

June 13, 2016

RE: Transportation Funding Proposal Benefits Motorists and Taxpayers

Dear Mayor:

Thank you for contacting your legislators and stressing the need for adequate and reliable funding to meet local and State transportation infrastructure funding needs for the next 10 years. Thank you for advocating for increased, adequate and reliable funding to meet all local transportation needs. Thank you for reminding State policy makers that our local property taxpayers will be forced to bear the full burden, absent dramatic action on the Transportation Trust Fund (TTF), before July 1 of this year.

Today in Trenton, Senators Paul Sarlo and Steve Oroho, joined by Senate President Steve Sweeney, Senator Joe Kyrillos, Senator Loretta Weinberg and Assemblyman Lou Greenwald, presented a plan that answers those calls. Assembly Speaker Vince Prieto has announced his intent to introduce similar legislation soon.

Under the proposal discussed today, the TTF would gain the resources to invest \$2 billion a year for 10 years to repair, upgrade and maintain the state's roads, bridges, tunnels and railways. The plan will, also, double funding to \$400 million annually for counties and municipalities, which will help hold down property taxes at the same time local roads are improved.

The funds would be generated by increases in petroleum taxes that, if passed along to motorists, could add 23 cents to the cost of a gallon of gas. The potential 23-cent increase, if added to New Jersey's current 14.5-cent tax, could result in a 37.5-cent per gallon cost that would still be lower than New York, Connecticut and Pennsylvania gas taxes. An estimated 30 percent of the tax would be paid by out-of-state motorists. All motor fuel taxes would be dedicated solely to the Transportation Trust Fund under a constitutional amendment already scheduled to go on the ballot in November.

To offset the impact of the fuel tax increase on New Jersey residents, the plan includes tax saving components, which include an increase in the Earned Income Tax Credit to 40 percent, an increase in the tax exemption on retirement income to \$100,000 for couples, a tax deduction for charitable contributions and a new gas tax deduction.

We have heard reports indicating that some key State policy makers may object to the proposed increase in Local Aid.

Please contact your legislators again, reminding them that New Jersey's municipalities are responsible for 64 percent of our roads. County governments are responsible for another 22 percent. Together, local governments are responsible for 39 percent of our bridges. Local roadways and bridges carry about 55 percent of all traffic. Despite those numbers, over the past two decades, Local Aid has averaged only 15 percent of total funding, per year.

Given the extent of the local infrastructure, and given the need for strong and steady investment in that infrastructure, and given the fact that without a renewed and reinvigorated TTF local property taxpayers will need to cover all costs, we salute Senators Sarlo, Oroho, Sweeney, Kyrillos and Weinberg and Speaker Prieto and Assemblyman Greenwald.

This is a significant development. But we cannot assume that the TTF/Local Aid funding issue has been resolved.

We expect the bills to be introduced on Thursday. We hope to include links to the legislation in our Friday Update letter. At that time, we will also let you know about the committees to which they will be referred.

We believe that this proposal could move quickly. Please contact your legislators on this, as soon as possible. They need to hear from you – particularly regarding the proposed Local Aid increase.

Very truly yours,

Michael Darcy, CAE
Executive Director