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# *Committee Meeting*

of

## SENATE TRANSPORTATION COMMITTEE

*“The Committee will take testimony on the status of the Transportation Trust Fund and the State's transportation system”*

*The following bills will be considered:  
Senate Bill 2508; Senate Bill 2627; Assembly Bill 801(2R)*

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**LOCATION:** Committee Room 7  
State House Annex  
Trenton, New Jersey

**DATE:** December 8, 2014  
10:30 a.m.

### **MEMBERS OF COMMITTEE PRESENT:**

Senator Nicholas J. Sacco, Chair  
Senator Robert M. Gordon, Vice Chair  
Senator James W. Holzapfel  
Senator Joseph Pennacchio



### **ALSO PRESENT:**

Philip M. Mersinger  
*Office of Legislative Services  
Committee Aide*

Julius Bailey  
*Senate Majority  
Committee Aide*

John Gorman  
*Senate 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***

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NICHOLAS J. SACCO  
Chair

ROBERT M. GORDON  
Vice-Chair

JAMES W. HOLZAPFEL  
JOSEPH PENNACCHIO



PHILIP M. MERSINGER  
Office of Legislative Services  
Committee Aide  
(609) 847-3840  
(609) 292-0561 fax

**New Jersey State Legislature**  
**SENATE TRANSPORTATION COMMITTEE**  
STATE HOUSE ANNEX  
PO BOX 068  
TRENTON NJ 08625-0068

**COMMITTEE NOTICE**

**TO: MEMBERS OF THE SENATE TRANSPORTATION COMMITTEE**  
**FROM: SENATOR NICHOLAS J. SACCO, CHAIRMAN**  
**SUBJECT: COMMITTEE MEETING - DECEMBER 8, 2014**

*The public may address comments and questions to Philip M. Mersinger, Committee Aide, or make bill status and scheduling inquiries to Melinda Chance, Secretary, at (609)847-3840, fax (609)292-0561, or e-mail: OLSAideSTR@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.*

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**The Senate Transportation Committee will meet on Monday, December 8, 2014 at 10:30 AM in Committee Room 7, 2nd Floor, State House Annex, Trenton, New Jersey.**

**The committee will take testimony on the status of the Transportation Trust Fund and the State's transportation system.**

The following bills will be considered:

- |  |  |
|--|--|
| S-2508<br>Oroho/Whelan                       | Authorizes certain county veteran identification cards to serve as proof of status for veteran designation on driver's license or identification card.                         |
| S-2627<br>Cardinale/Sacco                    | Designates State Highway Route 17 in Borough of Ramsey as "Staff Sergeant Timothy R. McGill Memorial Highway."   |
| A-801 (2R)<br>Coughlin/Wisniewski/<br>Mazzeo | Directs New Jersey Turnpike Authority and South Jersey Transportation Authority to study and report on potential revenue generating services of rest areas and service plazas. |

Issued 12/2/14

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For changes in schedule due to snow or other emergencies, call 800-792-8630 (toll-free in NJ) or 609-292-4840.

**SENATE, No. 2508**

**STATE OF NEW JERSEY**  
**216th LEGISLATURE**

INTRODUCED OCTOBER 16, 2014

**Sponsored by:**

**Senator STEVEN V. OROHO**

**District 24 (Morris, Sussex and Warren)**

**Senator JIM WHELAN**

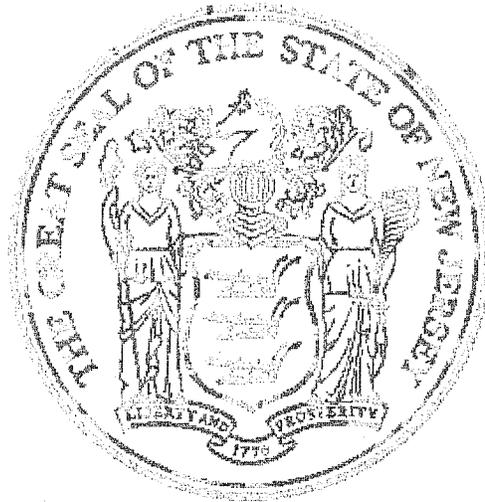
**District 2 (Atlantic)**

**SYNOPSIS**

Authorizes certain county veteran identification cards to serve as proof of status for veteran designation on driver's license or identification card.

**CURRENT VERSION OF TEXT**

As introduced.



1 AN ACT concerning proof for the display of veteran status on  
2 driver's licenses and identification cards, and amending  
3 P.L.2013, c.165 and P.L.1980, c.47.  
4

5 **BE IT ENACTED** by the Senate and General Assembly of the State  
6 of New Jersey:  
7

8 1. Section 1 of P.L.2013, c.165 (C.39:3-10f6) is amended to  
9 read as follows:

10 1. a. In addition to the requirements for the form and content  
11 of a motor vehicle driver's license under R.S.39:3-10 and a  
12 probationary license issued under section 4 of P.L.1950,  
13 c.127 (C.39:3-13.4), the Chief Administrator of the New Jersey  
14 Motor Vehicle Commission shall, upon submission of satisfactory  
15 proof, designate on an initial license, renewal license, or  
16 probationary license, as appropriate, that the license holder is a  
17 veteran of the Armed Forces of the United States of America. The  
18 designation of veteran status on an initial license, renewal license,  
19 or probationary license shall not be deemed sufficient valid proof of  
20 veteran status for official governmental purposes when any other  
21 statute, or any regulation or other directive of a governmental  
22 entity, requires documentation of veteran status.

23 b. For the purpose of this section:

24 "Veteran" means a person who has been honorably discharged  
25 from the active military service of the United States; and

26 "Satisfactory proof" means a copy of form DD-214 or federal  
27 activation orders showing service under Title 10, section 672 or  
28 section 12301, of the United States Code, or a county veteran  
29 identification card only if issuance of the card requires a copy of  
30 form DD-214 discharge papers or approved separation forms as  
31 outlined by all branches of the military and duly recorded by the  
32 county clerk's office.

33 (cf: P.L.2013, c.165, s.1)  
34

35 2. Section 2 of P.L.1980, c.47 (C.39:3-29.3) is amended to read  
36 as follows:

37 2. a. The New Jersey Motor Vehicle Commission shall issue  
38 an identification card to any resident of the State who is 14 years of  
39 age or older and who is not the holder of a valid permit or basic  
40 driver's license. The identification card shall attest to the true name,  
41 correct age, and veteran status, upon submission of satisfactory  
42 proof, by any veteran, and shall contain other identifying data as  
43 certified by the applicant for such identification card. Every  
44 application for an identification card shall be signed and verified by  
45 the applicant and shall be accompanied by the written consent of at  
46 least one parent or the person's legal guardian if the person is under

**EXPLANATION** – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 17 years of age and shall be supported by such documentary  
2 evidence of the age, identity, and veteran status, or blindness,  
3 disability, or handicap, of such person as the chief administrator  
4 may require. In addition to requiring an applicant for an  
5 identification card to submit satisfactory proof of identity, age, and,  
6 if appropriate, veteran status, the chief administrator also shall  
7 require the applicant to provide, as a condition for obtaining the  
8 card, satisfactory proof that the applicant's presence in the United  
9 States is authorized under federal law. If the chief administrator  
10 has reasonable cause to suspect that any document presented by an  
11 applicant as proof of identity, age, veteran status, or legal residency  
12 is altered, false or otherwise invalid, the chief administrator shall  
13 refuse to grant the identification card until such time as the  
14 document may be verified by the issuing agency to the chief  
15 administrator's satisfaction.

16 b. The designation of veteran status on an identification card  
17 shall not be deemed sufficient valid proof of veteran status for  
18 official governmental purposes when any other statute, or any  
19 regulation or other directive of a governmental entity, requires  
20 documentation of veteran status.

21 c. For the purpose of this section:

22 "Veteran" means a person who has been honorably discharged  
23 from the active military service of the United States; and

24 "Satisfactory proof" means a copy of form DD-214 or federal  
25 activation orders showing service under Title 10, section 672 or  
26 section 12301, of the United States Code, or a county veteran  
27 identification card only if issuance of the card requires a copy of  
28 form DD-214 discharge papers or approved separation forms as  
29 outlined by all branches of the military and duly recorded by the  
30 county clerk's office.

31 (cf: P.L.2013, c.165, s.2)

32

33 3. This act shall take effect immediately.

34

35

36

#### STATEMENT

37

38 This bill authorizes a county veteran identification card to serve  
39 as satisfactory proof of veteran status for issuance of a veteran  
40 designation on a driver's license or identification card issued by the  
41 New Jersey Motor Vehicle Commission, but only if issuance of the  
42 county veteran identification card requires a copy of DD-214  
43 discharge papers or approved separation forms as outlined by all  
44 branches of the military and recorded by the county clerk's office.

SENATE TRANSPORTATION COMMITTEE

STATEMENT TO

**SENATE, No. 2508**

**STATE OF NEW JERSEY**

DATED: DECEMBER 8, 2014

The Senate Transportation Committee reports favorably Senate Bill No. 2508.

As reported, this bill authorizes a county veteran identification card to serve as satisfactory proof of veteran status for issuance of a veteran designation on a driver's license or identification card issued by the New Jersey Motor Vehicle Commission, provided that the issuance of the county veteran identification card requires a copy of DD-214 discharge papers or military approved separation forms.

**SENATE, No. 2627**

**STATE OF NEW JERSEY**  
**216th LEGISLATURE**

INTRODUCED DECEMBER 1, 2014

**Sponsored by:**

**Senator GERALD CARDINALE**

**District 39 (Bergen and Passaic)**

**Senator NICHOLAS J. SACCO**

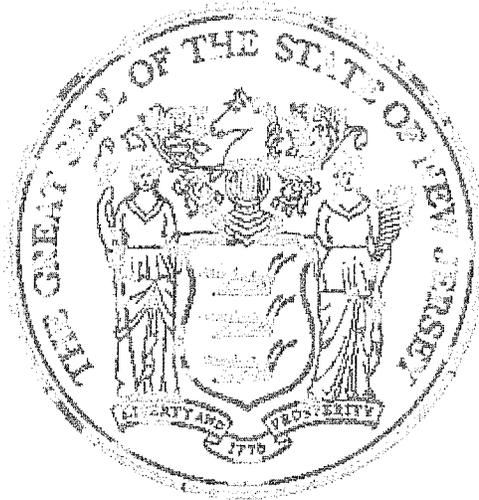
**District 32 (Bergen and Hudson)**

**SYNOPSIS**

Designates State Highway Route 17 in Borough of Ramsey as "Staff Sergeant Timothy R. McGill Memorial Highway."

**CURRENT VERSION OF TEXT**

As introduced.



