up and read it, word-for-word. If you'd

summarize it, we'll try to limit testimony from each person to about 5 minutes. If we have extra time at the end, and there's a thought that occurs to you, we'll allow you to come back up and add to that.

With that being said, let's start with a roll call, Emily.

MS. GRANT (Committee Aide): Assemblyman Rumana.

ASSEMBLYMAN RUMANA: Here.

MS. GRANT: Assemblywoman DeCroce.

ASSEMBLYWOMAN DeCROCE: Here.

MS. GRANT: Assemblyman Clifton.

ASSEMBLYMAN CLIFTON: Here.

MS. GRANT: Assemblyman Moriarty.

ASSEMBLYMAN MORIARTY: Here.

MS. GRANT: Assemblyman Giblin.

ASSEMBLYMAN GIBLIN: Here.

MS. GRANT: Vice Chair Stender.

ASSEMBLYWOMAN LINDA STENDER (Vice Chair):

Here.

MS. GRANT: Chairman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Here. We have a quorum.

We started this process several months ago after a conversation I had with our Assembly Speaker, who had expressed, all the way back when he became our Speaker, that the Transportation Trust Fund was an issue of great importance to him and something that he felt was important that we focus on.

And so the Speaker has asked this Committee to conduct these hearings -- this is the fourth of four -- to take testimony on the status of our

transportation system, on how we're financing it, on what our needs are, and, obviously, the impacts it has on municipalities and counties.

With that, Mr. Speaker, thank you and welcome.

A S S E M B L Y M A N V I N C E N T P R I E T O: Thank you, Chairman; and good morning, everybody. It's a great pleasure to be here today.

And, as the Chairman said, this is the fourth hearing, so I thank you for taking on this task.

There's a need for us to make sure that our road infrastructure is taken care of. And I have to tell you, what you have done to bring to light the issues and what the needs are is very important to us. And the Assembly has not been idle in this process; and this, actually, is not for optics or for show -- this is for real. And it's to show the necessity and the importance that our road infrastructure plays in the State of New Jersey, with the State of New Jersey's economy. Number 1, that's what makes New Jersey attractive and draws businesses here -- it has always been our road infrastructure -- and how important it is to our economy. Because if we do that and invest in our road infrastructure, we'll create jobs and it will be an economic boon for the State of New Jersey, which is very important.

But what we have to do is get away from what we have been doing -- has been borrowing. And, in my opinion, it's been reckless. Because over the years our reliance on borrowing -- we can't do it anymore. It's really-- The Transportation Trust Fund is in fumes, and really, right now, if you want to quantify this, very soon we will spend more on paying down debt than we do on road projects. That is kind of sad. That's really kicking the can down the road.

And the things that we have learned by the engineers -- that have said to us that two-thirds of our roads are in poor condition. And you can drive down any highway or any road in any municipality, any street, and you'll see that that is so. And if we have another harsh winter, as we had last year, it's only going to add and quantify that even more. So it's very important for us.

We also learned that over \$600 that people spend on vehicle repairs are due to the wear and tear of the road. So these are things that are important.

Thirty-six percent of our bridges are either obsolete or structurally deficient. We have to take care of them. And it's about safety, and we want to make sure that these bridges are there and safe for the people to go over them. There are about 11 million residents that go over these bridges every day, so there's a need.

And the one thing that I can say, that would come out from this, is knowing what the importance, what the needs for our capital improvements and our plans are. And also, the one thing that I've been saying from the beginning of the year, that I've been talking about for municipalities -- I had wanted to make sure that we give them the right amount of money. And I have actually talked about it in a few editorial boards -- that we need to make sure that the municipalities get a lot more; and I've said, up to probably somewhere like \$400 million is the number that I had looked at to see that these roads -- that the majority of the roads that people travel to get to our State highways are the local roads. So these mayors do know the importance of road infrastructure. And they get these

projects done in a timely manner; and they can do it a lot quicker. So we need to give them the tools and the resources to get this done.

Chairman, I thank you so much for your leadership on this; and each and every one of the Committee members for taking this initiative and making this a public learning session so they know the importance of it. And hopefully, in the days and weeks to come, we can figure out what the solution is and how do we get there -- and then we can figure that out. And each and every one of you has talked to me; there's always an assumption of what that remedy is going to be. I don't know yet. But, Chairman, we all have good ideas, and hopefully we can get somewhere to the middle of the ground so we can get to a bill that everybody can live with.

With that, Chairman, thank you again and have a great hearing. Thank you so much.

ASSEMBLYMAN WISNIEWSKI: Thank you very much, Mr. Speaker.

The journey of a thousand miles starts with a single step, and these are the initial steps. And I'm sure we'll complete that journey as quickly as we can.

Thank you.

SPEAKER PRIETO: Thank you so much. Members, thank you.

ASSEMBLYMAN WISNIEWSKI: I'd next like to call up our hosts, the New Jersey League of Municipalities, represented by Mayor Brian Wahler of Piscataway and Mayor Tim McDonough of Hope.

Oh, okay, I'm sorry. So we'll switch it around.

This is called senatorial courtesy. We'll have Senator Ray Lesniak and Senator Jim Whelan, who is our host Senator. We are glad to be in your city, Senator.

SENATOR JIM WHELAN: Welcome to Atlantic City. We appreciate you having this hearing.

I'll defer to my senior member here on the testimony.

SENATOR RAYMOND J. LESNIAK: Well, thank you, Senator. It's always great to be here testifying before a Committee chaired by another former Grand Marshall of the Pulaski Day Parade. (laughter) That's important.

And good morning, everyone. Speaker Prieto laid out the problem for you very well. And we're hearing it a lot these days: everything's on the table. Well, it's time to get everything off the table, and into legislation, and signed into law.

We made proposals quite a few years ago, and meanwhile the problem is getting worse and worse. Any solution has to, in my opinion -- and Senator Whelan has a few other proposals that are very important -- number one, we have to put a lockbox on all fuel taxes for the Transportation Trust Fund through a constitutional amendment -- I think that that ought to be important -- to restore the credibility that, quite frankly, has been lost by some of that money being siphoned off for other purposes.

Number two, we can't create another problem -- solve this problem by creating another one. Meaning, any proposal that's going to take money out of the General Fund should be dead on arrival -- and it

shouldn't even be made, quite frankly, because then we have another problem. So what's the sense in that?

And number three, I think what has not been articulated enough, Mr. Chairman and members of the Committee, is the cost of not doing anything. There are reports that show that there are hundreds of dollars -- indeed, some up to \$500, on average -- of cost for car repairs as a result of inadequate road repairs. So it's hard for anybody to see that, because unless you're the one affected, you don't see it. But certainly motorists see it when they're driving on the roads and avoiding potholes all the way.

So I would just suggest you certainly have all my support. I've been advocating this, with your support, for many, many years, and it's just time to take everything off the table and put something in writing. And as Tommy Deverin always said, "You need 41, 21, and 1, and let's get it done."

Thank you.

ASSEMBLYMAN WISNIEWSKI: Senator, thank you for your testimony.

And I just want to compliment you on the courage you've had in actually putting forward a piece of legislation that raises a very difficult topic; but it is the topic that is needed to be discussed -- which is raising some form of revenue. In your case, your bill calls for a tax increase, as does mine. But we have to start someplace, and I appreciate you undertaking it.

Anybody have questions for the Senator? (no response)

Senator Whelan.

SENATOR WHELAN: Thank you, Mr. Chairman. Again, welcome.

Let me first concur with Senator Lesniak, and yourself, and many others who recognize the need to address this issue.

You know, Senator Lesniak referred to the repair bills. I saw a survey -- we're number 1, we're number 2 -- California and us flip flop back and forth on how much people are spending to fix their cars because of potholes, and so on, and so forth. And it's just a neglect that we have in our roadways.

I just would like to add two pieces to the conversation, in addition to the fundamental need to address this. One, I think whatever we do we should index it to the cost of living. Now, I used to think that if we indexed it the cost of living we could keep even. But, quite frankly, if we indexed it to the cost of living, all we're going to do is cover the efficiency of greater cars -- cars are more and more efficient. So we're losing every year, as the efficiencies of cars go up from 20 miles, to 23 miles, to 25 miles a gallon, and so on and so forth. So at the very least, if we index maybe we cover the shortfall that is created by that.

And secondly -- and I know there are bills in; I had bills in last session -- we need to look at the non-gas cars -- the electric cars, the hydrogen cars, compressed natural gas, so on and so forth. They drive our roads and bridges, they contribute zero in terms of the gas tax to solving the problems that they create. There are a number of things -- one would be do it on a per-mile basis; that gets a little complicated. Secondly, you could do it as a part of a registration fee. You factor that out -- it comes out to about

\$50 to \$75 a year. Or, you could do it up-front at the time of purchase. You buy an electric car, you pay so much.

Personally, I think the simplest and probably most convenient way would be at the time of registration to charge somebody a certain amount of money. I think if you do an up-front fee, it starts to become -- maybe it gets up around \$1,000 or so, and it starts to back people off. Because we certainly want to encourage those vehicles. But, you know, I use this example: Twenty years ago, none of us had cell phones. I dare say every person in this room has at least one cell phone. I'm not predicting the same trend for electric cars, but we know that that's going to grow. Right now it's about 2 percent of the fleet in New Jersey -- the non-gas cars. If that just doubles over the next several years, and then doubles again beyond that, you're up around 8, 10 percent and it starts to have a real impact on our ability to maintain our roads and bridges.

So again, Mr. Chairman, we thank you for the opportunity to testify, and for bringing attention to this absolutely essential issue for New Jersey.

ASSEMBLYMAN WISNIEWSKI: Senator, thank you.

And I think one of the things that you've underscored is the need to look at this not just for today, but in the long range, and addressing the nonpetroleum fueled vehicles. It's going to be an important component on anything we do to solve this for the long-range.

Does anyone have any questions for the Senator? (no response)

Gentlemen, thank you very much.

SENATOR LESNIAK: Thank you, members.

SENATOR WHELAN: Thank you, Chair.

ASSEMBLYMAN WISNIEWSKI: Okay, now I'd like to call up our hosts from the New Jersey League of Municipalities; the duo of Mayors, Mayor Timothy McDonough from Hope Township and Mayor Brian Wahler from Piscataway -- both who have a considerable amount of transportation experience, as well as mayoral experience.

Gentlemen.

MAYOR TIMOTHY MCDONOUGH: Thank you very much, Mr. Chairman; and thank you for being here. And, again, on behalf of the League of Municipalities, welcome to our annual convention.

Just quickly, to let you know -- this is one of the largest conventions we've ever had. We'll be close to 16,000 registrants and over 1,000 vendors. So welcome to a very successful event, and we are glad that you are here.

When we testified in front of your Committee, Mr. Chairman, back in September at Montclair State, you asked us -- I think it was Assemblywoman DeCroce and others -- that you could use some information from us to help lay out your plans. So we did; what we're handing out to you now is a chart of some of the questions.

So we went into the field, as you suggested that we do. And just quickly, if you look at this -- and I'm going to be brief -- the first question we asked was about the consolidation of transportation entities -- which we've all talked about -- and you can see there that the respondents overwhelmingly supported, by almost 49 percent. Which, I think, is interesting; we talked about it at length the last time.

The second question, enabling public-private partnerships-- This got mixed results, mainly because I think I'm not sure everybody

totally understands what this is. The last time we tried this, under Governor Corzine with regards to the Turnpike and the Parkway, it didn't get very good results. So I think there is some confusion on that.

