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Finding road and rail funding is quandary for state officials

By **LARRY HIGGS** • TRANSPORTATION WRITER •
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Transportation experts said that Gov. Chris Christie has "tied his hands" by saying he won't consider increasing the state gasoline tax to raise revenues to replenish the state Transportation Trust Fund, which will run out of money in fiscal year 2011 for any road, bridge or transit projects.

On Monday, Christie said that two recommendations made by his transportation subcommittee — to investigate putting tolls onto interstate highways, such as I-78, 80, 287, 195 and 295, and asking voters to decide whether to increase the gas tax — were off the table.

On Tuesday, the administration remained silent about options for raising revenues, except to tell residents to "stay tuned."

"We'll leave that to some of our announcements coming down shortly," said Michael Drewniak, the governor's spokesman, who said a proposal could be unveiled as soon as next week.

The size of the 2010-11 state budget deficit, estimated to be \$10 billion to \$11 billion, leaves few alternatives to using some type of revenue raiser, said transportation experts.

"The governor is tying his hands. We're not in a position to pay as you go. I agree we need to work toward it, but the reality is we have to have new revenue," said Zoe Baldwin, the Tri-State Transportation Campaign's New Jersey coordinator. "I'll be interested in the new proposals he'll come up with because he's left the door open to a transit fare hike, which is a tax hike."

One funding source would be to seek a greater contribution to the Transportation Trust Fund from the New Jersey Turnpike Authority, which contributed \$24.5 million a year to the fund in the 1980s, but reduced that to \$12 million a year when payments resumed in 2006, she said.

"Streamlining" ideas

Assembly Minority Leader Alexander DeCroce, R-Morris, suggested funding a modest capital transportation program in the coming fiscal year through cuts made elsewhere in the state budget and by finding operational efficiencies at the Department of Transportation and NJ Transit.

The transition report made several "streamlining" recommendations, including merging the South Jersey Transportation Authority with the Turnpike Authority, eliminating duplicate functions between the DOT, NJ Transit and the toll road authorities and implementing the best practices between the agencies.

But that won't yield the kind of money needed for major road repair and bridge replacement and mass transit projects, typically funded at about \$1 billion a year, said Jonathan Peters, finance professor at the College of Staten Island.

"There is streamlining to be done," said Peters, who studies toll road and transportation financing. "The problem is, with the huge magnitude of money to be spent for infrastructure projects, can cuts provide practical funding?"

He agreed with ideas such as merging the toll authorities to save on administration and other costs, but said a revenue stream, such as an increased gasoline tax, would yield the money needed to make a dent on the backlog of bad roads and bridges.

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An alternative to a gas tax boost could be increases in other fees, such as for driver's licenses or vehicle registration, Peters said. But he said such fees are "regressive and hits the working poor the hardest."

While the state could resort to more borrowing, that only puts the revenue problem off, Peters said, adding one of the problems is the state's past overreliance on borrowing.

"Borrowing just defers the problem," he said.

Restoring public trust

Both Baldwin and Peters agreed that raising the state's 14 1/2-cent-per-gallon gas tax, which hasn't risen in 21 years, is the most equitable and least costly way to raise the money.

They also agreed that the state has to put trust back in the trust fund, so people are assured the money will be used to fix roads, bridges and transit and not diverted elsewhere, as has happened in the past.

"If they agree to pay more in the gas tax, that money goes to transportation," Baldwin said, suggesting that all gas tax revenues be constitutionally dedicated to transportation.

State agencies also have to be more transparent about how the money is used to regain the public's trust, Peters said.

"There is an absolute level of distrust on where the money is going," Peters said, adding the cynicism is fostered by projects like the infamous "bridge to nowhere" in Alaska. "If people are taxed, they want to see the money applied to where the needs are. That is a hurdle they (government) has to overcome."

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