1 AN ACT designating a portion of State Highway Route No. 17 as  
2 the "Staff Sergeant Timothy R. McGill Memorial Highway."  
3

4 WHEREAS, United States Army Staff Sergeant Timothy Raymond  
5 McGill was a long-time resident of Ramsey, New Jersey; and

6 WHEREAS, After graduating from Ramsey High School, Staff  
7 Sergeant McGill entered the United States Marine Corps in 2001  
8 and was deployed with the 3rd Marine Division to Iraq in 2005; and

9 WHEREAS, After leaving the Marine Corps, Staff Sergeant McGill  
10 returned to New Jersey to serve as a volunteer firefighter for the  
11 Ramsey Volunteer Fire Department; and

12 WHEREAS, An honorable and courageous man who loved the military  
13 and his country, Staff Sergeant McGill joined the Rhode Island  
14 National Guard in 2008; and

15 WHEREAS, Staff Sergeant McGill was assigned to A company, 2nd  
16 Battalion, 19th Special Forces Group of the Army National Guard  
17 of Middleton, Rhode Island; and

18 WHEREAS, While in the Army National Guard, Staff Sergeant McGill  
19 became a member of the Army Elite Special Forces, also known as  
20 the Green Berets, and was deployed to Afghanistan; and

21 WHEREAS, Serving as a weapons sergeant, Staff Sergeant McGill was  
22 required to complete many difficult missions, including interpreting  
23 and preparing combat orders and infiltrating enemy lines to recruit,  
24 train, and equip friendly forces for combat; and

25 WHEREAS, An expert in his field, Staff Sergeant McGill received  
26 numerous awards and decorations, including the Army  
27 Commendation Medal and the National Defense Service Medal;  
28 and

29 WHEREAS, On September 21, 2013, Staff Sergeant McGill tragically  
30 lost his life in Afghanistan while serving in and supporting  
31 Operation Enduring Freedom; and

32 WHEREAS, Staff Sergeant McGill was a dedicated soldier as well as a  
33 loving son and brother whose memory will live on in the hearts of  
34 his family, friends, and fellow soldiers; and

35 WHEREAS, As a true example of heroism, patriotism, and service to  
36 his country and his fellow soldiers, it is fitting and proper for the  
37 Legislature of the State of New Jersey to honor the memory of Staff  
38 Sergeant Timothy R. McGill by designating the portion of State  
39 Highway Route No. 17 in the Borough of Ramsey, New Jersey as  
40 the "Staff Sergeant Timothy R. McGill Memorial Highway"; now,  
41 therefore,  
42

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

45  
46 1. The Commissioner of Transportation shall designate the  
47 portion of State Highway Route No. 17 extending from Milepost  
48 22.56 to Milepost 24.35 in the Borough of Ramsey, New Jersey as

1 the "Staff Sergeant Timothy R. McGill Memorial Highway" and  
2 erect appropriate signs bearing this designation and dedication.

3  
4 2. No State or other public funds shall be used for producing,  
5 purchasing, or erecting signs bearing the designation established  
6 pursuant to section 1 of this act. The Commissioner of  
7 Transportation is authorized to receive gifts, grants, or other  
8 financial assistance from private sources for the purpose of funding  
9 or reimbursing the Department of Transportation for the costs  
10 associated with producing, purchasing, and erecting signs bearing  
11 the designation established pursuant to section 1 of this act and  
12 entering into agreements related thereto, with such private sources,  
13 including but not limited to non-governmental non-profit,  
14 education, or charitable entities or institutions. No work shall  
15 proceed, and no funding shall be accepted by the Department of  
16 Transportation until an agreement has been reached with a  
17 responsible party for paying the costs associated with producing,  
18 purchasing, erecting, and maintaining the signs.

19  
20 3. This act shall take effect immediately.

21  
22  
23 STATEMENT

24  
25 This bill designates the portion of State Highway Route No. 17  
26 in the Borough of Ramsey as the "Staff Sergeant Timothy R.  
27 McGill Memorial Highway."

28 U.S. Army Staff Sergeant Timothy Raymond McGill was a  
29 long-time resident of Ramsey, New Jersey. After graduating from  
30 Ramsey High School, Staff Sergeant McGill entered the U.S.  
31 Marine Corps in 2001 and was deployed to Iraq in 2005. After  
32 leaving the Marine Corps, Staff Sergeant McGill returned home to  
33 serve as a volunteer firefighter for the Ramsey Volunteer Fire  
34 Department. An honorable and courageous man who loved the  
35 military and his country, Staff Sergeant McGill joined the Rhode  
36 Island National Guard in 2008, where he was assigned to A  
37 company, 2nd Battalion, 19th Special Forces Group.

38 While in the Army National Guard, Staff Sergeant McGill  
39 became a member of the Army Elite Special Forces and was  
40 deployed to Afghanistan. Serving as a weapons sergeant, Staff  
41 Sergeant McGill was required to complete many difficult missions  
42 and received numerous awards and decorations, including the Army  
43 Commendation Medal and the National Defense Service Medal.

44 On September 21, 2013, Staff Sergeant McGill tragically lost his  
45 life in Afghanistan while serving in Operation Enduring Freedom.  
46 Staff Sergeant McGill was a dedicated soldier as well as a loving  
47 son and brother whose memory will live on in the hearts of his  
48 family, friends, and fellow soldiers. Staff Sergeant McGill's

1 heroism, patriotism, and service to his country make it fitting and  
2 proper for the State of New Jersey to honor his memory by  
3 designating the portion of State Highway Route No. 17 in the  
4 Borough of Ramsey, New Jersey as the "Staff Sergeant Timothy R.  
5 McGill Memorial Highway."

6 The bill provides that no State or other public funds may be used  
7 for producing, purchasing, or erecting the "Staff Sergeant Timothy  
8 R. McGill Memorial Highway" signs. The Commissioner of  
9 Transportation is authorized to receive financial assistance from  
10 private sources.

SENATE TRANSPORTATION COMMITTEE

STATEMENT TO

SENATE, No. 2627

**STATE OF NEW JERSEY**

DATED: DECEMBER 8, 2014

The Senate Transportation Committee reports favorably Senate Bill No. 2627.

As reported, this bill designates the portion of State Highway Route No. 17 in the Borough of Ramsey as the "Staff Sergeant Timothy R. McGill Memorial Highway."

U.S. Army Staff Sergeant Timothy Raymond McGill was a long-time resident of Ramsey, New Jersey. After graduating from Ramsey High School, Staff Sergeant McGill entered the U.S. Marine Corps in 2001 and was deployed to Iraq in 2005. Upon returning home, Staff Sergeant McGill served as a volunteer firefighter for the Ramsey Volunteer Fire Department and later joined the Rhode Island National Guard in 2008, where he was assigned to A company, 2nd Battalion, 19th Special Forces Group.

While in the Army National Guard, Staff Sergeant McGill became a member of the Army Elite Special Forces and was deployed to Afghanistan. Serving as a weapons sergeant, Staff Sergeant McGill received numerous awards and decorations, including the Army Commendation Medal and the National Defense Service Medal. On September 21, 2013, Staff Sergeant McGill tragically lost his life in Afghanistan while serving in Operation Enduring Freedom.

The bill provides that no State or other public funds may be used for producing, purchasing, or erecting the "Staff Sergeant Timothy R. McGill Memorial Highway" signs. The Commissioner of Transportation is authorized to receive financial assistance from private sources.

[Second Reprint]  
**ASSEMBLY, No. 801**

**STATE OF NEW JERSEY**  
**216th LEGISLATURE**

PRE-FILED FOR INTRODUCTION IN THE 2014 SESSION

**Sponsored by:**

**Assemblyman CRAIG J. COUGHLIN**  
**District 19 (Middlesex)**  
**Assemblyman JOHN S. WISNIEWSKI**  
**District 19 (Middlesex)**  
**Assemblyman VINCENT MAZZEO**  
**District 2 (Atlantic)**

**Co-Sponsored by:**

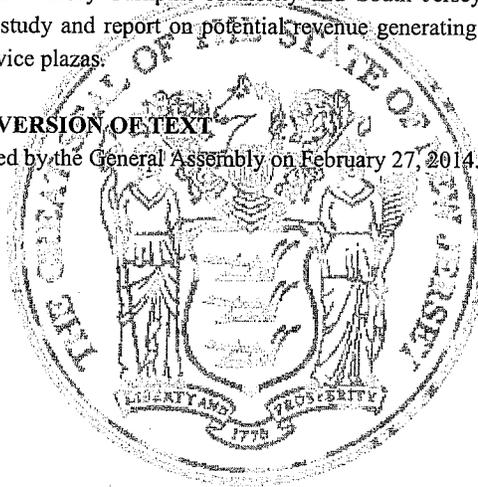
**Assemblyman Wimberly, Assemblywoman Caride, Assemblyman DeAngelo, Assemblywomen Mosquera, Pinkin, Assemblyman Eustace and Assemblywoman Lampitt**

**SYNOPSIS**

Directs New Jersey Turnpike Authority and South Jersey Transportation Authority to study and report on potential revenue generating services of rest areas and service plazas.

**CURRENT VERSION OF TEXT**

As amended by the General Assembly on February 27, 2014.



(Sponsorship Updated As Of: 2/28/2014)

1 AN ACT directing the New Jersey Turnpike Authority <sup>2</sup>and South  
 2 Jersey Transportation Authority<sup>2</sup> to study and report on potential  
 3 revenue generating services at authority rest areas and service  
 4 plazas.

5  
 6 **BE IT ENACTED** by the Senate and General Assembly of the State  
 7 of New Jersey:

8  
 9 1. The New Jersey Turnpike Authority shall conduct a study  
 10 and prepare a report concerning potential opportunities for  
 11 increasing current and generating new authority revenue <sup>1</sup>[and  
 12 lowering costs]<sup>1</sup> by providing additional and higher quality  
 13 services, including, but not limited to, business, commercial, or  
 14 retail services, at rest areas and service plazas along the New Jersey  
 15 Turnpike and the Garden State Parkway. <sup>2</sup>The study shall include  
 16 analyses of: best practices at rest areas and service plazas in  
 17 neighboring states; and whether the authority is maximizing  
 18 revenues from billboards, mobile communications towers, and other  
 19 advertising.<sup>2</sup> The report shall identify the types of services that may  
 20 be offered, the types of businesses that may be involved, how the  
 21 services may be managed, and the role of the authority in offering  
 22 these new services.

23  
 24 2. The <sup>1</sup>[authority] New Jersey Turnpike Authority<sup>1</sup> shall  
 25 report its findings <sup>1</sup>, as required pursuant to section 1 of P.L.       ,  
 26 c. (C. ) (pending before the Legislature as this bill).<sup>1</sup> not later  
 27 than 12 months following the effective date of this act to the  
 28 Governor <sup>1</sup>and the Legislature pursuant to section 2 of P.L.1991,  
 29 c.164 (C.52:14-19.1)<sup>1</sup>.

30  
 31 <sup>1</sup>3. The South Jersey Transportation Authority shall conduct a  
 32 study and prepare a report concerning potential opportunities for  
 33 increasing current and generating new authority revenue by  
 34 providing additional and higher quality services, including, but not  
 35 limited to, business, commercial, or retail services, at rest areas and  
 36 service plazas along the Atlantic City Expressway. <sup>2</sup>The study shall  
 37 include analyses of: best practices at rest areas and service plazas  
 38 in neighboring states; and whether the authority is maximizing  
 39 revenues from billboards, mobile communications towers, and other  
 40 advertising.<sup>2</sup> The report shall identify the types of services that may  
 41 be offered, the types of businesses that may be involved, how the

**EXPLANATION** – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

<sup>1</sup>Assembly ATR committee amendments adopted February 10, 2014.

<sup>2</sup>Assembly floor amendments adopted February 27, 2014.

1 services may be managed, and the role of the authority in offering  
2 these new services.<sup>1</sup>

3  
4 <sup>1</sup>4. The South Jersey Transportation Authority shall report its  
5 findings, as required pursuant to section 3 of P.L. , c. (C. )  
6 (pending before the Legislature as this bill), not later than 12  
7 months following the effective date of this act to the Governor and  
8 the Legislature pursuant to section 2 of P.L.1991, c.164 (C.52:14-  
9 19.1).<sup>1</sup>

10  
11 <sup>1</sup>[3.] 5.<sup>1</sup> <sup>2</sup>[This] Sections 1 and 2 of this<sup>2</sup> act shall take effect  
12 <sup>2</sup>[immediately] on the first day of the New Jersey Turnpike  
13 Authority's fiscal year next following the date of enactment.  
14 Sections 3 and 4 of this act shall take effect on the first day of the  
15 South Jersey Transportation Authority's fiscal year next following  
16 the date of enactment<sup>2</sup>.

STATEMENT TO

[First Reprint]

**ASSEMBLY, No. 801**

with Assembly Floor Amendments

(Proposed by Assemblymen COUGHLIN, WISNIEWSKI, and MAZZEO)

ADOPTED: FEBRUARY 27, 2014

These Assembly floor amendments require the study to be conducted by the New Jersey Turnpike Authority and South Jersey Transportation Authority to include analyses of: best practices at rest areas and service plazas in neighboring states; and whether the authority is maximizing revenues from billboards, mobile communications towers, and other advertising. The amendments also update the bill's title and synopsis and change the bill's effective date to the first day of the authorities' next fiscal year following the bill's enactment.