And the third -- go to page 3 -- the third chart there shows you increasing the State's gasoline tax. This is, of course, one of the most important ones. Strongly supporting was 34 percent; and adamantly opposed, 23 percent. So that shows you that there is some appetite out there for increasing the gas tax.

Number 4, we're talking about other revenue generating ideas. This was the most popular one, in terms of the Petroleum Gross Receipts Tax. Again, I'm not sure what -- if everybody totally understands what this is, but the *Somewhat Support* -- the largest number there -- I think shows that we're not quite familiar with what that does. I almost think that if that happens, it will work its way down to the consumer at the gas pump.

The least popular option, which was number 5, is applying the 7 percent sales tax. That's a surprise -- of course, that's a joke -- but that was overwhelmingly opposed by mayors and officials in the town.

And then the -- I guess our people thought it was a wonderful idea to amend the Constitution to prohibit the State Legislature and the Governor from using transportation-related funds for anything else but -- if there was a gas tax increase.

So I hope that helps you a little bit in terms of -- as you move forward in your deliberations. And just again, we want to restate that it's important, from the municipalities' perspectives, that we get our share of this money. As you know, when the Local Aid program was just started we got about 22 percent; that's municipalities. Last year we got about 15

percent; and it was music to our ears, just a few minutes ago, to hear the Speaker talk about almost doubling that money as to what we got last year. So that would be great.

And why is that important, why should we do that? Because municipalities-- As you know, 64 percent of the roads in this great State of ours, and over 39 percent of the bridges, are under local control. So we believe that we should be getting our share of that money. And I think we do a good job of putting that money to good use.

And with that, any questions, I want to--

ASSEMBLYMAN WISNIEWSKI: Sure. Mayor, thank you.

Vice Chair Stender.

ASSEMBLYWOMAN STENDER: Thank you, Mr. Chairman.

Good morning, gentlemen.

MAYOR McDONOUGH: Good morning.

ASSEMBLYWOMAN STENDER: Thank you for being here. Thank you for hosting such a successful Conference. It's always useful, I think, for everybody who gets a chance to attend.

I have a question about number 2, where you talked about the public-private partnerships. And so there's sort of very general language in there about an annual payment. Was there a conversation about the -- that that annual payment really means that we would be putting tolls on bridges and on roads? Or how is that-- I mean, what was the expectation of where that payment to the private entity is going to come from?

MAYOR McDONOUGH: Well, I think it goes back to what was discussed. Yes, when we talked about leasing the Turnpike and the Parkway, as you recall, that was a discussion in the last Administration. So

I think those kinds of payments would come from a vendor, if you will; and then it would go into the Transportation Trust Fund.

ASSEMBLYWOMAN STENDER: But I guess-- So the issue of-- Taking the Parkway and Turnpike and putting them aside -- right? -- because that's-- I mean, they've got the revenue, those roads are being maintained; it's everything else that's falling apart. So if we're going to talk about public-private partnerships for everything else, then was there any conversation or discussion about, "Well, this could be done, right? We could bring in--" I mean, at the local level you could start having a public-private partnership to build a new bridge.

MAYOR McDONOUGH: Yes.

ASSEMBLYWOMAN STENDER: Or replace a bridge, is an easy, I think, visual. But the payment has to come from someplace. So if we're going to have somebody put private money into it, they're going to want a revenue stream--

MAYOR BRIAN C. WAHLER: They're going to want a return, yes.

ASSEMBLYWOMAN STENDER: --so you're going to put a toll on that bridge, right?

MAYOR McDONOUGH: That's a possibility; this is what's going on in Great Britain today. As you know, some of those roads have been privatized and tolls have gone on those roads -- and that is with mixed results. But we didn't get into that depth; I mean, this is just a whole concept, Assemblywoman: Does it make sense to do a private-public partnership?

ASSEMBLYWOMAN STENDER: Okay. Well, I just-- I think that that's a conversation that has to be had.

MAYOR McDONOUGH: Okay.

ASSEMBLYWOMAN STENDER: Because if we're not going to be able to accomplish a broad-based, general revenue stream of new money into our infrastructure -- which is what we're talking about, you know. Senator Lesniak, before, said the important equation is, "41, 21," and so the "1" being the largest elephant in the room; and since we -- I have no confidence that there's going to be the important step taken from that "1." That puts us back into the question of, "Okay, so now what do we do?" And I just wondered if there's a conversation starting to take place at the local level that says, "Well, we're not going to be able to do this because the Governor will never sign any of these things, so what's our fallback? Are we going to start putting tolls on bridges?" And I didn't know if people are starting to -- at your level, starting to have those conversations.

MAYOR McDONOUGH: I mean, that's a good suggestion. And as a result of that, we'll go back and try to get more in-depth into that question. But this was just kind of global, in terms of that was concerned.

ASSEMBLYWOMAN STENDER: Okay; and I appreciate that. Thank you so much.

MAYOR WAHLER: If I may, Assemblywoman. There is a-- The city of Chicago has already started that, as well as a couple of the southern states are doing that. So there is some precedent around the country for that. But it's a new concept for a lot of people, because they're just not used to wanting to toll everything.

ASSEMBLYWOMAN STENDER: Right.

MAYOR WAHLER: But if you look at overall -- both on the Federal and State level -- it seems like government in general is moving towards a menu-type system of government where-- Just like the airlines: If you want extra room, you have to pay for it. If you want first class, you have to pay for it; baggage -- you have to pay for it. But there's that mind-set out there with a lot of folks that they just feel like they're being nickel-and-dimed to death.

So it's going to be a rough hurdle -- I would think a hard hurdle to go over, with something like that now, but it is starting to take hold in other parts of the country.

MAYOR McDONOUGH: Even to the point of naming rights. When I was at the Parkway -- and I talked with Chairman Wisniewski about this -- about naming the rest areas or bridges. You could have a Linda Stender Bridge if we want.

ASSEMBLYWOMAN STENDER: Please -- never. (laughter)

MAYOR McDONOUGH: Okay. Idea; it was just an idea, Assemblywoman.

ASSEMBLYWOMAN STENDER: Thank you.

MAYOR WAHLER: If I may, Mr. Chairman.

First of all, I'd like to thank the panel here for allowing us the opportunity to testify.

I think it's fair to say that the county governments and the municipal governments are not looking for a handout here. I know within my own community, I have, approximately, about \$40 million worth of shove-ready projects where the engineering and designs are complete, all acquisitions finished, we have our DEP permits; and we just don't have all

the funds to do that. Now, we did apply for the 2015 Local Aid project, and our projected cost of that one project alone is \$2.5 million. So if you do the equation of what most municipalities are receiving from the TTF currently, it ranges anywhere between \$150,000 to \$225,000. Typically, we end up getting \$300,000 because we tend to do a lot of larger projects for our large suburban community. However, a lot of that money is seed money to hire engineering firms to start the leg work, and then the local taxpayers pick up, probably, 90 percent of the rest.

So local taxpayers and county residents have a lot of skin in the game. So all we're asking for is a robust funding mechanism for the Local Aid projects, where we can get these projects out to bid more quickly than, typically, the State mega projects that may take up to 8, 9, 10 years to actually put a shovel in the ground. And then if there are Federal funds involved in it, you're looking at 15 years.

So if this Committee, and members of the State Legislature, and the Governor really want to prime the economy in the State of New Jersey, if the bulk of the funds are allocated for the Local Aid, then mayors and county officials can get these projects out to bid very quickly and put people to work. And as we all know, it is the multiplier effect here: you're hiring a lot of people with that.

So I just want to say that, on behalf of a lot of the mayors, we're not asking for a handout here. And one of the missions that we are going to do -- to talk about this topic, and discussion that's going to happen over the next five months -- is that in a lot of cases, our own local residents don't understand what the TTF is and what it impacts. So when you have a local road being reconstructed and fixed, they need to put signs up: "This is

funded through the gas tax; this is funded through--” Because there is a disconnect between when you pull up at the pump and the roads being fixed. And given the fact that cars are getting better gas mileage now -- obviously it’s less revenue going into the overall fund. So we’re very concerned about that.

And you’re going to find, with myself coming in as the incoming President today of the League, you’re going to have a very supportive person, as well as moving our colleagues on the mayoral level down there to push -- to have a robust funding for the TTF.

ASSEMBLYMAN WISNIEWSKI: I know we have some additional questions.

Assemblyman Giblin.

ASSEMBLYMAN GIBLIN: Mayor McDonough, this consolidation effort: Do you have any ballpark number what you think could be achieved in savings with all of these different entities being put under one umbrella?

MAYOR McDONOUGH: It’s a good question, Assemblyman. I think now, with Jamie Fox as the new DOT Commissioner-- As you recall -- and Chairman Wisniewski will remember this -- when I was back at the Parkway and the Turnpike, we had looked into this and, if you will -- following what they call the *Maryland model*. And work has been done on this. And I think if we dust off some of the dust at the DOT we can probably find a lot of those studies. But I’m meeting with Commissioner Fox tomorrow, and I’m going to ask him that very question.

ASSEMBLYMAN GIBLIN: So you’re saying that, in Maryland, a similar entity operates with all this consolidation?

MAYOR McDONOUGH: They went through the same process.

ASSEMBLYMAN GIBLIN: How long ago was that, do you know?

MAYOR McDONOUGH: It was about 10 years ago; maybe a little longer.

ASSEMBLYMAN GIBLIN: And how is it working? I assume, it's--

MAYOR McDONOUGH: As far as we know, it's working very well. I mean, we did -- we actually went down there when we were at the Turnpike and the Parkway, and visited with them. And it looks like it's working very well.

MAYOR WAHLER: If I may, Assemblyman Giblin, Mayor McDonough and I have a lot of good contacts with mayors down in the state of Maryland who we could easily get some input from and get it back to you.

ASSEMBLYMAN WISNIEWSKI: Thank you.

ASSEMBLYMAN GIBLIN: I mean, it seems to me that the South Jersey Transportation Authority should be able to do that rather quickly. I mean, you did this successfully with the Parkway and the Turnpike; and you worked out all of the collective bargaining agreements -- were the hardest obstacles, right?

MAYOR McDONOUGH: Well, the hardest obstacles back then, when we did this -- Chairman Wisniewski was very involved in this -- was the airport. The airport had-- We had a problem with bringing the Atlantic City Expressway-- I think the ultimate goal was to bring the

Atlantic City Expressway under the same umbrella. I think that this makes sense now to do all this.

ASSEMBLYMAN GIBLIN: Okay, thank you.

MAYOR WAHLER: Mr. Chairman, one last point before Mayor McDonough and I turn our mikes back over.

ASSEMBLYMAN WISNIEWSKI: We have two more members with questions.

MAYOR WAHLER: Okay, all right

Well, then, quickly, one of the things that we want, to make sure that the TTF fund gets funded, is because -- the implications with the three MPOs -- Metropolitan Planning Organizations -- here in the state. Because for every, obviously, State dollar that's put into the pot, then we get a match in Federal dollars. Which means that, typically, some of the larger municipal, county projects that have to go through the Federal pipeline, they'll be able to do that.

ASSEMBLYMAN CLIFTON: Mr. Chairman.

ASSEMBLYMAN WISNIEWSKI: Assemblyman Clifton.

