



## **NJ TRANSPORTATION NETWORK ON ROAD TO RUIN**

*New Report Reveals Funding Gap is Worse Than Expected,  
Calls for Reforms to Build Public Support for Raising Vital New Revenues*

### FOR IMMEDIATE RELEASE

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TRENTON – A report released today warns of an impending transportation catastrophe and calls for reforming the way that transportation is funded in New Jersey. The study, entitled “Putting the Trust Back in the New Jersey Transportation Trust Fund,” notes the severity of the transportation funding shortage for both capital and operating expenses, and warns that without reform the Fund could easily empty to \$0 again even after tax increases. The report draws three major conclusions:

#### **1) New Jersey is less than one year from a transportation meltdown.**

- The Transportation Trust Fund runs dry on July 1, 2006. \$805 million that is now collected each year from gas taxes, the petroleum gross receipts tax and part of the auto sales tax will be obligated to pay off debt until 2021.
- NJ DOT and NJ TRANSIT will lose their primary source of funds for construction and maintenance projects and a major source of operating money, as well as over \$1 billion in Federal matching funds.
- At that time, the state will be unable to fill a single pot hole or improve an intersection, let alone fund major new rail expansion. The result will be a daily mobility nightmare: longer commutes, lower speed limits, more congestion, more standing on trains and a return to 1970s performance levels on buses and trains.

#### **2) Without reform, the Trust Fund can easily empty again, even after tax increases.**

The report identifies six major reforms to avoid a repeat of the current crisis:

1. Fully fund NJ DOT and NJ TRANSIT operating budgets and eliminate capital-to-operating transfers, ending the practice of raiding construction and maintenance budgets to pay for day-to-day operating expenses.
2. Regularly increase NJ TRANSIT fares to keep pace with expenses.
3. Constitutionally dedicate all originally intended resources to the Trust Fund, ending leakage to the general fund and guaranteeing that transportation funds are used for transportation projects.
4. Restore a reasonable level of borrowing capacity to the transportation financing system by limiting bond maturities to ten years until permanent fiscal stability is restored.
5. Issue 6 month reports from the Division of Taxation to monitor the amount of money coming in from the gas tax and other transportation-related revenue sources.
6. Create an independent five person financial policy review committee to provide accountability and oversight.

#### **3) More than \$2 billion in new State revenues is needed annually to avoid gridlock; stopgap measures or quick fixes will only make the problem worse.**

- A diversity of revenue sources should be used, not just the gas tax, to distribute the burden and ensure adequate revenue levels without overhauling the fund again for at least 25 years.
- The operations structural deficit must be addressed through increased public funding or it will continue to undermine the capital budget.
- While a dramatic increase in new revenue will be needed, costs must also be controlled with strict management and prioritization of expenditures.

The report was prepared by Regional Plan Association, in cooperation with the AAA Clubs of New Jersey, the Edward J. Bloustein School of Planning and Public Policy and the Alan M. Voorhees Transportation Center at Rutgers University, and Tri-State Transportation Campaign. David Beale from Goldman, Beale Associates served as a consultant on bonding issues. The full report and an executive summary will be available online later today at [www.rpa.org](http://www.rpa.org).

Quotes:

“It is painfully clear that we are facing a major transportation funding crisis in New Jersey. Billions of dollars in new funding will be needed to avert a transportation meltdown. But before we can invest more money in the transportation network, we need reform to fix a broken system.”  
 -- Thomas G. Dallessio, Vice President and NJ Director, Regional Plan Association

"The Blue Ribbon Commission report, issued two years ago, depicted an urgent problem in transportation finance, but may have understated the full scope of the problem. This report broadens the lens to show that the structural deficit in transportation operations must be dealt with as well. The report also shows that all of these problems have only gotten worse in the past two years. There is a real urgency to find a comprehensive solution."  
 --Martin Robins, Director, Alan M. Voorhees Transportation Center at Rutgers University

“The poll results that AAA released last week showed that most New Jersey residents don’t understand the severity or the urgency of the funding issue. Every New Jersey resident – and all of our legislators – should read this report to appreciate the crisis situation that we’re in.”  
 --Pam Fischer, Vice President – Public Affairs, AAA New Jersey Automobile Club

“The transportation system's borrow-and-spend era has reached its logical end point - all resources consumed by debt. The report shows why and how New Jersey's leaders can chart a new course and keep New Jersey moving. Doing anything less will jeopardize the state's prosperity in the 21st Century.”  
 --Jon Orcutt, Executive Director, Tri-State Transportation Campaign

“Today’s successful global economy requires a comprehensive, multi-modal, global transportation grid. If New Jersey fails to invest in its component of that transportation grid, it will cease to be a competitive player in the global economy.”  
 --James W. Hughes, Dean, Edward J. Bloustein School of Planning and Public Policy at Rutgers

*Regional Plan Association improves the quality of life and the economic competitiveness of the New York-New Jersey-Connecticut region through research, planning, and advocacy. For more than 80 years, RPA has been shaping transportation systems, protecting open spaces, and promoting better community design for the region’s continued growth. We anticipate the challenges the region will face in the years to come, and we mobilize the region’s civic, business, and government sectors to take action.*

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