SENATE TRANSPORTATION COMMITTEE

STATEMENT TO

[Second Reprint]

ASSEMBLY, No. 801

**STATE OF NEW JERSEY**

DATED: DECEMBER 8, 2014

The Senate Transportation Committee reports favorably Assembly Bill No. 801(2R).

As reported, this bill directs the New Jersey Turnpike Authority (NJTA) and the South Jersey Transportation Authority (SJTA) to study and prepare reports, for submission to the Governor and the Legislature, concerning potential revenue raising opportunities at rest areas and service plazas along the New Jersey Turnpike, Garden State Parkway, and Atlantic City Expressway. The reports are to identify the types of services that may be offered, the types of businesses that may be involved, how the services may be managed, and the role of the NJTA and SJTA in offering these new services. The studies are required to include analyses of: best practices at rest areas and service plazas in neighboring states; and whether the authority is maximizing revenues from billboards, mobile communications towers, and other advertising. The NJTA and SJTA are to submit their reports to the Governor and Legislature within 12 months following the bill's effective date.

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**SENATOR NICHOLAS J. SACCO (Chair):** I'd like to call the roll.

MR. MERSINGER (Committee Aide): Senator Pennacchio.

SENATOR PENNACCHIO: Here.

MR. MERSINGER: Senator Holzapfel.

SENATOR HOLZAPFEL: Here.

MR. MERSINGER: Vice Chairman Gordon.

**SENATOR ROBERT M. GORDON (Vice Chair):** Here.

MR. MERSINGER: Chairman Sacco.

SENATOR SACCO: Here.

As you know, Senator Norcross is now our Congressman, so we have one empty seat right at this moment.

All right, the first section of the meeting we have three bills. And after that we'll go to the hearing.

Bill number one is S-2508, Oroho/Whelan. It authorizes certain county veteran identification cards to serve as proof of status for veteran designation on driver's license or identification card.

Any amendments? (no response)

Anyone here to comment on that bill? (no response)

SENATOR PENNACCHIO: I'll move it.

SENATOR SACCO: Okay.

SENATOR GORDON: Second

SENATOR SACCO: Okay.

MR. MERSINGER: On the motion to release Senate Bill 2508, Senator Pennacchio.

SENATOR PENNACCHIO: Yes.

MR. MERSINGER: Senator Holzapfel.

SENATOR HOLZAPFEL: Yes.

MR. MERSINGER: Vice Chairman Gordon.

SENATOR GORDON: Yes.

MR. MERSINGER: Chairman Sacco.

SENATOR SACCO: Yes.

A-801 directs New Jersey Turnpike Authority and South Jersey Transportation Authority to study and report on potential revenue generating services of rest areas and service plazas.

We've seen this a number of times before.

Any amendments? (no response)

Anyone to comment on the bill? (no response)

Anyone like to move the bill?

SENATOR PENNACCHIO: Move it.

SENATOR GORDON: Second.

MR. MERSINGER: On the motion to release Senate Bill 2508, Senator Pennacchio.

SENATOR PENNACCHIO: Yes.

MR. MERSINGER: Senator Holzapfel.

SENATOR HOLZAPFEL: Yes.

MR. MERSINGER: Vice Chairman Gordon.

SENATOR GORDON: Yes.

MR. MERSINGER: Chairman Sacco.

SENATOR SACCO: Yes.

And the third bill, S-2627, Cardinale/Sacco -- but it's actually a Cardinale bill. I thought he might be here to testify. Is he here? (no response)

Okay, it designates State Highway Route 17 in the Borough of Ramsay as "Staff Sergeant Timothy R. McGill Memorial Highway."

Anyone here to comment on the bill?

SENATOR PENNACCHIO: I'll move it.

SENATOR SACCO: Okay.

SENATOR GORDON: Second.

MR. MERSINGER: On the motion to release Senate Bill 2627, Senator Pennacchio.

SENATOR PENNACCHIO: Yes.

MR. MERSINGER: Senator Holzapfel.

SENATOR HOLZAPFEL: Yes.

MR. MERSINGER: Vice Chairman Gordon.

SENATOR GORDON: Yes.

MR. MERSINGER: Chairman Sacco.

SENATOR SACCO: Yes.

All right. The main part of this is the conversation we're going to have now on the Transportation Trust Fund. As we know, the system has been in existence since the mid-1980s, under Governor Kean. And there is a funding source, but the funding source is far less than the needs of the State of New Jersey.

At this point, due to various bondings, the funding source is now simply covering the bonds and we no longer have a sustainable method to do the infrastructure in New Jersey. We know there are many needs; we

know we will have to make a decision on this -- a hard decision. And we certainly need everyone's help and input to do so.

We have a number of people who would like to speak, from various organizations. We would like it to be timed to 3 minutes, and try not to be redundant so we can finish this by about noon.

Okay, our first speaker, Mayor Brian Wahler, Piscataway, New Jersey League of Municipalities President; and Tim McDonough, New Jersey League of Municipalities, past President.

**MAYOR BRIAN C. WAHLER:** Thank you, Mr. Chairman, for allowing us the opportunity to testify on behalf of the League of Municipalities.

I'm obviously here with Mayor McDonough from Hope Township.

And good morning, Committee members.

Local officials know that investments in roads and bridges must be made, and failure to do so will compromise, obviously, public safety.

As a for instance, in my community of Piscataway Township, we're spending approximately \$5 million a year between engineering projects and public works, milling and paving. So the monies that we do receive from the TTF -- the Local Aid -- are a very small fraction of what the overall cost is. And if you add the 500-plus other communities throughout the state, the bulk of the infrastructure improvements that are taking place in our great state are happening at the municipal level. Obviously we are encouraged by the talk from Senator Sweeney and Speaker Prieto -- that they talked about bumping that, possibly, up to 30 percent number out of

the Local Aid fund, where right now we're at 13 percent -- which is a drastic difference, between 13 and 30 percent.

For a lot of small communities around the state, and even large suburban towns such as Piscataway, that really turns out to be seed money for communities to start these infrastructure improvements. And ultimately, at the end of the day, the actual construction projects are voted through bonding from local taxpayers. So municipalities and counties throughout the state -- we're not looking for a handout on this. We do have skin in the game at the local level. And we're encouraging both the Senate and the Assembly side to come up with a new revenue scheme to increase the Local Aid aspect of that. Because, ultimately, at the end of the day, our infrastructure in a lot of our communities tend to be 40, 60, and 70 years old and are at the end of their lifespan. And I'm not talking about just the standard 2-inch mill and overlay here; I'm talking about drainage systems that go in-- And in a lot of cases, as the Senators know, with the new DEP requirements, when we go to reconstruct a street now there's significant more costs involved, like stormwater management -- which is a good thing in a lot of respects, because you're protecting the environment. But however, the costs do substantially go up; and then you couple that with the right-of-way acquisition costs, depending upon what you are doing at any one given (indiscernible). So it could be substantially significant.

So I'd like, at this point, Mr. Chairman, if I could turn it over to Mayor McDonough to finish out the rest of the testimony on behalf of the League.

**MAYOR TIMOTHY McDONOUGH:** Thank you, Chairman Sacco and the rest of the Committee.

I join Mayor Wahler, and we represent the New Jersey League of Municipalities. We have testified in front of the Assembly Committee as well, and at one of those Committees they asked us to do some polling of our members -- and we did that.

Just to give you a quick feeling of what mayors are thinking out there. We found overwhelming support for consolidating the New Jersey Department of Transportation, New Jersey Transit, the Turnpike Authority, South Jersey Transportation Authority. Over 86 percent of our members who we polled thought that this was a good idea in terms of coming up with alternatives and helping with the Transportation Trust Fund.

We had a tremendous amount of support for the increase in the gas tax, believe it or not -- 53 to 34 percent of our members said that they would agree with an increase in the gas tax; but there's a caveat to that too: 80 percent of them would want the Constitution amended so that monies raised through that gas tax would be dedicated -- solely dedicated to roads and bridges.

We found strong support for the Petroleum Products Gross Receipts tax -- a raise in that. Over 69 percent of our members said that they would support that. Eighty-six percent, however, said that they would be against -- opposed -- the 7 percent tax -- New Jersey State sales tax on gas and gas products.

As Mayor Wahler said, the municipalities in the state have an overwhelming responsibility for roads. A recent survey by the Department of Transportation showed that over 64 percent of the roads and 39 percent of the bridges are in municipalities. And so that's a large part -- chunk of the roads. And as Mayor Wahler asked, we're looking for -- obviously to

come up with some kind of scheme, as it were, to fund the Transportation Trust Fund; but also in terms of dollars filtering their way down to where the rubber really meets the road -- not to coin a phrase -- but that's in the municipalities. And if you look at those figures -- 64 percent and 39 percent -- we need to look at a bigger chunk of that Transportation Trust Fund money going to the municipalities.

We thank you for hearing us, and hope that you will work to come up with a plan and make it fair to the municipalities.

SENATOR SACCO: There are a lot of other things happening with construction: rerouting cars and buses onto other streets, side streets; ripping up the roads. And there was a time that it was easier to keep them in repair; it's not now.

Sandy did a great deal of damage; it's very hard to keep some roads in repair without the aid. And with the Federal money getting less every year, the problems of the local mayors is becoming extremely, let's say, much larger than it's been in the past. And I understand what you're saying here, so I thank you for your testimony.

Anyone have any questions?

SENATOR PENNACCHIO: You touched on it briefly, and maybe you can expand.

The cost of construction is exponentially higher than the national average. I sort of get that; I don't agree with the numbers, but there are right-of-ways, (indiscernible) that purchase those right-of-ways, etc. But the cost of maintaining is also exponentially higher than the national average. To me, a street sweeper is a street sweeper -- whether you sweep it here, or you sweep it in a different state.

From the League's perspective, is there anything that we can do in order to drive those costs down, and is the State doing something that's an impediment to that? Are they giving you a rule, a reg, or giving you a road block -- no pun intended -- where it's actually driving the costs up? It's just as easy to cut a dollar as it is to raise a dollar.

MAYOR WAHLER: That's a very interesting question, Senator.

I'll give you a quick example: Right now, the way the Local Aid system is set up for municipalities, there's a disincentive for communities to do joint ventures. Like, for instance, many of the communities have joint roadways -- one town or city will have one side and another jurisdiction will have another side. What happens is, if both towns submit a joint application to reconstruct, say hypothetically, a street, the Department of Transportation, instead of treating that as two communities applying for a Local Aid project, it's just treated as one community. So basically there's no incentive for municipalities to do larger projects out there because they're going to get shortchanged on the funding through that mechanism. I'm not faulting anybody in the Department of Transportation, but for whatever reason, that's just the way it's set up.

Another issue is, is that if we can have substantially larger co-ops in purchasing supplies-- In many municipalities there's really no asphalt contracts, pretty much, under State co-op. You know, everybody's at the mercy of going out to bid and things like that. And depending upon what's happening there, somebody -- not knocking the asphalt folks, but there's always escalator costs because of the rise and fall of oil. That's another thing -- what tends to be, maybe, a \$2 million project when you

finish the engineering design, when you go out to bid -- depending upon what the price of oil is will dictate what the bids are going to come in. So you're sort of at the mercy of market forces, to a certain extent -- a lot of these road projects; thus, that's why some of the costs tend to be a little bit higher in our state.

MAYOR McDONOUGH: And just to follow up on that, if I may, on what Mayor Wahler said about co-ops. They have that down to-- It's very important, and especially for smaller towns like Hope Township -- we would not be able to exist if we didn't get monies from the Transportation Trust Fund and go through a co-op. Because that-- Small towns, obviously, when you pool your resources, it's better off. And I would think if -- whatever the State can do to increase the ability for towns to go through co-ops, I think it would be a big help, Senator.

SENATOR PENNACCHIO: Just as a follow-up, Chair -- could the League give us a white paper on all those cost drivers that you would like to see addressed by the DOT, the DEP? That way, as we're talking about potentially raising the gas tax, we also talk about maybe some cost savings to offset a larger increase than maybe we need.