ASSEMBLYMAN CLIFTON: Thank you, Mr. Chairman.

On your survey -- number 4, generating the revenue from the refineries. The Chairman has his bill in now that would raise a significant amount of money for the Trust Fund out of that. And then on number 5, you put in there the sales tax, which I believe would raise about \$500 million -- if that was imposed. Going back to number 3, where you asked the general question about increasing the gasoline tax. Why wasn't a number put on that -- a percentage increase on that? Sort of to give the mayors that you surveyed sort of a better idea what the percentage might

actually be, or the increase would be? I'm just wondering if the League had an idea of how much they believe it should go up.

MAYOR McDONOUGH: That's a good question. Depending on how this came about -- I mean, we can go back and refine this. I think what we were asked to do was just kind of give this Committee some global recommendations, if we could. And rather than get into actual percentages and numbers -- we thought that that would weight this down too much.

If the Committee would like, we could go back and redo this, and come back to you with more specific numbers.

ASSEMBLYMAN CLIFTON: And the only reason I ask is because, in number 4, with the Petroleum Gross Receipts tax, you put in here 6 percent, 7 percent, or 8 percent. And I was just comparing apples-to-apples -- if there was some sort of polling data to say that if we raised the gas tax -- if we proposed a 10 cent, or a 20 cent, or a 30 cent, what would be the level of support for that?

MAYOR McDONOUGH: Yes, that's a good point.

Brian.

MAYOR WAHLER: No, I was just going to say, we would be more than happy to poll our members. One of the problems is, I would like to say, is that some of the local officials themselves don't understand the TTF fund and its implications. So we have an education process that we have to go through to educate our members and educate the general public about this. And Assemblyman, that's exactly -- that's one of the processes, and we're going to have to deal with our own League members there.

ASSEMBLYMAN CLIFTON: Okay; thank you. I mean, it's great information, and I appreciate the information you guys provided us.

MAYOR McDONOUGH: Thank you.

ASSEMBLYMAN WISNIEWSKI: Assemblywoman DeCroce.

ASSEMBLYWOMAN DeCROCE: Yes, thank you. Thank you both very much. And I thank you for this report, which we had talked about when we were down at Montclair College (*sic*). It's exactly what I thought was important.

My question, Assemblyman Clifton, was going to be the question he just asked you. So I think it is important to go back to the municipalities to see what kind of numbers they were thinking about. And educating is absolutely important. So it's just as important for the League to reach out to your members, but as a Legislature I think we have to educate the public as well.

And I also talked about the fact that, when this is all said and done, it's something that the Governor needs to do too. So all through every level, the people need to know -- that's transparency. They need to know where their money is going so they understand why we did what we did. Then they can see the finished product when they drive the roadways.

So I thank you for this report. I think the Assemblyman is correct: Maybe if you can refine it a little bit more so that they start understanding why these questions were posed; it helps us in knowing at what level we should look at to impose whatever we decide to do.

MAYOR McDONOUGH: Our staff is here, and they are getting your message loud and clear. Thank you.

ASSEMBLYWOMAN DeCROCE: Thank you so much.

ASSEMBLYMAN WISNIEWSKI: Mayors, thank you very much.

And to Mayor Wahler, whom I've known for a long time -- I also want to extend, on behalf of the Committee, our congratulations on the leadership role you're about to assume for the New Jersey State League of Municipalities. I know the League will be in good hands.

MAYOR WAHLER: Assemblyman, Mr. Chairman -- I have sharp elbows. I don't mind getting into the mosh pit and swinging around there on behalf of-- (laughter)

ASSEMBLYMAN WISNIEWSKI: Well, we'll have to have you come down to Trenton one day to see the mosh pit that we're in. (laughter)

MAYOR WAHLER: Okay.

ASSEMBLYMAN WISNIEWSKI: Thank you very much.

MAYOR McDONOUGH: Thank you all very much.

ASSEMBLYMAN WISNIEWSKI: Okay, next, from Hampton Township, Sussex County, Daniel Coranoto.

DANIEL N. CORANOTO: Good morning. Thank you for letting me speak here.

The League of Municipalities has supported a resolution for several years. The resolution basically says that we, as municipalities, would like to start a municipal road trust fund. It would be put in by resolution through our town; it would allow the public to vote on it -- how much they would put into it -- and it would be a dedicated fund for road repairs -- not only road repairs, but upgrades, road surge repairs even in storms. It's a simple way of finding funds. It would be dedicated, the public would see it all the time. I would like to see all of you support it and find a way to get legislation for us in the municipalities to do this.

Mike Cerra has the resolution that's been being presented for the last few years. I would ask that he bring you all copies so you can read it. It's a simple solution for us; we have control of it, the public sees that it's being used, and they have a say in it.

It would also be able to take care of private communities because they voted for that fund. And the only thing that would happen is that every year they could up the percentage they want to put in -- kind of like the Open Space Trust Fund.

I would appreciate if you took a look at it and see how it could come about for us. It would be a significant help for the municipalities.

Thank you.

ASSEMBLYMAN WISNIEWSKI: Thank you very much.

Questions? (no response)

Thank you for your testimony.

Next, I'd like to call Sophie Heymann, Borough of Closter.

MAYOR SOPHIE HEYMAN N: Good morning, and thanks for giving us an opportunity for some input.

I'd like to point out another facet of a possible Trust Fund. As the Mayor of my town, I am very aware of the fact that a large -- almost the entire amount of our long-term bonding is paying for our local roads. And if we could lower the level of that bonding expense -- because the State would take on its actual responsibilities -- we would lower the level of our real estate taxes in our -- which is a large burden for our community. And we would all be gaining from it because the costs of the repairs and the maintenance of the roads would be leveled off; and the extreme use in a

county like Bergen, in our area, would be leveled off as part of the entire State's responsibilities.

Thank you.

ASSEMBLYMAN WISNIEWSKI: Mayor, thank you. I apologize for not addressing you with your title; your slip didn't have it on there.

But just one brief question on behalf of the Committee -- and I'm not sure if other members have questions.

So in your view, there's a correlation between the State renewing the Transportation Trust Fund and allocating a sufficient amount of money to municipalities, and the ability for you, as a Mayor, to offer property tax savings to your residents.

MAYOR HEYMANN: Correct; that's exactly right.

Thank you.

ASSEMBLYMAN WISNIEWSKI: Thank you.

Anyone else? (no response)

Thank you, Mayor.

I'd like to call John King, John Donnadio, and Tim Mettlen, on behalf of the New Jersey Association of Counties.

JOHN G. DONNADIO, Esq.: Thank you, Mr. Chairman and members of the Committee.

My name is John Donnadio; I'm the Executive Director of the New Jersey Association of Counties. I'm very happy to have with me Hunterdon County Freeholder John King, who is also NJAC Second Vice President; and Tim Mettlen, who is Assistant County Engineer in Passaic

County, and President of the New Jersey State Association of County Engineers.

I'm going to just provide a brief overview of some of the county inventory and needs, and Freeholder King is going to talk about some of the challenges faced in Hunterdon County. Tim is going to make sure that everything we say is accurate. (laughter)

So as the Committee is well aware, county governments play a major role in the State's transportation network. I think what most folks in New Jersey don't know is that counties maintain virtually every bridge in the state of New Jersey; in fact, we maintain over 7,000 bridges, close to 7,000 centerline miles of roads that, along with the municipal roadways, carry an estimated 53 percent of the state's overall traffic.

It's a significant number. We have an annual need of close to \$600 million a year; yet we receive only \$100 million -- counties and municipalities -- from the State's capital transportation program.

I lost my train of thought. (laughter)

ASSEMBLYMAN WISNIEWSKI: Please take your time.

MR. DONNADIO: I will; thank you.

So we have a significant need at the county level. Again, we have, as I said, a \$600 million-a-year need; \$100 million from the State's transportation capital program, leaving county governments to finance close to half-a-billion dollars a year in critical transportation projects. And as I noted, it's not necessarily a local issue; it's a State issue. And yet the percentage that counties and municipalities receive -- as the mayors pointed out before -- is close to 12 percent of the overall transportation capital

program, which has also decreased dramatically, relative to the overall transportation capital program since 1985.

In addition to these issues, counties have long-term investments that they have to make for their bridges of upwards of \$2 billion a year -- where we have close to 30 percent of our bridges are classified as *structurally deficient* or *functionally obsolete*. And an additional 64 percent (*sic*) of our minor bridges are in need of some type of major repair or replacement.

So we are here today, and we stand ready-- As an organization that not only advocates for all 21 counties and our elected officials, but we have a terrific network of county engineers, administrators, and finance officers, we stand ready here to work with the Committee in developing a solution. Because we strongly support -- as we have for a very long time -- reauthorizing the Transportation Trust Fund, making sure it's stable, transparent, dependable, predictable -- all those very important -- constitutionally dedicated -- all those important adjectives. We're also strong proponents, based on the staggering numbers that we've provided to you, of, at a minimum, doubling the Local Aid allocations, as called for by the Blue Ribbon Transportation Commission nearly a decade or so ago.

So again, we're here, Mr. Chairman. Thank you for allowing us the opportunity to testify, for holding these public hearings; and we're ready to get to work with you and the Committee.

ASSEMBLYMAN WISNIEWSKI: John, thank you very much.

Freeholder.

F R E E H O L D E R J O H N K I N G: Thank you, Mr. Chairman and honored members of the Committee. I appreciate the opportunity to appear before you today.

I'm also prone to losing my train of thought, so I have some notes I'm going to reading from. (laughter)

I am representing as a Freeholder, but also for NJAC. I want to appropriately acknowledge the serious attention that New Jersey's transportation funding challenge is getting in Trenton; and we are acutely aware that now is the time for robust, long-term commitment to finding the much-needed investments in our transportation network.

I agree with you, Mr. Chairman, that this is a critically important issue to New Jersey's counties. And as you just heard from Executive Director Donnadio, the counties are responsible for the repair, maintenance, and operation of a vast amount of infrastructure, requiring more than a half-a-billion dollars annually to maintain each and every year.

But the dollar figures only tell part of the story, because even as Local Aid and grant funding have declined, the demands on county infrastructure have grown -- and Hunterdon is certainly one such example.

In 1980, our population was just over 87,000. In 1984, we finished Route 78. By 2010, our population was 128,000 -- an increase of a little bit more than 47 percent. And obviously, with more people, more traffic, comes more demand, more wear and tear on our bridges and roads.

Hunterdon County alone is responsible for 242 centerline miles of roadway and 238 bridges -- which I realized at about 4:50 this morning, as I was coming down to Atlantic City, it's essentially a round trip from Flemington to the Sheraton Center here. In addition, the County is responsible for approximately 1,800 culverts; and even now, we are assuming responsibility for and the maintenance of orphan bridges that are spanning our local rail tracks. Our County Engineer estimates that

Hunterdon County needs at least \$10 million per year just to maintain the aging bridge structures alone.

It's a simple fact that transportation investment benefits nearly every sector of national and local economies. Hunterdon County has recently completed a comprehensive economic development strategy, and it's no coincidence that improving and maintaining transportation is one of our key priorities. We're convinced that enhancing our transportation network is critical to the survival of our local economy. Where Hunterdon is unique is, it is equidistant between New York City and Philadelphia, as it is from Boston to Washington D.C., and is well-positioned to facilitate regional distribution of one of the key industry sectors for the state.

