



New Jersey needs a steady flow of transportation funds

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Amanda Brown/The Star-Ledger

The New Jersey Turnpike near exit 11 in Woodbridge.

By Charles Wowkanech

In the coming days New Jersey's Legislature and governor will reach agreement on a budget they will undoubtedly describe as the most difficult in state history. But the truth is that next year's budget promises to be even more challenging, and the stakes for New Jersey's economic future will be even higher.

That is because after years of borrowing and pushing off debt payments for decades, the Transportation Trust Fund will run out of money for new projects in July 2011. This will jeopardize highway, mass transit and bridge projects that are critical to our economic competitiveness and will threaten billions of dollars of federal matching funds that help pay for that work.

New Jersey's Transportation Trust Fund was the first in the nation, an innovation put together by Republican Gov. Tom Kean, a Democratic legislature, and a unique coalition of labor unions and business groups who recognized that a vital transportation infrastructure was New Jersey's biggest economic engine.

Originally built on gas tax revenues, with additional funding later from the petroleum gross receipts tax, the sales tax and motor vehicle fees, the Transportation Trust Fund is now so loaded with debt that every dime of revenue must go to pay off its bonds. Over the years both Republican and Democratic governors and legislatures declined to raise the gas tax, showing that they would rather "borrow and spend" than "tax and spend."

As a result there will be no money available as of July 2011 to pay for new projects. There will be no money to match the \$1.4 billion in federal funds that came in this year to expand and repave highways, restore crumbling bridges, and continue to improve our mass transit system.

The numbers are daunting, and Gov. Chris Christie unfortunately has been busier ruling out potential solutions than proposing them. Christie so far has said he plans to fund transportation capital projects on a pay-as-you-go basis out of the current budget.

Economists are predicting a slow recovery, with New Jersey job levels unlikely to match pre-recession numbers until as late as 2017. State budget revenues could take almost as long to bounce back.

That means Christie would presumably have to find more than \$1 billion in additional cuts in his next budget if he wants to continue the investment in our transportation system that every governor has made since Kean.

Failure to do so would not only hurt efforts to attract and retain jobs, but would further deepen the recession by putting thousands of additional construction workers out of work in an industry that is already suffering from jobless rates as high as 40 percent.

The other option is to seek a stable source of funding for the Transportation Trust Fund that puts it back on the pay-as-you-go basis on which it was originally created.

Christie has ruled out raising the gas tax or any other tax, but legislators from Democratic Assemblyman John Wisniewski to Republican Sen. Sean Kean have acknowledged that a gas tax increase may be the only solution.

New Jersey's 14.5-cent-per-gallon gas tax is the fourth-lowest in the country, and far below neighboring New York State's 44.6 cents, Pennsylvania's 32.3 cents and even Delaware's 23.0 cents.

An increase in the gas tax would not make New Jersey non-competitive, but failing to find funding for vital transportation projects would.

Restoring the Transportation Trust Fund is crucial to making New Jersey competitive, attracting and retaining jobs, and putting people back to work.

The governor and the Legislature need to make it a top priority to agree on a bipartisan solution — whether it is a gas tax, another revenue source, funding transportation capital projects through the existing budget, or some combination.

It is too important an issue to leave to the last minute as part of a budget battle in June 2011 with the entire Legislature up for election just over four months later.

Then-governor Kean, Democratic legislative leaders, labor and business put aside traditional rivalries to create the Transportation Trust Fund 25 years ago.

We need to work together for the good of the state again.

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