MAYOR WAHLER: We (indiscernible) that, Senator.

MAYOR McDONOUGH: Sure.

SENATOR PENNACCHIO: And I look forward to seeing that.

Thank you.

MAYOR McDONOUGH: We'll definitely do it.

SENATOR SACCO: Senator.

SENATOR GORDON: Thank you.

I had a meeting with the Bergen County Engineer, I guess about a year ago, who told me that there -- the DOT has changed the allocation formula for municipal aid, which had the effect of sending more money to rural communities than suburban or urban ones -- which presumably are getting more traffic and more wear. Is that, in fact, a problem?

MAYOR WAHLER: Yes, you're talking about the centerline versus lane miles. And yes, the answer-- And, you know, to a certain extent the more urbanized and larger suburban communities throughout the state, where you typically -- obviously, Senator, as you know, coming from Bergen County -- tend to be a lot more congested; so thus there is going to need to be more roadways. A lot of that has to do with a lot of the rural -- some of the county projects on county roadways.

It's been a bone of contention. I mean, obviously Mayor McDonough doesn't mind it because he comes from Hope Township up in Warren County, (laughter) but coming from a larger suburban community such as Piscataway there's a whole different-- Because we're the home of Rutgers University, and obviously our daytime population goes up to well over 100,000 because of the Medical Center and everything else. So I don't know what the answer to that question is. There needs to be a fair mechanism. I was always under the impression, being a Mayor, that you go where the problems are. You try to fix where-- You do triage. You fix the roads that have the most heavy congestion on them first, and then you back out with the more less-traveled roads. And I'm not saying that no one road is different, but there's a big difference between having a roadway that has

100,000 vehicles traveling on it every day versus one that may have only 5,000. It's just obvious math.

SENATOR SACCO: Well, thank you.

MAYOR WAHLER: Thank you, Mr. Chairman.

MAYOR McDONOUGH: Thank you.

SENATOR SACCO: Thank you for your testimony.

All right. Next is John Donnadio, New Jersey Association of Counties.

**JOHN G. DONNADIO, Esq.:** Thank you, Mr. Chairman, and thank you for pronouncing my name correctly. It rarely happens when I get a chance to testify here in Trenton.

So my name, again, is John Donnadio. I'm the Executive Director of the New Jersey Association of Counties. We represent all 21 counties in the State of New Jersey.

We're a nonpartisan organization, and we support establishing a stable, dependable, and sufficient source to reauthorize the Transportation Trust Fund. We also support -- as called for by both Senate President Sweeney and Speaker Prieto -- doubling Local Aid allocations, as the Mayors before me talked about.

County governments play a significant role in maintaining the State's Transportation infrastructure. We maintain virtually every bridge in the State of New Jersey -- that's over 7,000 bridges -- and an equal amount of centerline miles of roads that cost local taxpayers close to \$600 million a year; and, along with the municipal roadways, carry an estimated 53 percent of the state's traffic.

To compound matters, we have a \$2 billion, long-term capital investment that county governments have to make, with close to 35 percent of the major bridges that are classified as either *structurally deficient* or *functionally obsolete*; and an additional 64 percent of our minor bridges that are in need of some long-term repair or replacement.

So for these reasons, again, we stand ready to work with the Committee, to work with the Legislature, the Administration on developing viable solutions to reauthorizing the Transportation Trust Fund.

So thank you for your time and consideration. I have a position statement there for you, and I'd be happy to answer any questions, if I can.

SENATOR SACCO: All right.

Yes.

SENATOR PENNACCHIO: Just the same concern that I had with the League -- if you, as a Council representative, could just give us a position paper on what some of the cost drivers are, why it's so expensive to construct and to maintain those roads. And if there's anything that we can do at a State level to help the counties, or even the municipalities. That way we can try to drive those costs down.

MR. DONNADIO: I'd be happy to do that, Senator. Thank you.

SENATOR PENNACCHIO: Thank you.

SENATOR SACCO: All right, thank you.

MR. DONNADIO: Okay, thank you.

SENATOR SACCO: Eric Richard, New Jersey AFL-CIO.

**ERIC RICHARD:** Good morning, Chairman Sacco, good morning, members of the Committee.

On behalf of the State AFL-CIO -- Eric Richard coming before you. I just want to thank you for holding this hearing -- obviously, a critical issue to the economy of the State, quality of life to the State, and obviously to a lot of the folks we represent.

I'd just like to chime in a little bit with what the League said. We're happy to see that for the first time in quite some time, I think, the level of urgency of replenishment of the Transportation Trust Fund is growing. And we thank the legislative leadership for making this an issue; and you've been a part of that, Chairman Sacco, so we thank you for that.

It appears at this point that all the stakeholders and leaders from both parties are finally looking in the same direction. And I was happy to hear even the Governor say that all the options are on the table.

And so, as we're all aware, there's a lot of doom and gloom surrounding this issue. There have been failures from both parties to adequately address this in the past. But we're happy to finally see folks coming together and there's a sense that there's a solution pending. So we're happy to hear that.

As the Commissioner, and the Administration, and legislative leaders work to develop a funding plan, of course we must speak to the elephant in the room -- and that's the gas tax. The State AFL-CIO has been a long-time advocate of increasing this tax, and we continue to do so because realistically it's the only solution to our problem. Many additional options are being discussed to raise revenues; and of those options, some have merit and others do not. However, we recognize that we have dug

ourselves into too deep of a hole to escape without raising the gas tax. In short, it's essential to solving the problem before you this morning.

Other options that are being discussed -- the State AFL-CIO would like to comment on one in particular, and that was the consolidation of toll roads, mass transit agencies, and the Department of Transportation. On its surface, of course, consolidation is very popular, as we heard from the League of Municipalities and a poll of their members. And it is, of course, very popular with policy makers as well.

But we must understand that there is a flip side to that coin, and that's the implementation of consolidation; and often the implementation of consolidation brings with it inherent risks. The State AFL-CIO has been grappling with this issue for well over a decade in regard to the context of the legislation that applies to local governments. And we were, of course, intimately involved in the legislative process of restructuring higher education two years ago. No doubt there is potential for savings when it comes to consolidation. But we must first ensure that, as we deliberate this option, that it is done without a predetermined outcome in mind, and that it is not rushed through without being properly researched and vetted, and it is not done in order to solve one problem while creating several others.

Anytime there are large scale consolidation efforts, the potential for massive layoffs, the shredding of collective bargaining agreements, mismanagement of funds, and a reduction in force to the level of inefficiency are real inherent dangers. For this reason, before consolidation is factored into TTF funding, we would respectfully ask that the Committee

move forward with researching this option to see if there would be a net positive in merging the agencies.

To this end, we would recommend commissioning a study to perhaps be formed by one of our State academic higher institutions. Furthermore, we must not be tempted by saving estimates that focus only on the bottom line, and are not and do not focus on the efficient delivery of services or on the negative effects it could have on its employees.

The State AFL-CIO is not opposed to the concept of consolidation, but we must first perform due diligence to ensure that we're not doing more harm than good.

As this issue moves forward, the State AFL-CIO continues to work on this issue and we continue to look forward to working with our elected officials. And we thank you for the opportunity to testify.

SENATOR SACCO: Any questions or comments? (no response)

All right. I agree with you on the consolidation issue; it's dangerous in many ways. We consolidated a regional fire department, and the money upfront -- that we had to put up front, and the State aid that we needed was astronomical if it were being done today. It became a very efficient fire department, but as far as cost savings -- I'm not too sure. Without the State money that got it going in the beginning, it probably would never have taken off. So I understand what you're saying. We have to be very careful. Plus, we're mixing toll roads with non-toll roads and a lot of other things. We're going to be using tolls to pay for other roads and take away from where we're going. So you're right -- we have to take a good look at this before we proceed.

But thank you very much.

MR. RICHARD: Thank you, Chairman.

SENATOR SACCO: Is Tom Bracken, New Jersey Chamber of Commerce and Forward New Jersey, here?

UNIDENTIFIED MEMBER OF AUDIENCE: (off mike) Chairman, Tom's not here yet. I'll notify the Committee when he gets here.

SENATOR SACCO: Okay, fine. Thank you.

We have Senator Cardinale here. Senator, we did pass your bill, but we'd like you to at least comment as to the importance to you, personally.

SENATOR GERALD CARDINALE: Thank you, Mr. Chairman and all of the members of the Committee.

This young man was the epitome of the all-American boy. He grew up in this town; he was part of the Eagle Scouts, he was part of the fire department -- he volunteered for the fire department. He went to work briefly for the DPW. He was educated in the local high school where he played sports. He was an integral part of the town, as his family had always been.

He went through several phases of military training. He became a Marine; he became a Green Beret. And he was, unfortunately, one of three folks who were killed by someone who had donned a uniform of an Afghan soldier -- and who, obviously, was not an Afghan soldier -- and who turned on and fired on these three individuals.

The outpouring when his body was brought back to the U.S. -- the outpouring from the people of not just Ramsay, but all of the

surrounding towns was enormous -- a huge parade. And his memory-- I thank the Committee for helping to enshrine his memory. His example is an example that I would hope that all of the youth are aware of, and follow. These are great footsteps that they should follow.

So I thank the Committee. I'm sorry I couldn't get here sooner. I was tied up in some testimony in another Committee that I had to also deal with. But I thank you very much, members of the Committee; and you particularly, Mr. Chairman, for putting this up so quickly and rounding up the support that was necessary for it.

Thank you.

SENATOR SACCO: You're very welcome. Tim McGill sounds like an outstanding person. I'm willing and happy to do this. Thank you.

SENATOR CARDINALE: Thank you.

SENATOR SACCO: David Rousseau, Association of Independent Colleges and Universities.

**R. DAVID ROUSSEAU:** Good morning, Chairman Sacco and members of the Senate Transportation Committee. Thank you for the opportunity to address the Committee on the important issue of the future of the Transportation Trust Fund.

I am David Rousseau, the Vice President of the Association of Independent Colleges and Universities in New Jersey. And as many of you know, in a prior career I spent 25 years in State government. And actually I was thinking about it the other day -- the only parts of the Transportation Trust Fund I didn't work on were the initial creation of it in 1984, and then the most recent renewal of it under the Christie Administration.

And I also had the pleasure of coauthoring -- with somebody you will talk to later -- with New Jersey Perspective, a report on the Transportation Trust Fund this past April.

AICUNJ is comprised of New Jersey's 14 public-mission, nonprofit, independent colleges and universities. These colleges have 18 campuses located throughout the state, with the majority located in northern New Jersey. Nearly 65,000 students attend the state's independent colleges and universities, and 1 out of every 6 of all college students in New Jersey, and 1 in 4 of all students in 4-year colleges. These colleges and universities employ 17,000 residents and generate a total economic impact of nearly \$10 billion.

A modern, efficient, and safe transportation infrastructure is important to the economic vitality of the state through the movement of goods and the ability of employees to get to their respective places of employment.

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

Stress, from the concern about delays and actual delays due to traffic congestion, likely have an impact on a student's ability to learn. Unexpected delays can result in faculty and students missing valuable class time. Automobile repairs needed due to deteriorating roads have a financial impact on students -- many of whom are paying for their own education.

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

The 14 independent colleges and universities are only a part of the overall higher education system in New Jersey. When you include the State's public colleges and universities, the number of students, faculty, and employees commuting to campuses each day increases significantly. At the State's 11 four-year public colleges and universities, over 57,000 part-time students and a significant portion of the 128,000 full-time students commute to the campuses throughout the state. In addition, 45,000 faculty and employees commute.

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

And finally, nearly 11,000 attend the many campuses of the six proprietary schools. Combined, I believe that the number is close to 500,000 students, faculty, and staff every day using our roads, and transportation infrastructure, and public transportation system to get to and from our campuses.