A real example is the company -- a local company for us, which is Johanna Foods, which literally resided in Hunterdon County and Raritan Township for that purpose, and that purpose alone. We can honestly say that with the work that we do, we make farm-to-table a reality. Agricultural tourism, recreation, and a variety of other industries are very important to us -- all requiring a solid road network.

And, of course, we have to acknowledge the many commuters who live in our bedroom communities who, without access to mass transit, would require cars to ferry them to their workplaces.

And we understand that there are many critical investments that must be made for State highways and transit facilities, and this includes infrastructure that is very important to Hunterdon County. Our Route 31 is yet to be dualized; we have excessive traffic on 202; and we are expecting increased capacity of exits off of Route 78 -- additional loads there.

We certainly encourage you to develop a robust funding plan, to let the State do the work it needs to do. At the same time, it's clear that any reauthorization of the State's Transportation Trust Fund must adequately address the extensive needs of New Jersey's counties and local governments. As John pointed out, and my colleagues agree, we fully support NJAC recommendations that renewal of the TTF must include at least \$300 million for Local Aid to counties and municipalities -- as recommended by the New Jersey Transportation Blue Ribbon Commission way back in 2003.

In no uncertain terms, New Jersey's county governments play a central role in providing mobility to the state's residents. We provide economic opportunity, and we're fully invested in maintaining and improving the transportation network. We'll strive to continue this essential service, but we need strong support from the State to make that happen.

On behalf of Hunterdon County and of NJAC, we look forward to working with you on these issues, and thank you for the opportunity to come before you this morning.

ASSEMBLYMAN WISNIEWSKI: Freeholder, thank you for your testimony. We appreciate it.

Vice Chair Stender, do you have a question?

ASSEMBLYWOMAN STENDER: Yes, thank you very much, Mr. Chairman.

Gentlemen, good morning, and thank you so much for being here. It's really good to hear again about the shared belief that we have to invest in our transportation infrastructure. And I think that for all of us --

probably all who are gathered here -- we all understand the value and critical need for investment in that infrastructure for so many reasons.

And that we share a deeply held fear that-- You spoke about the issue about bridges. A bridge collapse would be catastrophic, and nobody wants that to happen; and I think we all agree with that. But I have two specific questions, because you are here, really, representing a couple of very important groups and organizations that have real interest in this issue.

So John, I guess my question is, is NJAC going to -- is NJAC prepared to pass a resolution in support of a tax increase to fund this issue with our Transportation Trust Fund? And Freeholder, I have the same question for you. Will the Hunterdon County Freeholder Board pass a resolution in support of the tax increase to create new revenue for this Transportation Trust Fund that is in such desperate need?

MR. DONNADIO: We're very close to developing a set of parameters. I can't say -- stand here and tell you, "Yes, Assemblywoman, through the Chair." But I can tell you that we've been working with our Board-- And, again, we represent all 21 counties in the State of New Jersey that represent 21 different political ideologies, and we're doing our best to make sure that we're here today in a unified and proactive type of voice. And I can tell you that we're close in recognizing the need for solutions -- a variety of solutions -- whether it's an increase in the motor fuels tax, whether it's-- And we're in the process of reviewing Assemblyman Wisniewski's bill. But we need to kind of look at -- when you talk about everything on the table, we're looking at everything on the table. And I believe we're close to endorsing a solution. I wanted to come here today

and tell you that, yes, we have our solution and what we endorse. But I can tell you that we're very close, and we're working very hard to develop a set of parameters that we will, in fact, support. Because I think as an organization this is one of our -- probably our most critical issue, and I think we have to come up and offer some type of solution. And I think we're very close.

I know I didn't directly answer your question, but I think we're working towards that.

ASSEMBLYMAN WISNIEWSKI: Assemblywoman DeCroce.

ASSEMBLYWOMAN STENDER: Oh, I wanted to hear from the--

ASSEMBLYMAN WISNIEWSKI: Oh, I'm sorry.

ASSEMBLYWOMAN STENDER: I'm sorry; I wanted to hear from the Freeholder about the Freeholder Board in Hunterdon.

ASSEMBLYMAN WISNIEWSKI: Okay, I'm sorry. Hold that thought, Assemblywoman.

FREEHOLDER KING: It's nice to be fought over. Thank you very much. (laughter)

We do not have a unanimous view with respect to passing an increase in the gas tax in Hunterdon County. We're relatively conservative in that regard.

ASSEMBLYWOMAN STENDER: I know that.

FREEHOLDER KING: From our viewpoint, it's a two-prong approach. Honestly, we think that the cost side is being ignored in favor of the increase in the revenue. The cost side is related to the idea of what it costs to maintain and build roadways within the State of New Jersey, as

compared to other states. Now, I understand there are some discrepancies with respect to some reported figures, and we're trying to weed through some of that. I don't think that's a conversation that should be left off the table at this time, in conjunction with looking at whether or not we need to find additional funding.

We also are curious as to whether or-- And we don't have the opportunity to look at it as closely as you do because we're sitting down at the Freeholder and County level. But are the priorities of the State aligned with the fact that we have this crushing, onerous burden associated with the TTF at this point? So we're not unanimous with respect to passing a gas tax.

ASSEMBLYWOMAN STENDER: Well then, I guess my follow-up to both of you is, is that since nobody is really ready to stand up and say that they support an additional tax -- because I think that's what you're both saying, ultimately -- then the question I would ask as a follow-up is: Are you going to be prepared, as organizations, to support putting tolls on all of your bridges, for instance, that you maintain, to continue to maintain them if there is no broad-based consensus -- 41, 21, and 1 -- for adding new revenue to the financing of our critically needed, agreed upon infrastructure?

And so I would ask that you--

MR. DONNADIO: That's a tougher question than the first one.

ASSEMBLYWOMAN STENDER: How do you answer that question?

ASSEMBLYMAN WISNIEWSKI: Want to go back to the first one? (laughter)

MR. DONNADIO: Yes, I want to go back to the first question.

ASSEMBLYWOMAN STENDER: Okay -- well, I just thought I'd--

MR. DONNADIO: No, I do -- through you, Mr. Chairman -- I do; I appreciate it. It's something that I can tell you that we are working very hard on because, I believe, as an organization that eventually-- Because we're coming to the table and saying that we have a quantifiable need, particularly on the bridge side of it, we recognize that we have to come up with solutions. But the challenge as an organization that we're facing is, again, we're dealing with-- And we always try to keep that out, but the reality is that people bring different thoughts and ideologies to the table. And we're working through that, and I think we're making -- I think we are making progress. I believe that, because this is a critical issue that impacts, again, all 21 counties.

ASSEMBLYWOMAN STENDER: Thank you.

ASSEMBLYMAN WISNIEWSKI: Assemblywoman DeCroce.

ASSEMBLYWOMAN DeCROCE: Okay, thank you.

John, a question for you.

MR. DONNADIO: Yes.

ASSEMBLYWOMAN DeCROCE: In discussions with some of the county engineers, we're talking about, yes, here, funding the TTF; but we also -- the spending of the money for the TTF and trying to streamline the process. And what I'm hearing -- and I would like input -- not today, but if you could get back to us -- is the fact that county engineers have said

to me that the planning, the design, the oversight, the inspections of overall projects from a municipal level through county level -- it would be better served if the county engineers could do all that work and then report the final outcome to the DOT, instead of the State overseeing it. Because it would get the projects moving faster because they have -- they know the roadways.

MR. DONNADIO: Right.

ASSEMBLYWOMAN DeCROCE: So I would like to know that. Because funding the TTF is one thing; but spending it properly, and smart, and streamlining it so the money gets down to the local level quickly and the projects are done in an expedient fashion, is something I think is important to all of us, because that all costs dollars. So I would like to know if that's something that NJAC is thinking about or supporting.

MR. DONNADIO: So thank you; through you, Mr. Chairman. I will certainly-- And I am going to defer to Tim to answer the majority of your question, but we will certainly sit down and work with the New Jersey State Association of County Engineers to discuss your suggestion. And that has been an issue that I know Tim will elaborate on -- is the speed at which some of the projects are completed. But there's a whole variety of reasons for that, whether it's certain DEP or other regulatory agencies that have a long permit -- long and expensive permitting process that could create -- extend the length of certain projects. So there are a number of issues that we're looking at, and I know the County Engineers have been working very, very, very hard on that particular issue. But we will certainly get back to you and the Committee with feedback from the Engineers. But I'll also

allow -- I would like Tim, as President of the Association, to comment on that.

TIMOTHY R. METTLEN: Assemblywoman, the County Engineers-- The counties get funds from multiple sources. You've seen the letters that we passed out; I think you all have a copy of my letter. We get funds from the State, and we get Federal funds that are filtered through the State. They are treated separately. The State aid-type funds for the county aid -- we pretty much deliver a project ready to the State, when we are ready to construct. One of the issues we have with the State is, if we plan the project too far in advance with State money, at the end of three years of not using that State money or obligating that State money, it goes back into a central pot. That's as a result of a 2012 legislation that was passed. The central pot is supposedly -- it is supposed to be redistributed back to counties and municipalities. So we have to be a little bit more careful. In the past, the counties liked to-- I just got through with a \$10 million project. I spread that over four years of county aid; I can't do that anymore. There is no way we can build up a pot of money for that.

Federal aid projects are a little bit different. If the design process for the Federal aid project is paid for by that Federal aid, the DOT is sitting in our office quite frequently overseeing what's going on with the design process. And, yes, that can be cumbersome.

But probably, to me, the most cumbersome process is getting through DEP. DEP has a statutory requirement to review our applications within 90 days. We have the option of asking for an additional 90 days, and, if granted the additional 90 days that takes them to 180 days. If it

takes longer than that to get through the process, the second time around we have to go back and pay for it again -- pay for the application again.

And not to-- I can tell you, DEP typically, at about day 80, will come back on a bridge project -- and this is something I've never seen vary in my 15 years in the State with any project we've worked on -- they'll come back about day 80 and say, "We haven't finished the review. Please ask us for permission to resubmit." Now, that never made any sense to me. I have actually had one project in Union County, when I was down there, that actually went back three times; because the second time it went back, it went back to a different review committee and they looked at it totally differently. So their standards weren't even the same; there wasn't even the same standard between the different review agencies within the DEP.

I would estimate that the cost of designing a project -- for a bridge project -- probably 40 to 50 percent is environmental costs. Does that answer your question?

ASSEMBLYWOMAN DeCROCE: Thank you.

ASSEMBLYMAN WISNIEWSKI: Any other members? (no response)

Do you have any other additional testimony?

MR. DONNADIO: No, I think-- We actually-- We've submitted written testimony, Mr. Chairman, from both NJAC and the New Jersey State Association of County Engineers. So if you have any questions or, again, if--

ASSEMBLYMAN WISNIEWSKI: I'll just leave you with these thoughts; and certainly, first, thank you for being here and contributing to

the knowledge that the Committee has, as we move forward, to tackle this issue.

I have been on the Assembly Transportation Committee for almost my entire tenure in Trenton, and I have watched as we have unsuccessfully tried to address the Transportation Trust Fund in the past. And I think it's important to note -- and it has to be part of the record -- that in every unsuccessful effort to address this we have used the same code words, in which we all agree that we need to find a revenue source. Because everybody is very worried about actually saying what that revenue source is. And I said it at the last meeting: it's a *tax increase*. I understand the need to be efficient, and certainly part of what I've proposed is the consolidation of the disparate authorities with DOT to make that whole transportation planning and procuring agency more efficient. I also understand that there's probably ways we can execute the work more efficiently. But I don't think that we will be successful in solving this problem if our focus is first, before we do anything, let's make it more efficient. Because I can guarantee you there will be 121 opinions in Trenton on exactly what *more efficient* means.

