



Lawmakers ducking gas-tax hike

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New Jersey could run out of money to fix roads and fund mass transit in less than a year, but a survey of the state's 120 lawmakers shows the issue is hardly at the top of their agenda.

Legislators remain a long way from finding common ground on the biggest sticking point - whether to increase the gas tax, the fix prescribed by transportation experts nearly two years ago to bail out the Transportation Trust Fund.

Given more than two weeks to respond to questions from The Record on how they would fix the transportation funding mess, two-thirds of the legislators ducked the issue.

With all 80 Assembly members up for reelection in November and gas prices at an all-time high, most of the 41 legislators who did respond declined to commit to any increase in the gas tax.

And many gave only vague answers on where the state can find the minimum \$805 million needed to make the transportation fund solvent.

"We're looking at trying to raise nearly a billion dollars by next year," Damien Newton of the Tri-State Transportation Campaign said. "We think the people should be talking about this and thinking about this now."

Another transportation watchdog was more blunt.

"Maybe they should use the stem cell research center to get backbones for legislators," said Jeff Tittel, executive director of the Sierra Club's New Jersey chapter.

Hanging in the balance is a \$1.2 billion-a-year transportation fund that finances paving of the state's crumbling highways, replacement of old and congested bridges and construction of commuter rail lines. The idea is to relieve congestion in a state where the typical driver spends a weekend stalled in traffic each year.

Of the 41 legislators who responded to The Record's questions, only a dozen said they would support an increase in the gas tax, one of the lowest in the country at 14.5 cents per gallon, which includes a 4-cent tax on petroleum products.

But many of those who favor some kind of increase said that the minimum 12.5-cent hike recommended by a blue-ribbon commission in 2003 was too much.

About half of the legislators who responded - as well as both gubernatorial candidates - opposed increasing the gas tax to replenish the trust fund.

The rest either ignored the question or said it was too early to commit to a gas-tax increase. [A full list of the responses is available online](#) at northjersey.com.

"Consumers just can't take a big [gas-tax] hike right now, so we're going to have to look at a combination of several different revenue sources," said Assemblyman Neil Cohen, D-Union.

ALTERNATIVE SOLUTIONS

Several ideas are circulating.

Most Republicans said a gas-tax increase could be avoided by tapping existing revenues. Several Republicans are pushing for \$300 million in Motor Vehicle Commission fees to be dedicated to the trust fund. Those funds now balance the state budget, but they say the money could be freed up by trimming fat.

"If anybody believes there was no waste in a 17 percent budget increase last year, they're on drugs," said Assemblyman Richard Merkt, R-Morris.

Republican gubernatorial candidate Doug Forrester also said motor vehicle fees should be used to bail out the trust fund.

Others are pushing smaller initiatives to minimize gas tax hikes.

Assemblyman Reed Gusciora, D-Mercer, has a bill to charge higher registration fees for SUVs.

Assemblyman Michael Panter, D-Monmouth, said the Legislature should consider container fees on the cargo that comes into New Jersey's ports.

Acting Governor Codey also has floated the idea of pushing through a small gas-tax increase in November and leasing one of the state's toll roads to a private contractor to bail out the trust fund.

U.S. Sen. Jon Corzine, the Democratic candidate for governor, also has said he would consider such a move, although there has been no financial analysis to show that it would work.

The idea also would face stiff opposition in the Legislature. Nearly all of the 41 lawmakers who responded to the survey said they don't consider it an option.

In the end, several legislators say the discussion will always come down to raising New Jersey's gas tax, the nation's fourth-lowest.

"It's a matter of how long can you keep postponing the inevitable," Assemblyman Upendra Chivukula, D-Somerset, said of the need to address the issue.

Others say lawmakers aren't giving the voters enough credit.

"If my opponents in this campaign want to make an issue out of refurbishing the Transportation Trust Fund, let them explain that to the people who sit on Route 1 every day stuck in traffic," said Assemblyman Bill Baroni, R-Mercer.

A STAGNANT FUND

Transportation officials and public policy experts have warned that without a fix by July 1, 2006, the fund will become stagnant - able only to keep up with its debt payments. The fund is on the hook for a \$6.1 billion mountain of debt, accumulated over 20 years as elected officials have raided and borrowed against the fund to plug deficits in the operating budgets of the state and NJ Transit.

Officials say they could scrape together enough money to keep some things going for a while, but there is a long list of much-anticipated projects that could grind to a halt.

Planners, for example, began design work this year to replace the 56-year-old Route 3 bridge over the Passaic River - one of the state's worst-rated bridges on one of its most congested roads.

The state plans to replace the bridge and add acceleration lanes to its entrance ramps, which are so short that trucks and cars often play a game of chicken as they fight their way onto the bridge.

