

June 28, 2016

RE: Reauthorization of the Transportation Trust Fund (TTF)

Dear Mayor:

Late Monday evening, the New Jersey General Assembly approved an amended version of A-10 ([click here for a copy of the amendments](#)) and the newly introduced A-12 ([click here](#)), as part of a compromise with the Governor on the reauthorization of the Transportation Trust Fund (TTF). The bills provide for an up to \$0.23 increase in the gas tax and a 1% reduction, phased in over the next 18 months, in the sales tax.

These bills now head to the State Senate for consideration. The Senate was scheduled to consider a proposal which would reauthorize the TTF, which was summarized in our [June 24 Weekly Policy Update](#). The Senate did not take action on S-2411 and S-2412, but is scheduled to meet this Thursday, June 30. The Senate may act on the original proposal, or act on the proposal approved in the Assembly yesterday. Of course, there remains the possibility of negotiations leading to further changes. That possibility is a cause for concern, as it could result in lessened Local Aid.

From the perspective of local government, both proposals, currently on the table, meet the requirements we sought from the beginning of the process, over two years ago. They will both ensure long-term funding for the TTF, which is sorely needed to ensure the safety of New Jersey motorists and the prosperity of our State's economy. They will both provide greater support to address local infrastructure needs, and both will provide essential property tax relief. The League maintains its support for the reauthorization of the TTF and suggests that you contact your Legislators. Please ask them for their support for TTF reauthorization and the increased, or rather restoration of, funding for local purposes. This funding will provide for needed capital improvements and maintenance of local infrastructure and relieve this financial burden from property taxpayers.

Of particular interest to municipalities, **the amended A-10 leaves intact, the increase, or rather the restoration, of the local funding.** Section 9 of the original bill was not amended and assuming passage of ACR1 in November, all the revenues generated by A-12 would be constitutionally dedicated to the Transportation Trust Fund.

A-10 establishes an 8-year year, \$16 billion transportation capital program. This includes \$12 billion in bonding authority and \$500 million annually. Section 9 of A-10 (and of S-2412) increases total allocation to municipalities and counties from \$175 million to \$400 million as follows:

- Allocates 37.5% (or \$150 million) to municipal aid (increase from \$78.5 million) and further sub-allocates \$10 million of that portion for municipal urban aid.

- Allocates 37.5% (or \$150 million) to counties (increase from \$78.5 million) for counties.
- Allocates 7% (or \$28 million) with \$7.5 million allocated (capped at that amount) to the Local Aid Infrastructure Fund for grants, and the remainder allocated to a competitive loan program for local governments administered by the State Infrastructure Bank.
- Allocates 7% for Local Freight Impact Fund; New program for local governments that addresses the impact of freight traffic on local infrastructure and communities; \$28 million annually.
- Allocates 11% for Local Bridges Fund.

We will provide further updates as circumstances change.

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Very truly yours,

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Director