In the meantime, we are borrowing ever-greater sums of money that-- I was thinking about it the other day. When the TTF existing debt is paid off, my daughter, who is a senior in college this year, will be my age. That's unfair to her, because what that means is if we do nothing, she will inherit the cost of our actions and we will leave her nothing to work with.

We have to understand that this is very -- perhaps, one of the most difficult issues that we, as Legislators, will confront. It is one of the most difficult issues, I would submit, that freeholders, mayors, council

members will confront. Everybody likes the benefits of the Transportation Trust Fund. Everybody likes to be at the ribbon cuttings and the ground breakings, and likes to talk about the infrastructure improvements that they can provide. But we also have to recognize that that good news comes with a cost. We have to stand up and explain exactly where the money is coming from. And I am all for P3s, but we have to recognize that P3s are not a substitute for money; it's a different way of financing a project, but at the end of the day somebody pays for it. Our job has to be to find the money through some revenue increase -- a tax increase that doesn't currently exist -- and we have to make sure it's fairly apportioned. We have to agree that that's got to be the language, going forward.

And I understand as an organization you can't necessarily say the things that you might want to say until everybody's vetted it and come to an agreement. But we do need to, sooner than later, come to an agreement that there's going to be a tax increase of some kind. We have to make sure it's fair, it's apportioned to the right people, and that it's used wisely.

Thank you.

MR. DONNADIO: Thank you, Mr. Chairman.

ASSEMBLYMAN WISNIEWSKI: Next, I'd like to call, from the New Jersey Fuel Merchants Association, Eric DeGesero -- who, on his slip, checked neither *in favor* or *opposed*, but said "Looking to engage in a discussion." And we are happy to have that discussion. (laughter)

E R I C D e G E S E R O: Mr. Chairman, I hope that is a sufficient hedge.

ASSEMBLYMAN WISNIEWSKI: There is so much hedging going on, this is becoming a hedge fund. (laughter)

MR. DeGESERO: Thank you. Eric DeGesero, Executive Vice President, Fuel Merchants Association of New Jersey.

It may come as no surprise that FMA does not support a tax increase on petroleum products. Having said that, we are reminded of the admonition of the very colorful former United States Senator Russell Long when he was the Chairman of the Senate Committee on Finance, "Don't tax you, don't tax me, tax the guy (*sic*) behind the tree." (laughter)

So our testimony today is from the perspective--

ASSEMBLYMAN WISNIEWSKI: Did you find the guy behind the tree? (laughter)

MR. DeGESERO: No, we're still looking.

ASSEMBLYMAN WISNIEWSKI: Okay.

MR. DeGESERO: So since that's the case, our testimony today is from the assumption that there will be a tax increase, in that there will be a tax increase on petroleum products. It's not something we favor, it's not something we support, but something that we recognize is, in terms of the discussion that there has been, something that may very likely happen.

Our testimony is also from the perspective of news reports, if you will. The Chairman has put in a bill; the Chairman and I, in disclosure, had a discussion -- a preliminary discussion on his bill; a very substantive one the other day. Our testimony is from looking at the three potential sources that have been discussed: the current Motor Fuels Tax, the Petroleum Gross Receipts Tax, (*sic*) and the sales tax.

I would like to start, before getting into those specifics on the mechanism, to discuss, very briefly, how this impacts us, as petroleum distributors. Because assuming there is a tax increase, it will absolutely have a very serious operational impact on us, relative to cash flow issues. So we would like to make three suggestions that, should the TTF reauthorization come via a tax increase of some sort, three items be taken into account.

First, is that the bond that distributors currently have to procure, that is factored at three times the greatest amount that they have paid in tax in the prior -- three times the greatest amount in the prior 12 months, be reduced to the single largest month in 12 months or a lesser amount, at the discretion of the Director of the Division of Taxation. Our members have been paying Motor Fuels Tax since we instituted the Motor Fuels Tax. They have long track records with the Division, and I think the Director should be given that discretion to set a lower cap, and then give the Director the discretion to have it lower.

Secondly, a higher cap means for us, as distributors -- whether we're supplying gas stations, or trucking fleets, or others-- Should our customer not pay us and we have to write that off as a bad debt, we would like the ability to be able to recoup the part of that bad debt that was paid in tax. There's legislation pending in the Assembly by Chairman Schaer and Assemblywoman Schepisi, and in the Senate by Senators Bucco and Van Drew that would do just that. It's a discussion that we had with the Division of Taxation, and I'm certainly not stating -- they haven't stated their position to us, but it's certainly an understood concern.

And third and finally, something that would help us significantly. If you look at the transaction fee on a credit card when you

go into a gas station, or you go anywhere, but specifically gas stations-- Specifically for looking at a significant tax increase of some sort, depending -- regardless of what the mechanism, I should say, is to enact, to the best of my knowledge, what would be the first-of-its-kind legislation in the country -- to carve out the portion of the interchange fee, that is the excise tax, from the transaction fee paid by the gas station owner.

Those are three things that would help mitigate the impact of a tax increase, should there be one. So, and again, this is from the presumption that there is.

So with those three concerns that FMA has put on the table, I'd like to discuss a couple of the items relative to a tax increase.

First of all, it has been suggested that we institute a sales tax on gasoline. We think that is a horrible idea for the following reasons. We certainly recognize that that might be an easily sellable position to say, "Oh, we're simply closing a loophole that motor fuels currently enjoys by being exempted from the sales tax." I would counter that there are few, if any, other products that have both a sales tax and an excise tax assessed on them. Furthermore, that there are few, if any, other products whose price changes daily; and there are few, if any, other products -- in terms of just general commodities that we purchase -- that when they do change, change with the great degree of variability that petroleum products do. So we change daily, and we change by big amounts -- big swings on a daily basis -- relative, certainly, to the price of petroleum, but relative to the percentage price in any others.

What that does is, that becomes an administrative nightmare for the sales taxpayer. What it does is it allows for either sloppy

bookkeeping to get somebody in trouble; or nefarious actors, to utilize playing games with what could be a large amount of money, to the detriment of their legitimate competitors. This was recognized-- Prior to 2010, the diesel tax -- the diesel and gasoline taxes were collected in different manners. The diesel tax was collected at retail, and I'd like to read a quote from the first recommendation of the Christie Administration's Transition Report on finance, dated January 5, 2010. "Collect the gas tax at distribution to reduce the losses and expenses from multiple collection points currently used." The Legislature followed up on that recommendation by passing Assembly Bill 3014 in the 214th Legislature, signed by the Governor, Public Law 2010, Chapter 22.

So if we have already recognized that a retail mechanism for collecting tax is bad on an excise tax -- which is a fixed number, and lower -- why in the world would we go back to that model for a higher tax and one that would be at a variable rate if it were a sales tax.

Additionally, the whole purpose of reauthorizing the Transportation Trust Fund, whether that's \$1.2 billion-- And this is a discussion that the Chairman and I -- I would like to have in greater detail with him, because we've heard numbers from \$1.2 billion to \$1.6 billion, to \$2 billion -- whatever the number is; and that -- how much of the hard dollar allows you to leverage bonding over and above that. But the concern is, is that the variability in the price of petroleum fuels -- look what's happening in the price of gas and crude oil just in the past couple of months -- from a planning perspective, that's going to make it difficult. And I would simply draw an analogy to the experience that you have to deal with every spring, depending on the volatility and the variability within the gross

income tax, of the capital gains tax. Because there's always wild swings relative to what happens on Wall Street, and how you have to handle that as a legislature in terms of the State's finances. You are then bringing that model-- Now, granted, it might not be as big a dollar swing, but as far as a percentage of an overall program that you're looking to fund -- whatever percentage that an annual tax is going to be -- is going to make the planning more difficult than it otherwise needs to be, especially because we have a revenue stream already in place.

Relative to border issues. We are greatly concerned about losing a competitive advantage that we have with our neighboring states. And in our testimony we have a breakdown of what the diesel and the gasoline taxes are in our neighboring states. We readily concede that there is volume of some significant degree -- I don't know if it's exactly been quantified -- of drive-through volume, of pass-through volume in the State of New Jersey in terms of individuals using the toll roads. But we would like to differentiate the volume that uses the toll roads -- which is to some degree inelastic. If you're on the toll road and you need gas, you're going to stop and get gas; versus the elastic demand, specifically, with Pennsylvania, specifically with New York -- everybody stops at the stations at the Holland Tunnel before they go back to the city, and all those Pennsylvania commuters that come into New Jersey are buying their gasoline in New Jersey. To the extent that we shrink that or lose that advantage, we will have an impact on volume. And that is something that we do not want to see. We'll wind up hurting the state.

Senator Whelan actually made the point that we were going to make, relative to just other vehicles. It's certainly going to be a long time

before there is a significant mix of the overall transportation fleet. I think-- I haven't seen any recent modeling, but it's (indiscernible) electric cars, for all the talk, are still a relatively small part of the overall pot of vehicles.

And finally, relative to the Gross Receipts Tax, that any increase in that tax not include commercial heating oil or off-road fuels -- things that do not utilize the transportation funding -- transportation network in a direct sense. It might actually be time to get rid of the Gross Receipts Tax and just co-collect it with the Motor Fuels Tax, which is something that the Director of the Division has the authority to do; or for the Legislature to just roll it all into one.

So in conclusion, if there is going to be a tax, we would like it to be an excise tax; we would like a consideration of the small businesses that distribute petroleum, and the impact that it will have on us taken into account; and that it be a one-time-- Whatever it is going to be, whatever it is, don't bother phasing it in, because you're looking at the overall impacts there are with neighboring states. Just do it, get it over with, and be done with it, and we can move on from a business perspective; and you can move on in dealing with the other financial challenges that you have to consider as members of the Legislature.

So with that, I'm happy to answer any questions; and I am certainly happy to engage in further discussion with the Chairman and this Committee as we move forward from here today.

Thank you, Mr. Chairman.

ASSEMBLYMAN WISNIEWSKI: Eric, thank you for your testimony on behalf of the Association.

As with your organization and others that have previously testified, it's very important that the dialogue continue. There are a lot of moving parts on how this will get put together; there are a lot of interesting issues that you've raised that would provide a level of fairness for your members -- issues that have not been considered in the past because there was no impetus to do it.

And so I would urge you to continue to have the dialogue with myself and members of the Committee.

Any questions from any members of the Committee?

ASSEMBLYWOMAN STENDER: I do; I have a question.

ASSEMBLYMAN WISNIEWSKI: Vice Chair Stender.

ASSEMBLYWOMAN STENDER: Thank you, Mr. Chairman; thank you, Eric

When you started your remarks, you talked about the issue of the bonding.

MR. DeGESERO: Yes

ASSEMBLYWOMAN STENDER: On the amount that they have to reserve, I guess -- put a bond up in terms of the-- Can you explain more why that matters? I mean, if you're getting in that much more money because the tax has gone up, I'm not certain I understand why that matters.

MR. DeGESERO: Sure. Well, the State's liability-- If the distributor fails to pay the tax, then the Treasurer -- I should say, the Director of the Division of Taxation has the ability to recoup against that bond.