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

Since 1988, no new revenue source has been used to continue the Trust Fund. Each renewal has relied on existing General Fund revenues that have been shifted to the Trust Fund at the expense of other budgetary needs. As you are well aware, the State faces significant issues in addition to the need to fund transportation infrastructure. And diverting existing General Fund revenue to solve this problem will only exacerbate other budget problems.

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

Thank you for the opportunity to address the Committee on this important issue, and from a different perspective. And I'm hopeful that the leadership of both houses and the Governor will agree on a plan that continues the funding for the State's Transportation Trust Fund into the future.

As I said, I hope this perspective from a different portion of the State will provide helpful insight to you.

SENATOR SACCO: Thank you.

Senator.

SENATOR GORDON: Thank you, Mr. Chairman.

I'd like to take advantage of your expertise in the fiscal area since, as I recall, you served as Treasurer.

There have been suggestions that new revenue sources, such as an expanded franchise tax that would be imposed on the organizations that are in our rest stops, for example, might generate additional revenue that would reduce the need to rely on a gas tax. Could you comment on that and any other revenue sources that would provide some new money?

MR. ROUSSEAU: As I said when I testified before the Assembly Committee a month ago, and now I will take my hat off as -- I'm not representing the Association of Independent Colleges, I'm speaking to you as my former positions and my expertise.

That could be a portion of the solution, but that's going to be going nowhere. I mean, you need somewhere between a minimum of-- Anywhere-- Depending on how long you want the Trust Fund to be, how much a combination you want between debt and pay-as-you-go, you need a minimum, probably, of \$500 million to keep the Trust Fund going for maybe 5 years -- and basically the way we've been doing it: a high combination of debt and pay-as-you-go; and up to maybe as much to \$1 billion to \$1.5 billion if you want to rely more on pay-as-you-go.

The rest stop thing can be a component of it, but it's not going to give you everything that you need. Maybe it's a difference between

doing 10 cents versus 12 cents -- or maybe not even that. I don't know the exact numbers on what you can generate. But there's not nearly enough activity there to--

SENATOR GORDON: But it's never been viewed as a major revenue generator.

MR. ROUSSEAU: No, it's not viewed as that. In the past, it has never been viewed as that; it's been viewed as a possible component of something.

SENATOR GORDON: Okay, thank you.

SENATOR SACCO: Yes, Senator.

SENATOR PENNACCHIO: Good morning, Mr. Treasurer.

You had mentioned the relationship of debt to pay-as-you-go. We're out of money now, so we start off with a pretty high ratio, as far as debt to go. Is there a magic number -- is there something that you think you could feel comfortable with, as far as what percentage should be debt, as opposed -- If we assume that we're going to raise as much through whatever means as we have existing debt, that's already at a 50 percent markup. So is there a number that other states -- we could rely on other states that are doing it better than we're doing it, that we could feel comfortable with?

MR. ROUSSEAU: I think that's the discussion that really has to be had from the policy makers -- you guys, the Governor's Office, and others -- that it comes to that mix of what you want to do. If you do a substantial increase where you get \$1 billion to \$1.5 billion and you want to be able to go for 10 years or 12 years, the mix is going to be different. If you go for a smaller increase and you want to be able to go 5 years or so, I

think you're going to see the same thing we've had over the past, where you'll start off at the beginning with mostly -- with more pay-as-you-go and less debt, and eventually you'll get to where you are. And 5 years from now, you'll be at the same spot. So it really goes by -- the magnitude of the increase you do will drive what the-- And the length of time that you want that money to pay for will drive that discussion. I mean, right now we are 100 percent -- all the revenue we have right now is going to pay debt service. Each year, the next \$1.5 billion of funding is just paid for by taking roughly \$100 million out of the General Fund to pay for that next year's debt service.

And as an aside to what-- I think one of the things we've seen over the last 15 years or so, and it's something to keep in mind as you move forward, is we have had 15 years of very, very low interest rates which has allowed that money to go further and further. And I can tell you that every Trust Fund renewal that I ever worked on, we would say, "Okay, in the first year we're assuming that interest rates are going to be what they are;" and then 3 or 4 years out we would always make the assumption, because it was the right assumption to make, that interest rates are going to go up. Now, interest rates didn't go up during that time period, and we were able to actually either -- maybe buy another year out of the Trust Fund with the money we had, or 2 years, or things like that. But one of the things you have to keep in mind as you move forward with this is that at some point in time -- we don't know when; I'm not -- none of us up here-- If we all knew when, we'd figure out a different line of work and make billions, probably. At some point in time, interest rates are going to have to start going up

again, so that whatever money you put aside may not actually be enough to do what you want to do.

I hope I skirted around the direct answer to you as best as I could, but-- (laughter) I realize I did, but I think it's-- There are too many variables here on what that ratio-- Look, you could, as policymakers, decide to do what we've done for the last two years, as I said: Raise-- Just go out and issue \$1.6 billion worth of debt and know that next year you have \$100 million cost to the General Fund. And you can keep the Trust Fund going forever like that if you want to. It's not the right way to do it; it's hard planning and it takes money from other areas of the budget. But that's something for you guys to decide.

SENATOR PENNACCHIO: Normally I'd be a lot more generous and comfortable with raising debt. You build a bridge -- this generation, future generations--

MR. ROUSSEAU: Oh, I have no doubt about that. I support--

SENATOR PENNACCHIO: The problem is that we're debted out. The problem is we abused that.

MR. ROUSSEAU: Right, and that's the problem we have. This is a legitimate use of debt. And there is the generational equity issues about today's-- Should today's taxpayer be burdened -- have the whole cost of paying for something that's going to be used 30 years down the road? And that's why debt is a legitimate issue for the building of schools, the building of roads, etc. But you're right, we have had -- from both parties we have had the issue of our debt increasing to the level of "what can we support or not support?"

SENATOR PENNACCHIO: And finally, you had mentioned those 500,000 combined commuters, and teachers, and people who you deal with -- they are the ones who are going to be footing the bill -- this tax bill for the taxes, for the gas tax increase -- if we have one.

Can you share with us things that drove you absolutely crazy when you were Treasurer (laughter) -- that drove the price of transportation infrastructure and maintenance up -- things that you'd like to change, or would have liked to have changed?

MR. ROUSSEAU: I heard you ask the two previous -- and I started thinking about it.

My dealings with the Trust Fund and the Department of Transportation Trust Fund were more at a higher level. I would defer that to a conversation you may be able to have with Jamie, since he has had that prior experience there. Offhand, I can't think of things right now that are--

SENATOR PENNACCHIO: Could you surmise there are?

MR. ROUSSEAU: What?

SENATOR PENNACCHIO: Could--

MR. ROUSSEAU: Oh, there clearly are places in government where we can do things more efficiently at a less expensive cost. But then sometimes there are consequences of those. Eric brought up the idea about-- Yes, there are the consolidation of the toll roads and everything, but there are consequences to that. And it's up to you guys and the Governor, as policymakers, to decide if the consequences are worth the benefit.

SENATOR SACCO: Actually, you know, we have a number of speakers left.

First of all, thank you very much for your very knowledgeable testimony.

MR. ROUSSEAU: Thank you.

MR. ROUSSEAU: Thank you.

Anthony Attanasio and Dennis Hart, Utility and Transportation Contractors Association.

**ANTHONY ATTANASIO:** Chairman, thank you very much; members of the Committee, thank you for having us today.

Dennis and I represent the UTCA; it's a private trade association that represents the private contractors. We have over 900 members. Our contractors build the infrastructure of this state.

Many of you, of course, know me from my previous role where I worked with each of you as Assistant Commissioner at the DOT. So as I said at the Assembly Committee hearings, I have a very unique perspective on this issue -- having sat on the side with the Department, and now on the side of the folks who build the infrastructure in this state.

And it's a scary view, to say the least, the problem that we are facing. I would encourage everyone-- I wrote an op-ed, which is on the Forward New Jersey blog on the website, that deals with the cost-per-mile fallacy -- the report that was put out that-- Let's just say, the methodology is flawed, to say the least. So my op-ed gets into why it's flawed and all the factors that go into road construction costs in New Jersey.

But I think one of the other issues I wanted to talk about today is the reality that, I think while we are encouraged that the debate this time seems to be focused on finding a solution, we do feel that the debate is getting a little too far ahead on talking about solutions, and there hasn't

been enough focus on what the actual needs are, and why we're having this debate, and why we're in a point of true crisis. Because we have a two-pronged crisis: We have an infrastructure issue where we have roads and bridges that are not up to the standard -- whether it's to support the economy, but more importantly for safety. Everyone remembers the I-35 bridge in Minnesota that fell down, taking 13 lives and injuring dozens of others. The sufficiency rating on that bridge was a 50; there are hundreds -- hundreds of bridges in this state with a lower sufficiency rating than that bridge that fell down in Minnesota.

We have folks-- In my previous role I spoke to almost every member of this Committee -- plus many -- about there would be fatalities in your districts due to intersections where the road geometry -- whatever -- was not to the optimal state it could be. And the Department just didn't have the money to address the situation. And you get asked, by whether it was a mayor or a legislator, "Well, how much does a life cost that you're telling us that the Department just simply can't advance a project like this?" Well, the reality is, is that there just wasn't enough funding to advance any and all of those projects.

We have a serious, serious issue with our infrastructure and its quality. We're losing businesses, we're losing lives, and that needs to be addressed.

The other side of this is the financial aspect. I mean, to clarify some of the numbers that you had heard -- and just let's be clear: going forward, starting next year, we have a \$1.2 billion annual debt service payment, which is only going to rise as multi-year funded projects -- when those bills come due -- projects that are currently being constructed,

without beginning a single new project. But the Fund only takes on \$900-and-change million. So the drag on the General Fund is actually closer to \$300 million, .

So when you have \$1.2 billion, which will probably get up to \$1.4 billion, \$1.5 billion annual debt service for a Fund that only takes in \$900 million, I mean, that gets to the responsibility of solving this issue and what that takes. I mean, I was asked by one legislative leader, “Well, how would you sum up the debt problem in a 30-second sound bite?” It would be simple. I’d have a TV commercial with the family out to dinner; Mom and Dad are cheering with the wine glasses; the kids are eating their dinner having fun. And then when the bill comes, the parents look at it and hand it to their children and walk away. Because that’s what’s been going on with transportation funding for 30 years now. My 1-year-old son will be paying for projects that were paved when I was Assistant Commissioner up to when he’s 28 years old; and he’s 1. Let’s think about this.

So what’s it really going to take? We believe, as an industry, it’s going to take \$2 billion in new revenue; because if we want to maintain a \$1.6 billion program -- which is the current level we have -- and that’s without expanding, that’s without building new-- That’s just keeping the same level of funding. If you were to raise \$2 billion and you wanted to plug the hole that the General Fund has because of this debt service transfer, whatever you raise, something’s going to come off the top to fill that debt.

We need to constitutionally dedicate every penny that’s raised for its intended purpose. And we need some very smart constitutional lawyers to word that dedication so that that money can’t be raided for other

uses, going forward. I mean, we need to make our state safer, we need-- I think the best thing you can do as far as seeing where the investment in transportation has its return is with the opening of the Turnpike widening. Anybody in this room who has driven north or south in the last several weeks -- after that Turnpike widening has been open -- from 6 to 9, can feel the difference and realize it. Several commuters have noted that their commute times have been reduced by over a half-an-hour. I mean, think about that; that's daily. I mean, think about that time with your children and your family, and doing the things that you want to do in life -- not sitting on the New Jersey Turnpike.

When you invest in infrastructure, you create jobs, you increase quality of life, and you increase safety. And that's why we're here today, as we've been with Forward New Jersey and all the folks, to advocate for a proper renewal.

My time's probably up, Chairman, so thank you.

SENATOR SACCO: Yes, it is; thank you.

One quick question.

SENATOR PENNACCHIO: Anthony, that \$2 billion -- is that our share, or is that the total including Fed?

MR. ATTANASIO: Excuse me? I'm sorry.

SENATOR PENNACCHIO: That \$2 billion investment that you said we have to make -- is that just our share, or is that with the Federal match?

