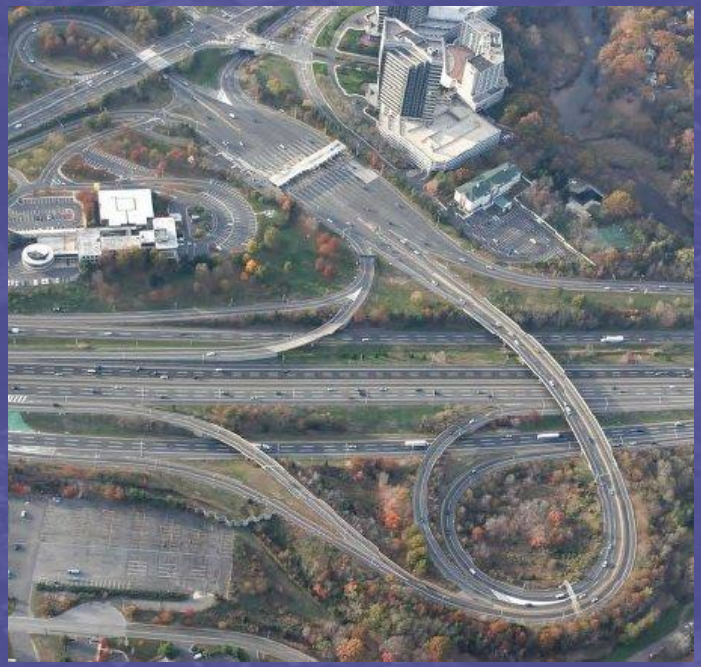
Refunding the Transportation Trust Fund



Presented by Jay Corbalis

Policy Analyst, New Jersey Future

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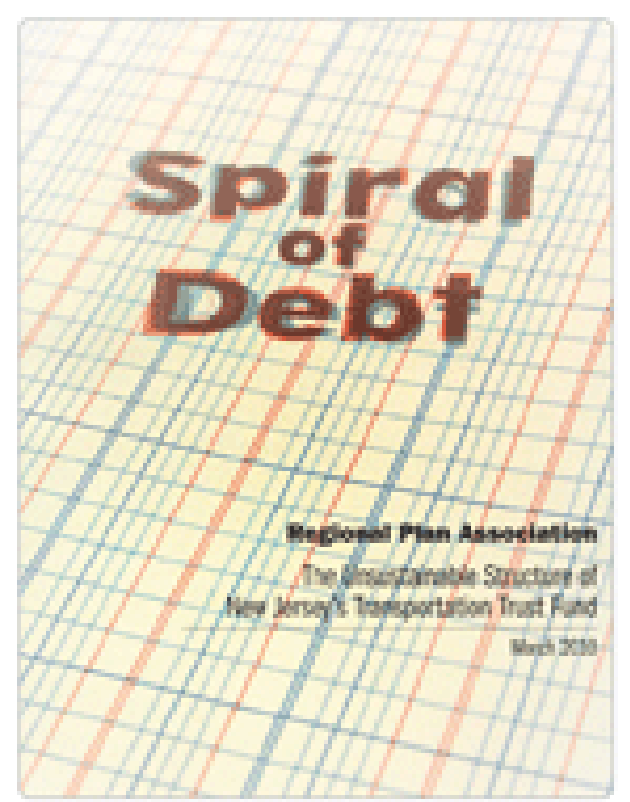
New Jersey Future