ASSEMBLYWOMAN STENDER: Right.

MR. DeGESERO: As we increase the amount of the liability, that means that the bond is going to have to increase because there's more money at stake.

ASSEMBLYWOMAN STENDER: I understand that, but you made the point, though, that you were asking for that amount that's bonded to be reduced.

MR. DeGESERO: Yes, okay. I understand the question; thank you.

That's because we think that the amount now -- leaving aside anything relative to a TTF or a gas tax increase -- we think the amount now of three times the greatest month in the prior 12 is too high. There's a track record; it's all computerized. We don't think that that much should have to be encumbered in terms of procuring a bond. So that this becomes an avenue for us to bring up that concern, and it's even more of a concern should there be a greater liability and, therefore, a greater bond has to be posted.

ASSEMBLYWOMAN STENDER: Okay, thank you.

MR. DeGESERO: Thank you.

ASSEMBLYMAN WISNIEWSKI: Any other questions? (no response)

Eric, thank you very much.

MR. DeGESERO: Thank you, Mr. Chairman and members of the Committee.

ASSEMBLYMAN WISNIEWSKI: I'd next like to call Vincent Frantantoni, Concerned Citizens of Belleville, opposed.

VINCENT J. FRANTANTONI: Good morning, ladies and gentlemen. My name is Vincent Frantantoni; I'm a resident of Belleville. I'm a contractor. I've been an activist for 46 years. I'm a former Township Commissioner.

I'd first like to acknowledge the previous speakers -- our elected officials -- especially Senator Lesniak, for acknowledging that our Legislators have poorly managed and spent our tax dollars.

I'm absolutely opposed to any increase in the gas tax as a solution to the Transportation Trust Fund problem. The TTF, as you know, was created in 1984 to finance State road and bridge projects; it was intended to be a pay-as-you-go program. However, as previously acknowledged, from the very beginning dollars were siphoned off to the general budget and pet projects not related to road and bridge work.

As funds were misappropriated, our governors and legislators -- that is you, folks -- began to borrow to do these road and bridge projects. In 1995, Governor Christie Whitman and the Legislature refinanced the TTF debt to spread out the debt repayment over several decades, creating an additional \$735 million in interest. Interest payments don't pave roads. Another \$250 million -- or a little more -- was wasted when you decided to build HOV lanes on our highways. This impractical plan was dismantled in a very short time -- money that went down the drain.

Our Legislature continued to borrow with no concern as to the disastrous conditions you were creating. We certainly don't want to give you more money to waste.

There is a solution to this dilemma: first, again, as previously mentioned, stop any additional borrowing. Secondly, audit all TTF

spending for the last several decades. A comprehensive audit will uncover much waste, incompetence, and diversion of funds to projects other than actual road and bridge improvements. I can give you a few examples in just my small area of the state: \$500,000 went to Nutley Township to install brick pavers on their sidewalks -- for the third time. The poor repaving of certain roads in Essex County -- I called the County, "Why are you paving the roads -- Belleville Avenue, Franklin Avenue? You haven't raised the manholes properly." Within a few months, the roads fell apart. Nobody's watching the store.

The poor repaving of Route 21, from Clifton to Newark. I, that time, called Assemblyman DiGaetano. I said, "Why are they painting Route 21?" His aide said, "What do you mean, painting?" I said, "The layer of asphalt soaked in. It looks like paint." Within a matter of months it was all peeling off; we had so many dangerous areas that it had to be milled off. It was never repaved. To this day -- and that's over 12 years -- that road -- the original concrete is still in good condition. Why was all that money wasted?

Grants through municipalities to pave local roads should be eliminated. This responsibility should be on local officials and their residents. The TTF should be for State roads and bridges only. Again, I could give you an example: A former Commissioner in charge of an engineering department, "I refuse to pave any roads unless we fix the infrastructure underneath." For the past 21 years, our new Council-form of government refuses to fix one water main, one sewer line, or let Public Service do the gas work. They love asphalt at election time because it looks good.

Belleville Avenue, in the last six months, has had five major water main breaks. So we keep paving over them; the vibration of all this construction equipment weakens our 100-year-old water system. So we have a beautiful paved road, within two or three months here comes Public Works -- big enough for the water main breaks. So you keep giving them money and it's being misspent.

As I said, the responsibility should be on the local officials and their residents. Let us take them to task for doing the job right.

Funding -- I recommend that, immediately, dedicate all revenue from the Motor Fuel Tax, Petroleum Gross Receipts Tax, the motor vehicle licensing and registration fees, diesel fuel tax -- which, by the way, is taxed at 3 cents more than the regular gas tax -- and rental car fees. Maybe you remember the \$5 per day Domestic Security fee you imposed on car rentals a few years ago. Last November I had occasion to rent a car for 19 days, and it cost me an additional \$95 to pay your Domestic Security fee. Any other fees or taxes derived from any motor vehicle sales, repairs, or maintenance -- anything related to automobiles -- should be deposited into the TTF fund. Projects should be limited to the annual receipts received from the above funding sources. Legislators should be put on notice that any of their pet projects that are not road or bridge improvements will not see the light of day. You must all dedicate all tolls to the TTF. Remember the huge toll increase you imposed on us recently? Implementation of the above will put the TTF on a sound fiscal foundation. I'll gladly donate the starch to stiffen your spines to get this done.

Now, we can do better. In 1990, I wrote to Governor Florio to voice my opposition to the proposed expansion of the New Jersey Turnpike.

Instead, I recommended the construction of a monorail system on the center median of the Turnpike and the Garden State Parkway. A monorail would remove many of the daily commuters, who usually travel as single passengers, from the traffic flow; thereby eliminating many vehicles, reducing pollution, causing less wear and tear to our roadways. A monorail would also reduce accidents, injuries, and deaths. And the monorail would be paid for by the fares that people would gladly pay to get off the roadways.

And just yesterday when I came down here, talking to some people, I found out that that 12-lane expansion of the Turnpike -- if the information I got was correct -- was \$2 billion that could have more than funded this monorail system.

Our State Legislators, past and present, are responsible for putting the TTF in this condition. Many of you have been in office many years and have voted for these poor decisions that we taxpayers and we citizens have to pay for. There is a way to generate another \$6 million for the TTF: All 120 legislators should forfeit their salaries until the TTF debt is repaid.

And finally, remember: The sales tax, the income tax, all this casino revenue, the Lottery, and the thousands of new and increased fees and taxes have failed to control the irresponsible spending habits of our elected officials at every level of government in New Jersey. Increasing the gas tax will only add another burden on New Jersey residents.

And there's one thing I left out here. I don't know if you folks have realized: Increasing the gas tax creates many burdens in addition to an additional \$4 or \$5 each time we fill our tanks. Our food prices,

merchandise, housing, and building costs will also increase. Trucks transport our goods to market. Additional costs, such as a tax increase, will be passed on to the consumers. Construction costs will increase because construction vehicles and equipment consume large quantities of fuel. Increased fuel taxes will certainly be calculated in their job proposals. Taxis, limousines, and private buses will increase their fares. Have any of you considered these additional ramifications of a gas tax increase?

And on a personal note: In the last decade, 17 -- I'm the oldest of 7 -- 17 members of my family -- my three brothers and their families, my cousins -- have left New Jersey. I've got three children, five grandchildren and one on the way -- due in January. My three kids have told me they may move to South Carolina or Florida. They can't afford to live in New Jersey. You're breaking up our homes and our lives with these outrageous tax increases. We want proper spending of our tax dollars.

I'll gladly answer any of your questions. And I invite you to come to Belleville; I will take you on a tour. I fought-- About 10 years ago, I convinced our town to buy a crack filling machine. They refuse to use it. Fill the cracks in the summer when it's warm. They don't do it; so the water gets in those cracks, the freeze ruins the roads. We have incompetent people running our State and local governments. Please, don't give them another penny to waste.

Thank you for your input and time -- to give me this time.

ASSEMBLYMAN WISNIEWSKI: Thank you for your opinion. I appreciate it.

ASSEMBLYMAN RUMANA: Mr. Chairman.

ASSEMBLYMAN WISNIEWSKI: Yes.

ASSEMBLYMAN RUMANA: I would just like to make just a comment on Mr. Frantantoni's remarks, which were-- I think there are some points in your presentation that -- there's a universal belief that we do need to make changes in the process of how we move forward in time. So I appreciate the comments. Certainly there are-- And the Chairman and I have had some discussion about certain points: a lockbox on monies for the Transportation Trust Fund so it can't be used for other means; not oversubscribing the program, so you don't overextend it; I think that limiting the life of the bonds that would be applied to a project so that it doesn't go beyond the life of the project itself. Those are things that I think would get unanimous support -- not only within the Committee, but across the entire Legislature. And those are things that I think, if you break down some of your comments, they are very well stated. So I wanted to make that point to you -- that I think--

The problem is very big, and we also have to appreciate that. But when you look at the fraud and waste issues, there are things that we can do with a comprehensive bill that will address certainly a lot of those points that you make.

Thank you.

ASSEMBLYMAN WISNIEWSKI: Thank you.

Next, Citizens Against Tolls, Bob Ahlers.

B O B A H L E R S: Mr. Chairman and members on the dais, thank you for giving me the opportunity to come here and speak today.

By the way, in reference to the petroleum rep before -- I'd like to let you know I'm the guy behind the tree, because my taxes are out of sight.

However, I represent Citizens Against Tolls; my name is Bob Ahlers. And Citizens Against Tolls -- or CAT -- does support an increase in the gasoline tax. However, we are taxed to death in New Jersey. We need to give the citizens something back.

My proposal -- which I haven't heard yet from anybody -- is to eliminate tolls. If you eliminate tolls -- which come to \$1.5 billion a year in New Jersey, and which, when equated on the basis of gasoline sold in New Jersey, comes to 30 cents per gallon for every single gallon of gasoline. But for people who use toll roads, that's more like \$1.50 to \$3.50 per gallon that people driving a toll road pay. It's totally outrageous. However, if you eliminate tolls, and increase the gasoline tax by the same 30 cents per gallon, then there's no increase in taxes. It's just a shift -- shifting the money over to people who are currently being subsidized. And what you do is, without an increase in taxes, without an increase in revenues, you're freeing up \$333 million for much-needed road repair because you don't need to collect taxes anymore; and because you collect Federal dollars as matching Federal highway funds, which tolls roads are not eligible for.

In addition, drivers on toll roads will no longer waste \$30 million in gasoline every year by being stuck in congestion while going through toll plazas; and another \$100 million is saved by them when you consider an hourly wage rate based upon the millions of hours that are wasted.

That concludes my presentation. I do have a copy, which I would like to give to Chairman Wisniewski.

Thank you.

ASSEMBLYMAN WISNIEWSKI: Thank you for your testimony.

From AAA of New Jersey, Cathleen Lewis.

Good morning, Cathleen.

CATHLEEN LEWIS: Good morning. Thank you, Chairman.

I will be very brief. You have a brief testimony from me in front of you, so I will not reiterate most of it.

We've talked a lot about the fact that a lot of the money does not get to the local roads. Our biannual poll of motorists shows what that does. In our last polling, we found that most motorists have said that their commutes have gotten worse, and they have significantly gotten worse on their local roadways.

Just two numbers: 63 percent of motorists rate their interstate as good or excellent; and 61 percent of motorists rate their local roads as fair or poor. The money is clearly not getting down to the local roadways, and our motorists see the results of that every single day.