MR. ATTANASIO: No, we're advocating for \$2 billion in new State revenue.

SENATOR PENNACCHIO: New State?

MR. ATTANASIO: Yes.

SENATOR PENNACCHIO: So you're looking at \$4 billion then, if it's a 50-50 match?

MR. ATTANASIO: Roughly. I mean, the way the Feds-- The Federal match is actually based on toll credits.

SENATOR PENNACCHIO: Because I've never seen that number before. I've never seen--

MR. ATTANASIO: Well, the Federal match is actually based on toll credits, so it's a little -- it's a very complicated formula, but I'd be happy to talk about that more offline. But we are looking for \$2 billion in new State revenue.

SENATOR SACCO: All right, thank you.

MR. ATTANASIO: Thank you, Chairman

SENATOR SACCO: Gordon MacInnes, NJPP.

**SENATOR GORDON A. MACINNES:** Good morning.

SENATOR SACCO: Former Senator MacInnes.

SENATOR MACINNES: Thank you, Mr. Chairman and members of the Committee.

I'll be very brief. I have a prepared statement that I will summarize quickly for you.

And you're going to hear much more in the balance of the morning, and you've already heard that what we're facing now is not the normal policy issue and debate; we're talking about a real emergency. This is on a scale, in terms of New Jersey's future, which matches up closely with Superstorm Sandy. That's the kind of thing we're talking about.

Because if there's one asset that New Jersey has that no other state can replicate, it's our location -- in the middle of the largest market in the world, with convenient access to New York in the north and Philadelphia in the south. Those economic assets are being ignored, and have been ignored for a couple of decades as we've played games with the Transportation Trust Fund.

So my first recommendation is to treat this as something other than the typical Trenton political and policy issue to deal with. This is an emergency on a scale of a Superstorm Sandy.

Secondly, you have to talk about this in terms-- Because of the scale of the immediate problem and because of the future needs, if we want to have a fighting chance to maintain, and prosperity to achieve, economic growth in this state, we're going to have to be talking about a major increase in new revenues. You can't do this by grabbing whatever hasn't been dedicated yet among gasoline taxes and get a constitutional dedication. We can't do the normal, "Let's find a politically painless solution that nobody will notice. And then we can get out of town and there won't be all that agitation, and mail, and phone calls to our offices as people recognize that they're having to pay for getting to work, for going to the city," for whatever use is made by just about every resident of New Jersey, every day, on the transportation network of the state.

And the third thing that I would recommend is: In treating this as an emergency, not too different from Superstorm Sandy, don't let this debate get confused about other issues. Don't let this be a tradeoff with something else that somebody thinks needs to be done. And I'll mention specifically -- I've seen references now to having the Estate Tax eliminated

as a part of the deal to have Transportation Trust Fund funding restored. That would be a terrible mistake. First of all, yes, maybe the Estate Tax should be modified in New Jersey. We should review that, but it should be a part of a comprehensive effort to look at the tax structure in the State, and not a game that is played as the card to get this real emergency dealt with.

So I hope that that will be the outlook of both the Administration and the Legislature on dealing with the issue that we are confronted with.

SENATOR SACCO: Senator, thank you.

SENATOR MacINNES: Thank you.

SENATOR GORDON: Thank you for your comments, Senator.

The gas tax is, I think most would agree, a pretty regressive tax. Let's say that there really is no alternative but a significant increase in the gas tax to produce the kind of revenue that we need. I'm wondering whether there is some way through tax policy -- and maybe I should have asked David Rousseau this question -- whether by offering a tax credit or deduction, that's related to taxable income, that you can mitigate some of the regressive effects and the pain of the tax. I have no idea how difficult that would be to implement, but I wonder whether anyone has been thinking about that.

SENATOR MacINNES: We have thought about it. And I think there's an answer that is very imperfect; that does not deal with the needs of every low- and moderate-income family as their cost of commuting goes up. But I think there is an answer that gets close, and that would be to

restore the reduction in the Earned Income Tax Credit that took place in 2010, done by both the Legislature and the Governor in response to the effect of the great recession. And even consider, in that movement, actually increasing the State-level credit.

Here's what you would get for that. You would get \$60 million to \$80 million a year that would be restored -- that was a credit that was taken away -- to 500,000 households in New Jersey. Not enough to pay off the mortgage or pay off two months of rent, but enough to give you a little breathing room in high-cost New Jersey. And if you did that, you would also be dealing with those families most likely to be affected by the increased taxation -- which are people who are working. And the EITC is only available to people who are being compensated for their work.

So I think it's as close as you can get. I don't think there's any perfect way to do that, but that's something that we've recommended.

SENATOR SACCO: Senator, thank you.

SENATOR MacINNES: Thank you, Mr. Chairman.

SENATOR SACCO: Eric DeGesero, Fuel Merchants Association.

**E R I C D e G E S E R O:** Chairman Sacco and members of the Committee -- Eric DeGesero, representing the wholesale gasoline distributors in the state.

It might come as a surprise that the Fuel Merchants Association of New Jersey does not support an increase in existing tax or assessment of a tax not currently assessed on petroleum. However, if there is going to be one, we would like the Legislature to take into account the impact it would

have on our members as small business owners, and then other policy questions that we think should be considered.

First off, an increase in the tax will impact the cash flow of our members, just because of the fact that we are not more of a worthy credit risk -- just because the cash in the payment that we make to our suppliers is being taken up by the tax. So we need a little breathing room. We have three specific suggestions, and then I'll segue into issues relative to the tax.

First of all, is to reduce the amount of the bond that a distributor needs to post with the Director of the Division of Taxation. Currently it's three times the greatest monthly amount in the prior 12 months. We recommend dropping that to the single-largest month, and/or giving the Director the discretion to reduce it from there. Our members have generations of being good taxpayers.

Secondly, is to enact legislation that allows distributors to seek a refund in any bad debt that they have had to write off, for the portion that is the excise tax. There is currently legislation sponsored by Senators Bucco and Van Drew that would do that.

And third and finally, to look at enacting legislation that would prohibit the interchange -- credit card interchange fee from being applied to the State excise portion of a transaction.

So those are three concrete examples that would help mitigate any tax increase on the cash flow operations of small businesses.

Relative to some of the things that have been discussed publicly, there has been discussion that maybe we should assess a sales tax on gasoline. There is currently no sales tax on gasoline, and some have said that that's a loophole or an exemption that should not be there. We would

respectfully suggest that there are lots of things that sales tax is assessed on that do not also have an excise tax assessed on them. And that when you look at the price -- you look at gasoline as a commodity, no other commodity's price changes are as volatile or on a daily basis as petroleum's. And we think that from a planning perspective, if the whole objective is to have a dedicated, stable capital program, all you have to do is look at the experience of the past number of months -- the price of gasoline down, the price of crude oil down dramatically. So if this had been a July 1 issue in terms of what your planning was, your revenue would be off for this current year.

Granted, it's a two-way street. It could go up in a year when the price goes up; I readily concede that. But I think as policymakers, you have long struggled with the impact of the capital gains tax aspect of gross income tax on an annual basis and what that does to budgeting. Certainly this would be a smaller amount, but it's still -- it wreaks havoc with the budget overall and it shouldn't be compounded here in the Transportation Trust Fund.

Additionally, the sales tax is a bad mechanism to collect motor fuels tax because it allows for both human error, and unsavory operators to game it to the detriment of legitimate competitors and the State Treasury.

And I'd like to read the first recommendation of the Christie Transportation Transition report of January 5, 2010, which said that we should, "Collect the gas tax at distribution to reduce the losses and expenses from multiple collection points currently used." That was done when the Legislature enacted Public Law 2010, Chapter 22. So for many reasons the sales tax is a bad idea.

Secondly, look at competitive border issues. There's a lot of talk about out-of-state, with 30 percent, 40 percent -- some number of percentage of our volume is from out-of-state. And I'll concede the number is something along those lines; I have nothing to refute that. However, I would ask that you look-- There are two different types of out-of-state demand. There is, what I would argue is, the relatively inelastic demand of out-of-state drivers that use the tolls roads, and the completely elastic demand of out-of-state commuters coming from Pennsylvania and New York. We all know -- you see people coming across the border filling up in New Jersey, or everybody at the gas stations at the Holland Tunnel filling up before they go back to the city. So that if there was going to be an increase, to recognize where New Jersey is relative to our neighboring states and to not impact that advantage that we currently have.

Finally, there's also been talk about an increase in the Gross Receipts Tax. There are off-road uses of fuel, there are commercial uses of fuel that -- we think that this should be the time that the Gross Receipts Tax is either co-collected or simply done away with, and we move forward, in terms of a larger-- It's only a small portion of the overall volume of refined petroleum that is collected on.

Relative to the constitutional dedication -- I can't stress that enough. There are other examples of constitutionally dedicated funds -- for example, the Corporate Business Tax -- where, while the revenue from the tax itself is constitutionally dedicated, the interest on that revenue is not; and in some instances, that has been moved from what is theoretically constitutionally dedicated, but the interest is skimmed. So that's something that we would look at.

So in conclusion, we ask that if there is going to be a tax on motor fuels -- an increase enacted -- that it take into account the impact -- the unique impact on small business; it be addressed as an excise tax, and that it be done on a one-time basis instead of a phase-in; and it recognizes the border impacts so we don't lose that advantage that we have currently.

Thank you, Mr. Chairman.

SENATOR SACCO: Thank you very much.

Yes. I want the Committee to recognize that we have seven more speakers, and we will be done here at 12.

SENATOR PENNACCHIO: One quick question: Without quantifying it -- not being able to quantify it -- can you, as a generalization, raising the gas tax, do you think we'll lose State Receipt taxes because of a lesser competitive edge?

MR. DeGESERO: I think that there's a sweet-- If there is going to be an increase, that there might be a sweet spot somewhere between where it is now and where our neighboring states are. I leave it to you, as policymakers, to figure out where that sweet spot is.

SENATOR PENNACCHIO: Thank you.

SENATOR SACCO: All right, Joe McNamara, New Jersey  
LECET.

Okay, there's now a 3-minute time limit so we can get this wrapped up.

**J O S E P H M c N A M A R A:** We'll be brief, Chairman.

SENATOR SACCO: Thank you.

**C I R O S C A L E R A:** Yes, I'll be brief.

MR. McNAMARA: Thanks, Mr. Chairman, for holding this hearing on this critical issue.

I don't have to document the needs; they've been well-documented here, in the press, and at other hearings. It's important for the safety of our people; and that is very, very critical to them. We know the dire need -- financial -- of the Transportation Trust Fund. And it should be noted, not only -- if we don't find a solution to this, not only do we not have New Jersey funds for transportation, but we would lose Federal matching funds, both for roads, highways, and perhaps transit. So there's a loss if we don't do this, besides just not having the investment.

Again, everything's been documented. I just want to take a different look at how we consider expensing capital projects. We often look at it, and it is a short-term expense. But it is a long-term investment. And what I mean by that is, we are -- our transportation system is the foundation of our economy. We are in the heart of the world's largest consumer market; we are the gateway to world markets. If we don't have -- not just roads and bridges -- ports, airports, and transit together, then we will lose our competitiveness. So it's important not only for jobs in the industry I represent -- and I represent-- Today I'm here for the Laborers Employers Trust Fund, Labor Management Fund, representing our Chairman, Ray Porcino, so it's not just our industry. But if our ability to attract and retain businesses here so that there are jobs in finance, in hotels, in other businesses -- it's critical.

We have to find a solution; Forward New Jersey -- we have submitted testimony -- has some options which you've all seen, which we need to consider. It's critical to do that, and we just ask the decision

makers and the leaders in this state to sit down and find a solution to what is probably the most critical problem this month that we're facing.

MR. SCALERA: Mr. Chairman, I just have one point to add, and that it's often not recognized that approximately \$500 million of that Transportation Trust Fund is -- the New Jersey Transit capital program is about \$1.1 billion, half of which comes from the Transportation Trust Fund. So its not just roads and bridges, but the New Jersey Transit operation capital program will be direly affected if we don't come up with a solution for the TTF. I mean, the people -- for whatever reasons -- straphangers, environmentalists -- whatever -- want to see-- And we need -- critically need a strong Transit system too. And that will be impacted as well.

