Refunding the Transportation Trust Fund

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New Jersey Future

- New Jersey Future is a statewide research and policy group advocating a smarter way to grow: one that protects our open lands and natural resources, revitalizes neighborhoods, keeps housing affordable, and provides more transportation choices.
Spiral of Debt by RPA

- Written by Juliette Michaelson
- Released in March by RPA, Tri-State Transportation Campaign and NJ Future
TTF: Background

- Trust Fund brings in approximately $895m annually
- $1.6B annual capital plan
TTF: Background

- Revenue Sources:
  - Bonds: $1.3 billion
  - Gas Tax: $483 million
  - Sales and Use Tax: $200 million
  - Petroleum Products Gross Receipts Tax: $200 million
  - Toll Revenue: $12 million
  - Interest: $10 million
TTF Background

• Spending:
  – NJ Transit: 43%
  – Highways: 41%
  – Local Aid: 16%
TTF: The Looming Crisis

- Funding gap
- Pay-as-you-go revenue (tax/fee revenue minus debt service)


Revenue: $200, $400, $600, $800, $1,000, $1,200, $1,400, $1,600
Addressing the Crisis: How Much is Needed?

- Is $1.6 billion the right number?
  - Putting off big capital projects like the PATCO, HBLR extension

- What mix of revenue and bonds will get you there?
Addressing the Crisis: New Revenue

- Bailout from the General Fund is unlikely
- Substantial new bonding on existing revenue also unlikely
- In any case, substantial new revenue will need to be raised
Potential Revenue Sources: Gas Tax

- Largest source of revenue for the Trust Fund
- Has not been raised since 1988
- One of the lowest in the nation
- Governor has rejected raising the tax, though the legislature could do it
Potential Revenue Sources: Gas Tax

Share of highway expenses paid for with motor fuels tax revenue

Share of highway expenses paid for with bond proceeds
Potential Revenue Sources: Raise Tolls

- Corzine tried and failed in his term
- Already a scheduled increase that will not go to the TTF
- Governor has also rejected this option
- Could be done only on peak hours
Potential Revenue Sources: New Tolls

- Recommended in Governor’s Transition Team report
- Federal Government rejected PA’s proposal to toll I-80
Other Potential Revenue Sources

• Heavy Truck Fees
• VMT tax
• Higher contributions from Turnpike Authority
• Extending Sales Tax to Gasoline
• Increased Efficiency of Turnpike operations
Principles for the Reauthorization

• Constitutionally dedicate any new revenue
• Rely less on debt
• Share the burden across all users
• Tie revenue sources to inflation
• Dedicated funding for NJ Transit operations
• Set targets for safety
• Encourage smart land use
New Jersey Future: Learn More

- Sign-up for Future Facts
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