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Transportation report suggests new toll roads, raising N.J. gas tax

By **LARRY HIGGS** • TRANSPORTATION WRITER • January 31, 2010

Interstates 78, 80, 195, 287 and 295 are likely targets to become toll roads, transportation experts predict in response to a report submitted to Gov. Chris Christie that suggests that the state explore placing tolls on certain highways.

The report, released on Jan. 22, also suggests having voters decide whether to raise the state's gasoline tax, after all revenue that is supposed to be dedicated to the state's Transportation Trust Fund has been returned to that purpose.

The report, which notes that the Transportation Trust Fund will run out of money in 2011 to pay for any highway, bridge or mass transit projects in fiscal year 2012, made six general recommendations about how to raise revenue but did not go into details.

Revenue from the state's gas tax will raise enough money just to cover the estimated \$895 million debt payment in July 2011, the report said.

It recommends exploring "limited tolling of select interstate highways to pay for improvements to those highways," but didn't identify highways to be considered.

Transportation experts said the most likely candidates for tolling would be east-west interstates I-78, I-80 and I-195, along with other high-volume highways such as I-287 and I-295. Doing that requires federal approval, which would require state officials to demonstrate why toll money is needed to fix that specific highway.

"You'd want a road with high volume that's steadily growing and that has few tolling (entrance or exit) points," said Jonathan D. Peters, associate professor of finance at the College of Staten Island, who studies toll road finance. "All are high volume, I-78, I-80, I-295 and 287 pop out, most of those would test well."

Transportation Commissioner-designate James Simpson said he wouldn't comment on the recommendations until after he has been confirmed by the Legislature. Christie administration spokesman Michael Drewniak said many of the recommendations may never become reality.

"Many of the recommendations must be rejected outright. Others we'll use to inform our policy, and some will be adopted," he said. "We are fully aware of the Transportation Trust Fund situation, and you will hear things from the administration in the next few weeks."

Assembly Republican Leader Alex DeCroce, R-Morris, who's served on the transportation committee, said he opposes increasing the gas tax and putting tolls on interstate highways.

"We should look at existing revenues coming in and try and put together a funding program, enough to keep the road maintained and begin new projects, like maintaining bridges and replacing other bridges and continue maintenance on NJ Transit," DeCroce said.

He opposes interstate highway tolls because they would discourage businesses from locating and staying in the state and would hurt small start-up businesses.

"Once you start it, that's just another fee and tax the state doesn't need. I'd hold off on that one," DeCroce said. "We should give the new governor the

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opportunity to work on straightening out the hole in the (state) budget and to talk to his new commissioner of transportation, NJ Transit executive director and treasurer."

Christie opposed increasing the gas tax or raising tolls on the state's existing toll roads, DeCroce said.

Winning federal approval to make an interstate a toll road isn't easy, as was the case with Pennsylvania's unsuccessful application to place tolls on I-80, which was rejected in September 2008. Pennsylvania officials have reapplied.

"It can't be that you just want to raise revenue," Peters said.

The federal government won't allow toll money from an interstate to be diverted to other roads or to mass transit, which is what scuttled the Pennsylvania I-80 application, Peters said.

"The feds turned it back to them when they wanted to do it to (also) subsidize mass transit in Philadelphia and Pittsburgh," Peters said. "The federal government made a significant investment (in the interstates), and they want to protect that investment."

Selling toll and gas-tax increases to drivers would be hard, especially in the current recession, experts said.

"We polled 1,000 motorists in November, and 64 percent of those polled said they don't see increasing the gas tax," said Tracy Noble, MidAtlantic AAA spokeswoman. "It hits motorists in pocket; they'll tell you no."

Putting tolls on interstate highways also got a thumbs down from AAA.

"We do not support adding tolls to roads that are nontolled," Noble said.

Revenue for the trust fund to pay debt and fund projects will have to come from several sources, and there won't be one "silver bullet," said Zoe Baldwin, New Jersey advocate for the Tri-State Transportation Campaign, a group that works to reduce the dependency on cars.

Drivers are paying now for bad roads, she said, citing a June 2009 report that analyzed the nation's worst highways.

A New Jersey motorist spends an average of \$596 annually in extra vehicle operating costs because of bad roads, the highest in the nation and nearly double the national average of \$335, she said.

Baldwin cited projections that a gas-tax increase of 25 cents a gallon would cost the average household about \$230 a year. A 10-cents-a-gallon increase would cost the same household about \$93 per year, she said.

Peters said that it's also cheaper to collect gas-tax revenues than tolls.

"Even with cashless tolls, the cost of collection runs in the 14 to 20 percent of revenues collected," he said. "A fuel tax runs 1 to 2 percent for the cost of operations."

Both Peters and Baldwin said revenue solutions also must be equitable for all residents and regions.

"We need to make sure that, whatever solutions are enacted, they spread the burden across all of the transportation users and make sure they all benefit from Transportation Trust Fund projects," Baldwin said.

The report also recommends collecting the gas tax

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at the refinery, which will net a 10 percent increase in collections through efficiencies and cutting losses. Peters said it's not only more efficient, but that it also reduces the chance for fraud.

Peters also suggested indexing the gas tax to account for inflation and increased fuel economy of certain vehicles.

Another recommendation suggests merging the South Jersey Transportation Authority, which runs the Atlantic City Expressway, with the New Jersey Turnpike Authority, which runs that road and the Garden State Parkway. It also proposed the turnpike authority, the state Department of Transportation and NJ Transit share certain functions for economies of scale.

It also proposed the use of "enhanced" toll collection methods against drivers who use E-ZPass lanes to cheat on tolls.

Drewniak called the transition reports a chance to have people inside and out of the government sit down with the agencies, look at the issues and brainstorm possible solutions.

"They are useful in the ideas and assessments," he said. "They'll be used in the budget process and reform of state government and agencies like NJ Transit and the authorities."

Public trust will be a big issue, both Baldwin and Peters said, given that in the past, money that was supposed to go to the Transportation Trust Fund money has been diverted for other purposes.

"They have to make sure every dollar of revenue raised is dedicated to the Transportation Trust Fund. The state has had a large problem with raiding the fund," Baldwin said. "The public is uneasy with paying a higher tax for transportation and finding it doesn't go to transportation."

The looming funding crisis opens the door for Christie to have an "honest dialogue" with the public.

"Showing the public what they get for their money will be an integral part of this," Baldwin said.

ON THE WEB: Christie Administration Transportation subcommittee report: <http://www.state.nj.us/governor/news/reports/Transportation.pdf>

Tripnet 2009 report on NJ road conditions and costs: <http://www.tripnet.org/NewJerseyReportJune2009.pdf>

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