Thank you, Mr. Chairman.

SENATOR SACCO: Thank you very much for your testimony.

Mike McGuinness, NAIOP.

**M I C H A E L G. M c G U I N N E S S:** Thank you, Mr. Chairman, members of the Committee.

NAIOP represents about 700 commercial real estate developers, investors, owners in New Jersey, and maybe 17,000 in North America.

I'm here today without any prepared remarks, but I just wanted to bring you -- make you aware of the fact that a lot of our members are facility providers for the warehouse and distribution centers, which serve the logistics industry in New Jersey. New Jersey is number three in the country -- New York, New Jersey, the Port -- in terms of the amount of cargo we bring into the country. The amount of cargo is projected to increase substantially in the next few years; it's going to double in the next

10 or 15 years, for sure. It relies on the roads; 75 percent of the cargo leaving the Port goes out on trucks. The trucks are already taking a toll on the roads, and unless we put some substantial investments in those roads immediately then the shippers will go to different ports.

As someone said earlier, we certainly have the location here due to the consumer base within a one-day drive of the Port of New York and New Jersey, but it's very much in jeopardy. And we need-- I mean, I think the \$2 billion of new funding is needed immediately just to keep us competitive with the other areas.

That's pretty much it. I just wanted to make you aware of that fact, which I don't think has been brought up before.

The Department of Labor has put out a great little booklet on the industry -- the logistics industry and how it works into our economy. And I think it's something you should be aware of.

Thank you.

SENATOR SACCO: Yes, Senator.

SENATOR GORDON: That increase that is projected for freight moving through the Port of New York--

MR. McGUINNESS: Right.

SENATOR GORDON: --is that driven by the widening of the Panama Canal and the vessels that are expected to be coming into the Port of New York?

MR. McGUINNESS: All of that makes our Port much more competitive and more attractive. However, I think it's the sheer volume of consumers who reside close to this Port -- meaning New York, New Jersey, Connecticut, eastern Pennsylvania. So our Port is always going to be

number two or three in the country, easily. So I think it's just a consumer base. But yes, the Panama Canal, Bayonne Bridge are all very key in making this Port more attractive; but it's really the consumer base and the fact that we're only a one-day drive from many, many millions of consumers in the country.

SENATOR SACCO: Thank you very much for your testimony.

MR. McGUINNESS: Thank you.

SENATOR SACCO: Daryl Iwicki, Americans for Prosperity.

**DARYN IWICKI:** Chairman, thank you; Senators, thank you.

We'll be brief with this.

But Senator Gordon, you mentioned this in speaking briefly, that this is a regressive tax. It is going to-- The pain is going to be borne by our middle class and our lower class citizens here in the State of New Jersey. You're looking at \$300, per car, coming out of their budget. So again, we're sitting here in Trenton, putting the pain and burden on our citizens.

And what we would advocate for is, rather than the pain be borne by the citizens, let's have it be borne by the State House. And let's find cuts in the budget that we can do away with and dedicate that money to the Transportation Trust Fund. I think that would be fair, it would be the best way of going about it, and it wouldn't kill our businesses, it wouldn't hurt our middle class citizens, because this is going to be seen throughout the economy. It's not just the individuals who are seeing it at the pump, but it is the business owners who have fleets of cars. It's the small business owner who has to now pay more.

I spoke to a gentleman the other day who owns an ink cartridge business. He has a small truck and drives around the state. That's money

coming out of his pocket that he can't now reinvest into the economy -- whether it's creating a job or expanding his business into a new area.

So why don't we sit down and audit the TTF and find out where this money is actually going in the State. We've seen reports of the Governor taking \$600 million out of tolls and using it to fill budget gaps. I think a great way to make sure the money is being spent properly is to audit it and figure out where it's going, and then make sure it is not being raided for future generations for budget gimmicks. Because I think we can all be honest with ourselves -- that's what a lot of the money has been used for. It's been raided time and time again -- money not going in that is statutorily dedicated that should be going in. So that's a great way of going about and doing it.

And in respect to the costs -- the costs are very real. We spent \$2 million per mile in roadwork. And the study that the gentleman referred to as -- I don't want to put words in his mouth, but what I heard was *erroneous* -- those numbers come from the State of New Jersey. The State of New Jersey reports those numbers. That's what the Reason Foundation uses for their studies. We outspend nearly 3-to-1 our competitors in Massachusetts -- 4-to-1 when it comes to New York -- when it comes to spending on roadwork. What are we spending the money on and what are we getting out of it? Because I can almost guarantee you, not every dollar that we put into the gas tax is going to be going towards fixing our roads and bridges.

Everyone has said infrastructure is vitally important; we agree. We agree in putting together capital projects to make sure our infrastructure is good. But let's make sure if we're going to go down this

road, that that money is actually being invested into the things that it should be invested in -- not budget gimmicks, not supporting Light Rail.

So with that, our time is up -- unless you indulge me to continue, or have me take questions. (laughter)

SENATOR SACCO: No, thank you very much for your testimony. It's a very interesting way to look at the situation.

Thank you.

MR. IWICKI: Thank you.

SENATOR SACCO: Mary Ellen Peppard, New Jersey Food Council.

MARY ELLEN PEPPARD: Good morning. Thank you, Chairman and members of the Committee. Mary Ellen Peppard with the New Jersey Food Council.

Our members have had a lot of meetings on this issue. This is extremely important to our members. We represent the food, retail, and distribution industry which, as you may know, is a very significant user of transportation in this state. We also represent the state's two largest convenience stores with fuel.

Because we do recognize the urgency of the situation, we want to be part of the solution -- and our members have decided that we could support a modest, gradual increase in the gas tax. Our idea would be along the lines of a 3-cent increase over a 3-year period.

We would not be able to support tying this increase to the CPI because of the volatility. Our members have, just this past year, seen the difficulty of the volatility with the minimum wage increase, and it's a difficult thing to try to plan for. Similarly, we would not be able support a

7 percent sales tax on gasoline. As you know, obviously, fuel prices are very volatile. That would be extremely challenging.

Very quickly -- you have my written testimony -- I know I have about 1 minute left.

Because we recognize that a 9-cent, 10-cent increase would not be quite enough and not maybe what we would need, we've also asked that the Committee and the Legislature and the Governor consider other revenue sources -- maybe a little bit different, outside-the-box revenue sources that could be dedicated to the Transportation Trust Fund, such as disposal bag fees, such as liquor license reform fees -- maybe things that would save labor costs like self-serve gas -- things like that. And we have some more information about that in our written testimony.

Thank you.

SENATOR SACCO: Any questions?

Thank you very much for your testimony.

All right, we have Cathleen Lewis, AAA.

**CATHLEEN LEWIS:** Good morning.

SENATOR SACCO: Good morning.

MS. LEWIS: You all should have copies of my testimony; it's three pages. I won't bore you by reading it.

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

I'll hit some of the keynotes.

SENATOR SACCO: Sure.

MS. LEWIS: Every two years AAA does a study -- does a poll on a variety of different transportation issues. There's a lot of that data on

here, and I'm just going to pull out a couple of pieces that I think are important that people understand.

In 2009, 39 percent of motorists said their commute had stayed the same over the last two years. On our last polling, which is in 2013, 37 percent said their commute had gotten worse. And this was right before last winter; we poll in November. I would guarantee you that if we went out in the field early and we asked them, that the roadways have gotten significantly worse.

One of the places where we see the largest impact of that is on local roadways -- 63 percent of motorists rated interstates as *good* or *excellent*; 70 percent rated toll roads as *good* or *excellent*; 53 percent said State and county roads were *fair* or *poor*; and 61 percent rated their local roads as *fair* or *poor*. Twenty-three percent rated their local roads as *poor*, which was the highest *poor* rating of any of them -- and I think that the reason that you're seeing that is because we all know that, first off, toll roads get the most money. Those are maintained the best. And as we have less money in the Transportation Trust Fund, less of it gets to the local roadways where most of our motorists are driving every day, and those roads don't get repaired. And that's where we're seeing some of the biggest pain.

That crumbling infrastructure hurts us in a variety of ways: our longer commutes, higher repair costs, weakened roadways, and increased crash risk. We've all seen that big pothole in the roadway, and we face the decision: Do we go through the pothole, possibly getting significant damage to our vehicle, or do we swerve and avoid the pothole and possibly get into a crash? And that is, unfortunately, something that most of our motorists are facing on a regular basis.

And when it comes to costs, the average cost for a commuter to bear -- based on the crumbling and deteriorating roadways -- we have is \$600 a year. AAA has done the numbers, and what we see is that repairs, due to potholes, can range from \$50 if it's just a simple realignment, to \$2,500 if you have to replace an axle and you have to replace your tires.

So we've seen those costs continue to expand as our roads continue to deteriorate.

During the past decade, when we have done our poll, we have seen consistent support for an increase in the gas tax if it were dedicated to projects that would improve our roadways. Indeed, as in 2013, we saw a dramatic decrease in that support, and as we've talked to our members we've seen that that's because they just don't trust that the money is getting to the right place.

And I want to be clear on this. AAA continues to educate our members that the gas tax is getting to the right place; the problem is, is that the gas tax is not enough. We are spending 1988 dollars on 2014 costs and it doesn't work.

However, there are other funds that, while not constitutionally dedicated, should have been going into the Fund, and are not. So we are encouraged by some of the discussion about rededicating those and in finding cost savings in other places. And we ask the Legislature to continue to look at those. But the simple math is clear -- that rededication of those funds and reductions of costs is not going to get us to where we need to be. There is too much work to be done; the investment in infrastructure is needed so much that we need to find a new revenue source.

And I know that there's been some discussion about what that would mean out of the motorists' pockets, so I'm going to briefly talk about that. What we've seen is that the costs for the average increase that we've talked about is somewhere between \$200 and \$300. First off, that's significantly less than the average cost that's estimated by the American Civil Engineers, which is at \$600 a year -- if we invest in our roads, we can anticipate that that cost for needed repairs will go down. It's also important to understand that if you know that you're going to spend more money on gas, and your roadways are going to be better, you won't have those unexpected costs because you hit a pothole and all of a sudden you need to replace your tire, you need to replace your axel. Those are costs that you can factor into your budget

And lastly, we are used to fluctuations in our gas prices. And even by increasing the gas tax we would still be competitive when it comes to the gas rate in the region. We have decreased our gas prices by 48 cents in just two months, which means that people have been able to-- For up until two months ago, they were able to absorb another 48 cents per gallon into their regular budgets. When we looked at gas prices last week -- which was when I prepared this testimony -- New Jersey's average gas price was at \$2.68; New York's was at \$3.14; Pennsylvania's was at \$2.93; and Connecticut's was at \$3.08. We have lots of room to increase that cost before we start to get towards any of those other prices. And we also have infrastructure that sorely needs that investment.

I'm happy to answer any questions. The last thing I'll say -- I'm sorry, one more thing -- is that as we look at these, I also urge the Legislature to look at funding for the future. Cars are going to get more fuel

efficient, more cars are going to use alternative fuels. As we have this conversation, this can't be the end. We need to look at how we're going to fold those in, because they are putting the same stresses on our roadways that normal cars that use gas are putting on our roadways today.

So with that, if you have any questions I'm happy to answer them.

SENATOR SACCO: Any questions from anybody?

The interesting fact is that as we get more efficient, even if we raise the gas tax it would be bringing in less money. So that is a consideration. How do you eventually get to the electric car to let them pay their fair share?

SENATOR GORDON: Kilowatt tax. (laughter)

SENATOR SACCO: Yes, okay. All right. I guess there's always a means.

Thank you very much.

MS. LEWIS: Thank you.

Janna Chernetz, Tri-State Transportation Campaign.

**J A N N A C H E R N E T Z, Esq.:** I guess we're still in the morning, so--

SENATOR SACCO: So we're fine.