So I ask, as you consider how we fund this, we make sure that the money is getting down to the local roadways where a majority of our commuters and our motorists are using them.

Thank you very much. I'm happy to answer questions.

ASSEMBLYMAN WISNIEWSKI: Thank you, Cathleen.

Anybody have questions? (no response)

MS. LEWIS: Wonderful.

ASSEMBLYMAN WISNIEWSKI: Thank you.

MS. LEWIS: You're welcome

ASSEMBLYMAN WISNIEWSKI: The next person is Alison Deeb; I don't have an organization, but-- Is Alison here? (no response)

Okay, we'll come back to her.

Thomas Carroll, New Jersey Municipal Managers Association.

T H O M A S C A R R O L L: Thank you, Mr. Chairman.

ASSEMBLYMAN WISNIEWSKI: Tom, thank you.

MR. CARROLL: My name is Tom Carroll; I'm the President of the New Jersey Municipal Managers Association. I am also the Borough Administrator in Wanaque, Passaic County.

I read a report yesterday that Commissioner Fox was concerned about the spending of the Transportation Trust Fund at the municipal level. They're making sure that it is right and proper. My experience in dealing with the Local Aid offices out of NJDOT shows that those expenses are very well reviewed by NJDOT; they are put out to bid under the local Public Contract's Law, they're awarded to the most responsive and responsible bidder, and again reviewed by NJDOT.

Those funds are very important to us on the local level. Unlike the gentleman speaking about Belleville, in my own municipality we couple the Transportation Trust Fund money with money from our water utility; we will come in and replace water mains, water services, have PSE&G replace all the gas mains so that when the road is done, the road is done.

So for 50 cents on the dollar coming out of the local, we have a brand new road. We worked with Passaic County; we replaced over 3 miles of water main in a 10-year project, part of which -- using Transportation Trust to cover some of the roadway cost.

This is, from the Local Aid side, a very well run program. It comes right down to the municipalities. We, as managers and administrators, make sure that the money is spent appropriately and fairly. And we urge you to find a way to continue the program and increase it so that we can make our local roads safer and better for our residents.

Thank you.

ASSEMBLYMAN WISNIEWSKI: Thank you very much, Tom.

Any questions?

Assemblywoman DeCroce.

ASSEMBLYWOMAN DeCROCE: Yes. First and foremost, I had discussed at a panel in Newark a couple of weeks ago, with Commissioner Fox there, that out of the TTF, 15 percent only goes to local -- to the municipalities. So you know we did talk about increasing that 15 percent out of the TTF to try to get more money down to the local roadways.

But as a manager -- and I worked in local government for over 25 years--

MR. CARROLL: Yes.

ASSEMBLYWOMAN DeCROCE: --so as a manager of the TTF money, when it's filtered down to the local municipalities, how much of that is going to roadways, or how much -- as some of our speakers have talked about sidewalks, curbing. I had asked for a detailed list, and in this I'm seeing that. So some of the monies are going to things other than just roadways. So how much is that going on in the municipalities, as a manager; and the Managers Association should be able to quantify that.

MR. CARROLL: I can only speak for my own municipality in that I haven't done that type of survey from our managers. I use -- 100 percent goes to the road.

ASSEMBLYWOMAN DeCROCE: Okay.

MR. CARROLL: The engineering cost and any of the other costs are absorbed by the municipality. Keep in mind, though, that where sidewalks may be done, it might be part of the walkway to school project -- so therefore, it's a safety issue. The road isn't just solely curb-to-curb; it goes beyond, especially in some areas where you have deteriorated sidewalks and you want to make them safe. And that becomes part of the transportation project. Transportation isn't only cars; there are different projects under Local Aid: bikeways, walkways, there was also an Aide for Center project also. So that's where the sidewalks come in; that's where the review from the district offices is very important, because they are very tight in their review to make sure that what is being spent with the Transportation Trust Fund money is what's authorized, and only that amount.

ASSEMBLYWOMAN DeCROCE: Okay. Just a follow-up, if you don't mind.

When you talk about sidewalks to schools -- to replace sidewalks for children to walk, don't you think that that's something that should be the responsibility of the local municipality to worry about, than to take money out of the TTF and take it away from where road projects need to be done? I would think that that's something that a local municipality would be able to budget for and do.

MR. CARROLL: The State has a program for sidewalks, which is why you're seeing-- If I have the opportunity to apply for a grant from the State, versus putting it on my own taxpayers, I'm going to go for the grant money first.

ASSEMBLYWOMAN DeCROCE: I understand that. But what I'm saying is-- So the process and projects -- overall, the TTF needs to be looked at -- how the money is being spent, and if it's being spent in the wisest way. I mean, you know, yes, it is the State's responsibility to be there to help counties and municipalities; but also, too, municipalities have to help themselves. So I'm thinking, when I take a look at all the projects for 2014, that needs to be looked at -- how it's being spent. And I think that's very important. We're talking about raising taxes, but we have to be concerned that the money that's being spent and how it's being filtered down, all the way to the local level, is appropriate. Because that could be a spending problem, and may not be accurate.

So I think in this process, in whatever we do as a Legislature, I would hope that the DOT and the Commissioner, in the process -- in qualifying what kinds of projects should be under the TTF, is something that should be looked at.

MR. CARROLL: I agree. It's a matter of a definition as to what transportation is. And is it just solely the cartway between the curbs; is it walking to school, walking to downtown, where you're encouraging people to walk as opposed to drive? When you get into the State plan, and the centers, and whatnot, that also has an encouragement to do away with people driving; and people walking -- is that part of transportation? So that

becomes the definition where the Legislature has to be clear as to what you're going to fund.

ASSEMBLYWOMAN DeCROCE: Right. And certainly-- I served as Deputy Commissioner at DCA for two years. There is funding through grants, through DCA for streets.

MR. CARROLL: Right.

ASSEMBLYWOMAN DeCROCE: And for streetscapes and that. So it seems that money is coming out of all different pots, so maybe the pots need to be looked at.

So it's not that I'm saying it shouldn't happen and there shouldn't be help there. But as far as the TTF goes, and the kind of money we're talking about, I think we have to be smarter in the way that we're spending the money that we feel we should raise.

MR. CARROLL: Absolutely.

ASSEMBLYWOMAN DeCROCE: Thank you.

MR. CARROLL: Thank you.

ASSEMBLYMAN WISNIEWSKI: Seeing no other questions, thank you for your testimony.

Mary Ellen Peppard, New Jersey Food Council.

Good morning.

MARY ELLEN PEPPARD: Good morning.

Thank you, Chairman and members of the Committee, for the opportunity to be here today. And thank you, Chairman, for taking the time to meet with us last week on this issue as well. We hope to continue the dialogue with you, as well as with the other Committee members.

I'll be brief; we submitted our written testimony.

The Food Council has looked at -- has engaged in this issue. We have joined the Forward New Jersey coalition. This is extremely important to our members.

We represent the food retail and distribution industry, including the two largest fuel merchants -- convenience stores with fuel merchants -- in the state. So this issue is very important, and our members have been doing a lot of work and research within their companies on this.

We have decided that the Food Council is able to support a modest phase-in of a gas tax increase. Chairman, I know we talked about perhaps a larger increase a few days ago. We did go back to our members with that. They're running the numbers, but they're not looking like they're going to be able to support such a large increase, one, because they operate on very small margins -- about 1 percent -- so it would be very, very tight; and two, the competitive concern about making less-- It's a good thing that we have one of the lowest gas taxes in the country, because it's, of course, one of the few taxes that is low.

We would not be able to support, however, tying a gas tax increase to the CPI because of the unpredictability of this. Our members have been struggling with the minimum wage increase and the unpredictability of that, and trying to put that in their budgets, trying to plan for that when they don't know what that's going to look like.

And some other people have mentioned today -- we would also not be able to support a sales tax, again because of the extreme volatility in the fuel prices. We would, again, support a small increase that would be in -- the current sense-based increase.

Excuse me.

ASSEMBLYMAN WISNIEWSKI: Take your time.

MS. PEPPARD: I'm a little bit hoarse.

There are some figures in our written testimony that we've provided. I'll just also mention that the Food Council is willing to support some additional revenue generators, such as potentially a disposable bag tax, depending on how it is crafted; also a fee on liquor license reform, depending on the details.

And then, finally, we think that you should take a look at some areas that would soften the impact of a gas increase, such as self-serve gas. I know this is not the most popular idea, but it's something that our members have been talking about.

ASSEMBLYMAN WISNIEWSKI: How would that save -- how would that be helpful to anybody?

MS. PEPPARD: To lower labor costs.

ASSEMBLYMAN WISNIEWSKI: And so if there is self-service gas, that's automatically -- retailers are going to be obligated to lower their price?

MS. PEPPARD: Our members have -- and we could certainly get you some more figures -- but our members have told us that this would, indeed, lower the prices, probably about 5 cents.

ASSEMBLYMAN WISNIEWSKI: Only if the retailers were obligated to lower their price.

MS. PEPPARD: I think they would want to lower the price.
(laughter)

ASSEMBLYMAN WISNIEWSKI: Sure; every business-- I don't want to be argumentative, but every business owner wants to lower how much they're charging for a product. That's certainly Economics 101.

Anyway -- continue.

MS. PEPPARD: I think that's probably it. As I mentioned, we have some additional figures in our written testimony, as well.

Thank you.

ASSEMBLYMAN WISNIEWSKI: Mary Ellen, you said that your organization would support, I think the word was, a *modest* or *moderate*-- Define that, numerically.

MS. PEPPARD: What our members had talked about was approximately a 3 cent increase over a 3-year period -- so a 9-cent increase.

ASSEMBLYMAN WISNIEWSKI: So I'd just like to run through this exercise with you. A 9-cent increase raises about \$450 million at the current rate of revenue collection for the Motor Fuels Tax. We have a \$1.6 billion capital program. So is the position to just have a smaller capital program?

MS. PEPPARD: I think-- Again, we haven't taken any position on any specific legislation at this point. And we recognize this is a work in progress. But I think what our members would like to see is a combination of options, including the recognition that there has to be a gas tax increase - - but a combination of different things.

ASSEMBLYMAN WISNIEWSKI: I get that; I guess I'm just-- If we're talking about, "Let's raise the gas tax 9 cents and generate \$450 million," even being generous, call it a half-a-billion dollars, we're still a

half-a-billion or more short. And I'm just curious where that gets made up -
- or do we just do less?

MS. PEPPARD: And I recognize that that number is going to be debated quite a bit -- that specific amount. But at this time, you know -- I know, for example you talked about 25 cents, and that just seems extraordinarily high to us.

ASSEMBLYMAN WISNIEWSKI: It is high.

MS. PEPPARD: Yes.

ASSEMBLYMAN WISNIEWSKI: You know, I'm not going to tell you it's low. But I guess the question is, if we want to have a Transportation Trust Fund program that does all the things that the professionals -- the engineers, the people who know far more about transportation than I do -- have said we need to do, we have two choices: We can either find the money to pay for the program we need, or we can have a smaller program. And I'm just trying to understand, if your organization says, "We really can't afford to go to that level," is your organization saying, "We need a smaller program size"?