But the \$200 million needed to complete the project has not been secured.

NJ Transit officials also are banking on money from the trust fund to help pay for a \$6 billion rail tunnel to Manhattan they say would relieve overcrowded rail lines.

"We have an enormous hill to climb because we have more needs than we have ever had and we are back at zero," said Martin Robins, director of Rutgers' Voorhees Transportation Center.

A WAITING GAME

Codey, who is also Senate president, has promised, along with other leaders of the Democrat-controlled Legislature, to deal with the trust-fund mess in November - after they return from summer vacations and fall reelection campaigns.

With the election behind them, the thinking goes, lawmakers will not fear political retribution for raising the state gas tax.

But the political atmosphere could change by then, worrying some transportation advocates.

If Democrats lose the governor's office, State House sources have said the party will be in no mood to help a Republican administration by raising gas taxes, pushing the matter off until January. Transportation officials traditionally roll out road and mass-transit construction plans in March.

Continued increases in gas prices also could increase pressure on legislators not to raise the gas tax. And, with the budget now set for the current fiscal year, it becomes difficult for legislators to look to the general fund for money.

One measure pushed by many lawmakers is to ensure that all fuel taxes and revenues earmarked for the trust fund actually make it into the fund, generating in excess of \$300 million. But that money is tied up until at least next July.

"There could be consequences," Robins said of continued delays by the Legislature. "I don't know how DOT will manage its program with such incredible uncertainty. How can it issue its contracts? There could be funds that don't come out. There could be layoffs [in the construction industry]."

Several lawmakers from both parties have been pushing their colleagues to address the matter before November and fix the fund's structural flaws.

Assembly Transportation Committee Chairman John Wisniewski, D-Middlesex, and two other committee members introduced a bill last fall that would prohibit lawmakers from raiding the trust fund to plug operating budgets. It also would require at least 50 percent of the program each year to be funded with cash, instead of borrowing. Only 14 percent of the revenues in this year's fund is cash.

Transportation experts warn that state funds aren't the only thing at risk.

The federal government this year contributed \$1.4 billion to New Jersey's \$2.7 billion transportation capital plan. But the federal dollars are intended to be matched by the state, so that money also is in jeopardy. Much of that cash flows to local governments to fix their roads.

Experts also say the long-term solvency of the fund could require a much bigger investment than the \$805 million projected.

"It's much worse than most people realize," said Tom Dallessio, New Jersey director for [the Regional Plan Association, which is releasing a report on the funding crisis this month. "And more importantly, the time to act is now."

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A road map

A timeline of the state's Transportation Trust Fund

1984: The Transportation Trust Fund is established to give the state a stable means of funding road and mass-transit projects. The fund was designed to be pay-as-you-go, with minimal borrowing. The original fund, capped at \$250 million a year, was paid for with 2.5 cents per gallon of the gasoline tax, an annual contribution from the state's toll road authorities and heavy truck fees and annual appropriations from the state's general fund.

1988: The Legislature increases the gas tax by 2.5 cents per gallon. The Legislature also dedicates more of the tax (7 cents per gallon) to be used strictly for the trust fund. The fund's spending cap also is increased to \$365 million.

1991: The spending cap is raised again, to \$565 million, but without any new revenue being dedicated to the fund. Instead, state officials begin borrowing.

1994: Outstanding debt surpasses \$1.2 billion.

1995: The trust fund is making \$168 million in annual debt payments. Meanwhile, the spending cap is raised even higher to \$700 million and, for the first time, the Legislature permits the fund to borrow money at longer 20-year terms, making the fund even more debt-reliant.

2000: After incremental increases in the amount of gas-tax revenues dedicated to the trust fund, 9 cents of the 10.5-cent gas tax is now dedicated to the trust fund. Despite the increases, debt climbs to nearly \$4.5 billion.

2001: The spending cap is now \$900 million. To pay for the increase, at least \$100 million a year is guaranteed from the tax on petroleum products and at least \$80 million a year is from the state sales tax. As it turned out, however, the actual new revenues were significantly less. On top of that, \$114.5 million that was supposed to be going into the trust fund each year was instead siphoned off to balance the state budget.

2003: A commission appointed by Gov. James E. McGreevey finds that unless a major source of new revenue is found, the trust fund has only 18 months before annual revenues will be fully consumed by debt payments. The commission recommends an increase of at least 12.5 cents a gallon in the gas tax and a complete restoration of \$114.5 million in other revenues that was used to balance the state general fund.

June 2006: The trust fund is expected to become insolvent without an increase in the gas tax or other new revenue.

Source: November 2003 report by the Blue Ribbon Transportation Commission.