MS. CHERNETZ: So I will say good morning.

I do have prepared testimony.

My name is Janna Chernetz. I am the Senior New Jersey Policy Analyst for Tri-State Transportation Campaign. We are a nonprofit, nonpartisan transportation policy advocacy organization; we focus on New Jersey, Connecticut, and downstate New York.

Obviously I don't need to sit here and talk about the state of our roadways and bridges. We all know it; that's why we're here. Ten million people, traveling across deficient bridges a day (*sic*) in New Jersey; the condition of our roadways is deplorable.

But what I do want to talk to you about today is our need to invest in mass transit, because that is an integral part of this discussion. And I just wanted to highlight a few of the statistics in New Jersey that you may or may not be aware of.

About 11 percent of New Jersey workers, ages 16 and older, use public transportation. And of that 11 percent, two-thirds travel by bus.

About 70 percent of New Jersey residents who commute to New York City rely on mass transit, and 24 percent who commute to Philadelphia. These are two economic powerhouses in our region. We need to make sure that our residents can hook up to jobs -- high-paying jobs, because that also translates to New Jersey's economic vitality in terms of revenue.

And New Jersey Transit's ridership is growing. This past fiscal year saw the largest increase in ridership since 2008. For an entire year there's been about 46.4 million riders on New Jersey Transit.

And mass transit is not just a choice for New Jersey residents. Some resident do not own a vehicle. I just want to point out to you the number of residents who do not own vehicles. That's approximately 12 percent of households don't own a vehicle. In Newark, that number is 40 percent. There are 11 municipalities where at least one-third of all households do not own a vehicle -- and I have listed those municipalities, and they vary throughout the entire region.

The other important thing about New Jersey Transit is that they are substantially underfunded. Right now, for the past four years, \$1.6 million has been transferred from capital to meet operating needs. To put that in perspective, \$1.6 million could pay for the Hudson-Bergen Light Rail into Bergen County; it could also pay for the Camden-Glassboro Line. This is how much money we have lost in a possibility for investment in mass transit.

And what else are we losing? Mass transit serves as a huge economic driver in this state. Real estate values go up when people have access to transit. Look at Midtown Direct, look at the property values that increased when that service began. You have people along the Raritan Valley Line who have been asking for direct service, and that's not going to happen unless we talk about how we're going to fund new tunnels. And that's become even more urgent in light of some of the reports -- that we're going to have to close some of these tunnels. So we're talking about losing property values.

Economic growth in terms of transit-oriented development: Look at what's going on in New Brunswick. From 1999 to 2012 they saw a 42 percent increase in jobs because of the development they've been doing in capitalizing on their rail hub. We can be doing this throughout the state and making our communities more economically healthy.

Another thing that I want to talk about, that some of my previous colleagues have spoken to, is: is \$2 billion enough? What is that going to get us? What are our goals in New Jersey, our priorities? How is that going to translate to the number of deficient bridges and improvement in our roadways?

And I see that I'm out of time, but I just want to let you know that--

SENATOR SACCO: Just conclude -- just conclude it now. It's okay. Just finish what you're saying.

MS. CHERNETZ: Okay. Tri-State transportation Campaign, along with New Jersey Policy Perspective, RPA, New Jersey Future, and ATU -- we put out a list of questions that we would hope that the Legislature and the Administration would think about as they guide this discussion. And it talks about where we are now, where we want to be in the future in terms of debt payments. We've had a \$1.6 billion program for 10 years and it is historically stagnant. New Jersey is able to do less and less every year with the rising cost of labor and materials. So how long is-- Whatever proposal that eventually comes to fruition -- how long is that going to last? What are we going to be able to do with that? This is something that the public needs to know, because transportation affects everybody -- it affects you, it affects me. You have a right to know where your dollars are going to go.

So I would hope that you would use those questions that we have come up with as a guide for further discussion.

Thank you.

SENATOR SACCO: Thank you very much for your testimony.

Yes.

SENATOR GORDON: I don't expect a response, but just an observation that occurred to me throughout this morning -- and that is that New Jersey, if not the entire New York metropolitan area, contributes a disproportionate amount to the American economy. And this is really a

responsibility that should be shared with the Federal government. And it is unfortunate that we can't get anything out of Washington anymore.

But the Federal government needs to be a big player here, and it has not been rising to the occasion.

SENATOR SACCO: Yes.

SENATOR PENNACCHIO: Briefly, this is what I find frustrating. For the first time today I've heard the \$2 billion mentioned. And now your testimony says that we need more?

MS. CHERNETZ: I'm just caught wondering whether or not \$2 billion is enough -- looking at what we're doing now with this \$1.6 billion. Is this going to be enough in the future?

SENATOR PENNACCHIO: We have no list of priorities; I don't see anything in front of me that tells me exactly what the dollars -- what the real dollars are, what the costs are going to be. And yet, we just keep putting out there numbers: we need \$2 billion, we need more than \$2 billion. Next week, if we have another meeting, it will be \$3 billion, or \$4 billion, or whatever. I think the taxpayer deserves an honest assessment of what the needs are.

MS. CHERNETZ: We agree wholeheartedly, and we're hoping that we could get to that point -- you know, what is our goal for fixing first, what is our goal for mass transit expansion. The public needs to know that; and are we going to be back here 5 years from now, 10 years from now, 15 years from now? We need to know, long-term.

SENATOR PENNACCHIO: A master plan. Thank you.

MS. CHERNETZ: Thank you.

SENATOR SACCO: Thank you.

SENATOR PENNACCHIO: Thank you, Chair.

SENATOR SACCO: All right, we have our last speaker, Tom Bracken, New Jersey State Chamber of Commerce, Forward New Jersey.

**T H O M A S B R A C K E N:** Mr. Chairman, thank you for allowing me to testify, and members of the Committee.

My name is Tom Bracken. I'm the President of the New Jersey State Chamber of Commerce and also the Chairman of a coalition called Forward New Jersey, which was put together to do two things: one, to educate people as to the magnitude of the need to invest in our infrastructure. I won't go into that because I'm sure you've heard testimony ad nauseam today about the numbers, and I'm not going to talk about that again. Secondly, our mission was to answer the question, which is always asked in New Jersey if you bring forward a problem, which is: How do you pay for it?

And our coalition listed a number of ways to potentially find funding to replenish the Trust Fund in an intelligent, long-term way.

The coalition is a very sizable coalition, representing 40 to 50 organizations; representing labor, business, consumer groups, individual companies. We have the League of Municipalities involved, the County Association. So we have a number of very diverse organizations as part of this coalition.

I would say, arguably, it is the strongest coalition ever put together in the State of New Jersey fighting for an issue. And the reason we're fighting for this issue is we feel very strongly that it is the number one issue facing the State of New Jersey right now.

Our infrastructure is the key to our economy; it's the key to our business competitiveness. It impacts the safety of every individual in the State of New Jersey, and it impacts every one of those organizations, companies, and individuals every day. It is something that cannot be ignored any longer; it has been ignored for decades, and we need to replenish and fix our infrastructure, invest in more improvements to make us more competitive, and simply to find the money to pay for our debt service on the bonds that are embedded in the Transportation Trust Fund.

The infrastructure is the foundation of our economy. There are many other issues facing the State of New Jersey that are very important. We all know what they are -- the pension issue, Atlantic City, education; and we can go on and on. Working on those issues will never become as effective as the possible solutions can be if we don't have a strong foundation. The foundation for all those issues and the foundation for our State is our infrastructure. We have to fix that. That's absolutely important for the future of New Jersey.

I would also say that there are many investments happening right now in the State of New Jersey that, if we don't invest in our infrastructure, will never be maximized -- the raising of the Bayonne Bridge and a number of issues like that, which could be very important to the economy of our state. If we don't have a strong infrastructure, that's going to be muted dramatically; and what a shame that would be.

The Transportation Trust Fund that we have, as you all know, becomes insolvent next June if we don't do something -- to the tune of about a \$400 million gap between what the debt service is and what the funds coming in are. We need a long-term, sustainable, intelligent,

dedicated source of funding in place to put this issue behind us permanently.

It can be fixed, it can be fixed now. We need to do it with an amount of money that's sizable to have an impact. And we don't need a short-term solution. Any short-term solution right now would be totally unacceptable to the members of our coalition and a complete disservice to the State of New Jersey.

We need a long-term solution; it's the best thing that could happen to our State. The beauty of this problem is it can be fixed, it can be fixed right now, and it would be an enormous step forward for the State of New Jersey.

I highly encourage the Senate and the Assembly and the Administration to do this. There's been a lot of support provided by our coalition. We are 100 percent in favor of this. As I said before, it's the major thing that can be done to the State of New Jersey right now. It has to be done, there's no other alternative, and we would highly encourage you to take positive action on this.

Thank you.

SENATOR SACCO: Thank you.

Before we adjourn -- Senators, any comments?

SENATOR GORDON: I would just add one point.

I really think, as a Legislature, we need to consider not just how we're going to raise revenue to make these imperative investments. But I think we need to think about how we can lessen the burden on those who are least able to bear these costs. And that's why I would really encourage

us to think about how we might build something into our State tax system to lessen the impact on middle class and lower income people.

SENATOR SACCO: Senator.

SENATOR PENNACCHIO: Just a few questions.

The Chamber-- Do you have a number that you think is required in order to meet our needs?

MR. BRACKEN: We haven't done an extensive analysis on that. But I think the number that's being thrown around in the majority of the discussions is \$2 billion.

SENATOR PENNACCHIO: Yes. Again, that's part of the frustrating part to me and for the taxpayers -- because we don't have something that's really quantified, on paper, prioritized: this is exactly what we need, this is how it should be done, and this is the schedule in which it should be done. And they just keep throwing out numbers. I don't think it's fair to the taxpayers -- \$2 billion translates into, what, 40 cents a gallon?

MR. BRACKEN: It would be 40 cents a gallon, if it was all gas tax, correct.

SENATOR PENNACCHIO: Well, it's still \$2 billion. And coincidentally, we have some really great national employment numbers which, in my view, is not coincidental to the price of gasoline and oil dropping. So there is a direct effect on the economy. If you're going to raise it by 40 cents, we may be hurting ourselves a lot more than we may be helping ourselves.

MR. BRACKEN: Well, we're not advocating for any of the options. You know, we're just advocating for a solution.

SENATOR PENNACCHIO: It's going to come from somebody's pocket.

MR. BRACKEN: Oh, absolutely. But, you know, the long-term benefits dramatically outweighs the short-term pain. We're hoping that any kind of pain -- and that's probably a loose term to use -- is dispersed among many organizations and individuals so that it's minimized to any one specific group.

SENATOR PENNACCHIO: Again, before we have that-- An honest assessment -- before we vote on anything, we really need an honest assessment of where we are and how much it's going to cost, and prioritize it; and a timetable.

MR. BRACKEN: Yes. And our coalition is not -- we did not do extensive research on what the DOT and other issues are that need to be addressed in New Jersey which would add to that total. But I'm sure that there are ways to find that.

SENATOR PENNACCHIO: Thank you.

Thank you, Chair.

SENATOR SACCO: Senator Gordon.

SENATOR GORDON: Yes, just a response to that. I would think that we have a 10-year capital plan from DOT and New Jersey Transit. Someone has put those numbers together. I agree with Senator Pennacchio -- we need to see them. But I would be -- I would start scheduling oversight committee meetings if we found out that there was no set of priorities for our infrastructure investments.

SENATOR SACCO: I think that we would have to see how we spend the money; I think that we would have to really analyze our spending to see how much we really need.

Look, we have no solution here, but we do have a lot of input now. And I thank everyone for their testimony and for the time that they put into this. And as we go on, I assure you that the Legislature will work with the Governor to come up with a solution; and hopefully that solution sustains New Jersey into the long future.

I thank you very much for your patience. If anyone felt rushed, I feel very badly. I wish I could go back in time and give more time to each and every one of you.

Thank you.

**(MEETING CONCLUDED)**