MS. PEPPARD: We haven't really had that discussion. I think that we are-- You know, as I mentioned, some potential additional ways to lower costs. If you take several of them, maybe it's \$123 million for a bag tax, and another \$100 million for different programs; and, of course--

ASSEMBLYMAN WISNIEWSKI: Oh, but you see, I have to stop you there. Because this debate, as long as I've been involved, it usually starts with somebody saying, "Well, this one thing will generate \$100 million, and a couple of other things will get you \$200 million or \$300 million more." And, frankly, that's part of the problem, historically, with

how this entire program works -- is there can't be "if we cross our fingers and sprinkle some pixie dust it will appear." We have to have real numbers from a real plan.

And so I don't want to put you on the spot, and I understand that you're as serious about this issue as we all are. But I just would encourage everybody that, if we're talking about we can't raise that much revenue, that's certainly a legitimate position; I understand it. But then I think there has to also be an acknowledgment, then, that means you support doing less. But we can't maintain the fiction that we, quite frankly, have maintained for a very long time that we can do just as much as we're doing today, we don't really need the money to pay for it. That's how we got into this problem.

So I'll leave you at that.

Anybody have--

Vice Chair Stender.

ASSEMBLYWOMAN STENDER: Thank you, Mr. Chairman.

Good morning, and thank you for being here.

First I want to thank you, Mary Ellen, for identifying who the guy is behind the tree, because we've talked about don't tax me, don't tax you, tax the guy behind the tree. So I guess that's the bag industry and the alcohol industry -- is what you've identified actually as who we should be taxing.

I do have a couple of questions, though, because of the position that the Food Council has taken. Part of what makes your industry function well is, of course, the trucking industry. And we do know-- I mean, we, I think, all agree that we have high costs here in New Jersey and

that there are reasons for that -- because of the density of the state, because of the amount of travel, and because of the amount of truck traffic that we have.

So I wonder if you can tell us what the percentage -- do you know what the food industry contributes in terms of percentage of truck traffic in the State of New Jersey? Because I have to believe it's pretty significant. When I drive down the highways or on the roads I see a lot of big, heavy trucks that are transporting food all over the state, all different ways, right? All different sizes of trucks going to all different supermarkets and outlets so people can put food on the table -- which is so vitally important. And so because-- I mean, I think that that's important for us to understand where your position is coming from -- because you are contributing to the fact that our infrastructure is crumbling, because there is such heavy truck traffic out there that it is, in fact, disintegrating our infrastructure. And I would agree that we all need that -- we need that commerce. That's intrinsic to our economy -- the movement of our goods and services.

The other thing that I'd like to know is if you can provide a breakdown in the expenses for your industry in terms of the impact of the poor road conditions. One of the things that we keep hearing about -- that there's impact because, between congestion and potholes and poor road conditions, that that's affecting everybody's pocketbooks. We talk about the impact of the gas tax versus the impact of replacing tires and broken axles, etc., etc. And as somebody who has replaced three tires due to the condition of our roads in the last three years, I understand that very clearly in my household. And I wonder if you would be able to tell us what the

impact is, because it would be interesting to know if the information that we've gotten from AAA is something that you can speak to in terms-- There has to be a cost, and I wonder if you have actually gathered that, looked at it, and compared to what the cost to your industry would be with the proposal for increases. Do you have that kind of information?

MS. PEPPARD: I'd be happy to go back and double check with our members and ask them if they have a breakdown of some of those questions -- if I could get that to you.

ASSEMBLYWOMAN STENDER: Sure, thank you.

MS. PEPPARD: Thank you very much.

ASSEMBLYMAN WISNIEWSKI: Anyone else?

Assemblyman Giblin.

ASSEMBLYMAN GIBLIN: Just a couple of observations.

You know, that thing with the bag tax -- wasn't that defeated kind of overwhelmingly in Mercer County in the last election?

MS. PEPPARD: Yes, Assemblyman, it was. We think it's very important to -- that it would have to be crafted appropriately. Our members have had a lot of conversations on this issue in the last couple of years because this is something that we've seen both in New Jersey and in other states. And we would not just support, certainly, anything; it would have to be paper and plastic; it would have to be for all retailers so it wouldn't just be grocery stores and drug stores -- it would have to be on all the retailers that use bags, so that it's fair. There would have to be some funds, obviously, dedicated to the Transportation Trust Fund, but it would have to be crafted in a certain way.

ASSEMBLYMAN GIBLIN: Then the other issue about self-serving, as far as gasoline is concerned. You actually have people out there, I find -- I don't want to be sexist -- but women don't want to hear anything about pumping their own gas. I mean, it's-- I can't believe that you're getting that feedback from your Association members. I think it's-- I don't think people like that, because of the handling and the smells associated with gasoline and things like that. I don't think it's going to be able to fly.

And the other thing about your phase-in proposal. Do you have any idea what the phase-in would be? I mean, do you have a certain cents-per-annum, or would you phase-in over three, four years, or--? Any thoughts on that?

MS. PEPPARD: Thank you. Our members have talked about a three-year phase-in.

ASSEMBLYMAN GIBLIN: And what would be the amount each year?

MS. PEPPARD: It would be 3 cents--

ASSEMBLYMAN GIBLIN: Three cents?

MS. PEPPARD: --over 3 years; yes.

ASSEMBLYMAN GIBLIN: Well, I'm sure you heard the Chairman speak about what that would mean, as far as trying to deal with our infrastructure. I mean, that has to be miniscule -- the 3 cents.

MS. PEPPARD: I'm sorry -- for a total of 9 cents.

ASSEMBLYMAN GIBLIN: Nine cents over three years?

MS. PEPPARD: Yes.

ASSEMBLYMAN GIBLIN: Okay; thank you.

ASSEMBLYMAN WISNIEWSKI: Seeing no other questions, thank you for your testimony.

MS. PEPPARD: Thank you.

ASSEMBLYMAN WISNIEWSKI: Kevin McCarthy, IFPTE, indicated that he is here; no need to testify.

And finally, Seth Grossman, LibertyandProsperity.org -- opposed.

Mr. Grossman.

S E T H G R O S S M A N, Esq.: Yes.

Yes, I'm the Executive Director of LibertyandProsperity.org. We're a citizen group in South Jersey.

We take the position that the gas tax is not needed. It's not inevitable -- a gas tax hike is not needed and not inevitable, and would have a devastating effect on the economy.

We know that because we've been here before. We are very close to the tourist industry; we remember very well, about 12 or 13 years ago, when we were told, "Oh, we have the lowest hotel-motel tax in the country. All we have to do is get up with the rest of the country by adding another 6 or 7 percent to the cost of a hotel or motel, in addition to the 7 percent, and it will be no problem to promote the industry."

Of course, it was a devastating blow to the industry because you forget: The other taxes in New Jersey are so high that the hotel tax on top of that made it unbearable.

Now, anyone who drives down to Florida knows that you can get gas at the pump in a lot of other states cheaper than in New Jersey -- or in Florida, roughly the same; maybe a nickel or dime more. Why is that?

Because the property taxes and all the other business taxes offset the low gasoline tax. So there would be a very harmful effect.

Now, is it necessary? I've heard the Chairman stat, "Well, we have a capital program of \$1.6 billion, and we're only taking in \$1 billion now." Well, how are we going to make up the difference? The assumption is we have to take in more revenue -- which is another word for high taxes. But as you heard from the testimony, there are many examples why we're spending too much money. And I'm looking at the statistics: It costs \$42 million to build a mile of highway in New Jersey, as opposed to \$675,000 per mile in Massachusetts -- the next state down; and we're more than 8 times higher than the national average. So instead of talking to our engineers as to how we get by with less, why not talk to people in the other 49 states?

So again, I'm not saying, Mr. Chairman, that we should build less; I'm saying we should spend less for the same result. And then you see all the other, what I would call, *frivolous* -- the fancy brick pavers -- being paid for with highway Trust money.

And I don't know if the billion dollar train from Camden to Trenton was built with Transportation Trust Fund money. If it was, that was a blatant misuse of it.

I think you see part of the problem here in Somers Point, New Jersey, Milepost 30 on the Parkway. There were two drawbridges in need of replacement. What did we do? We spent a half-a-billion dollars just on two-and-a-half-miles between Somers Point and Ocean City to build a-- Now, was that a Federal program? All I know is it was a half-a-billion dollars -- \$500 million -- to build a Pulaski Skyway over the swamp. You

also had to build a Visitors Center; they built an artificial mountain of mud to build a Visitors Center at the level of the Pulaski Skyway over the swamp, and they had to take a Chinese restaurant -- popular Chinese restaurant to make a parking lot for a historic home nearby.

Now, was that a proper use of money? If you look at that as an example, you could see that you could probably get the transportation we need by only spending two-thirds of what we're doing.

Now, the final point is, what do we do with that \$29 billion of debt that was incurred with the Transportation Trust Fund in the past? And I think we're all aware of the Constitution of New Jersey that says that unless the people of New Jersey vote for it, it's not binding on the full faith of credit. You look at those transportation fund bonds -- they're called revenue bonds, they're called contract bonds -- so there's no legal obligation to pay them back, dollar-for-dollar; no moral obligation because much of that money was wasted. And here we're saying-- It's ironic; I'm sitting in a chair where Mr. Lesniak and Mr. Whelan sat. Ironically, that was the last time I was at a public hearing with those two gentlemen -- they were urging us to have a game changer for Atlantic City; to have \$400 million of bonds to fund the Revel Casino. Well, guess what? Those bondholders are going to get pennies on the dollar. And I see no reason why, given the way this Fund was mismanaged-- If Bernie Madoff investors didn't get every dollar -- if all the other -- the Revel Casino bonds don't get every dollar, why should the people who got the high risk, high tax-free income for those transportation authority bonds -- why should they get dollar-for-dollar while the ordinary citizens get hit with a devastating gas tax hike?

ASSEMBLYMAN WISNIEWSKI: Mr. Grossman, are you suggesting that the solution is to have New Jersey default on its Transportation Trust Fund debt?

MR. GROSSMAN: I'm saying-- *Restructure* is the word that everyone else uses. It's not default, right? If it works for Donald Trump, if it works for Icahn, if it works everybody else-- And I think you know, Mr. Chairman--

ASSEMBLYMAN WISNIEWSKI: You mean a bankruptcy filing?

MR. GROSSMAN: Mr. Chairman, you know it's going to happen sooner or later. The more you keep this charade going, the worse it's going to get. I think you know if you add up the higher education bonds, all the debt of New Jersey, there is no way that our kids are going to be able to pay that back. So if we're going to do it sooner -- as Tom Paine said, he said the Tories would say give me peace in my day; but he said a good parent would say if there's going to be trouble, let it come in my day so our children will have peace. And I think that we ought to face up to the fact that there's no way that, dollar-for-dollar, every debt of New Jersey is going to be paid back. And, again, there's no-- If you look at the Supreme Court decision, if it wasn't approved by voters it is a not a legal obligation of the State of New Jersey.

It's funny -- every option is on the table, except the most logical option. And I think restructuring the transportation debt -- which, again, only bought political votes and campaign donations at the time, but it offers our kids and grandkids nothing. It is immoral to force them to pay for the mistakes of our past.

Thank you very much.

ASSEMBLYMAN WISNIEWSKI: Thank you for your testimony.

Any questions? (no response)

That concludes our testimony. There was one woman, Alison Deeb; I'll call her again in case she came back into the room. (no response)

Not seeing her, this hearing is concluded.

We are adjourned.

(MEETING CONCLUDED)