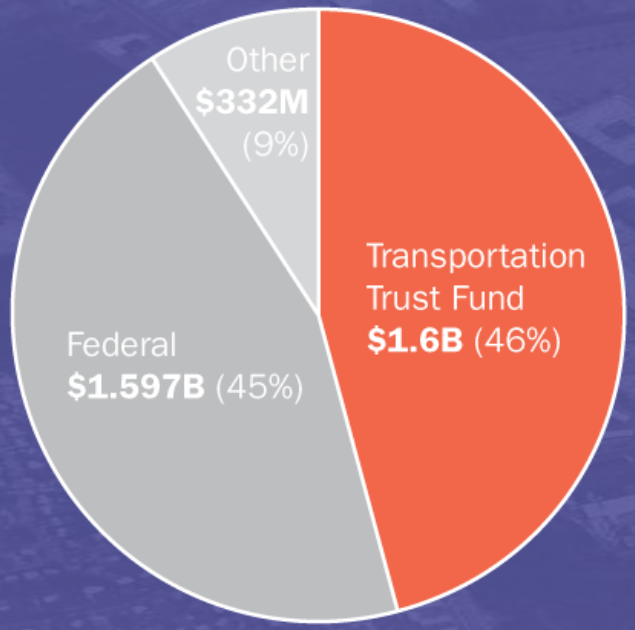
- New Jersey Future is a statewide research and policy group advocating a smarter way to grow: one that protects our open lands and natural resources, revitalizes neighborhoods, keeps housing affordable, and provides more transportation choices.

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

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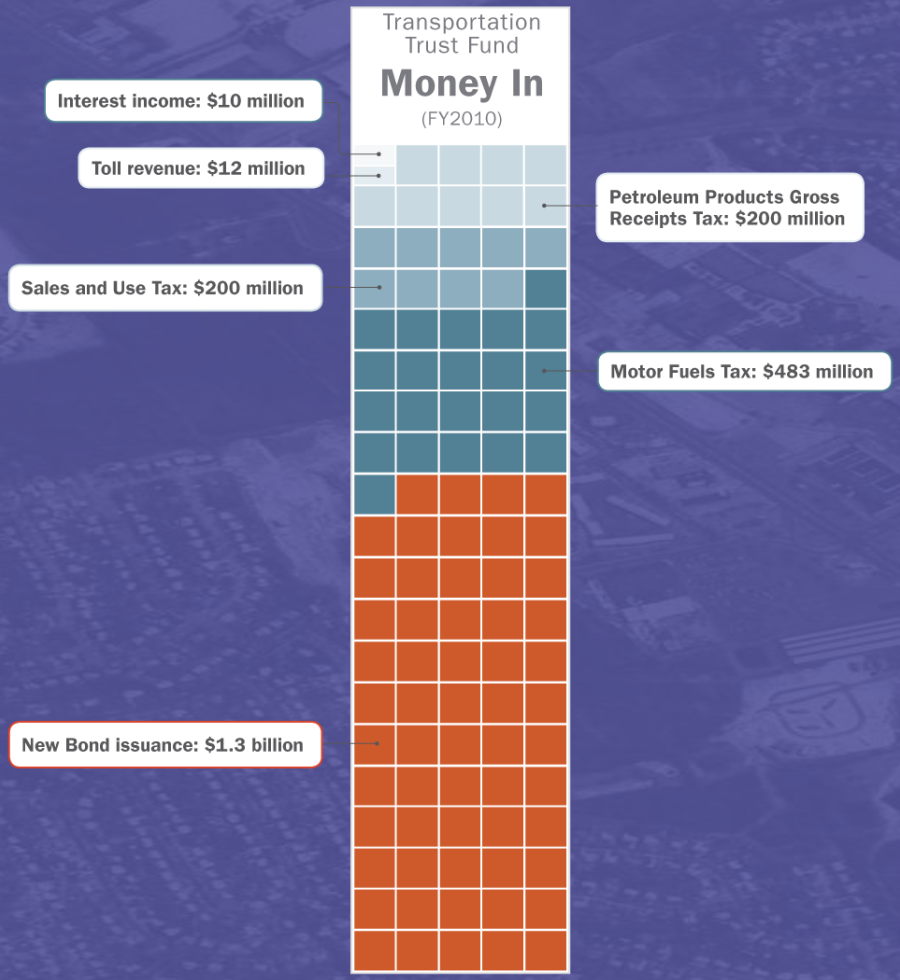
TTF: Background



- 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

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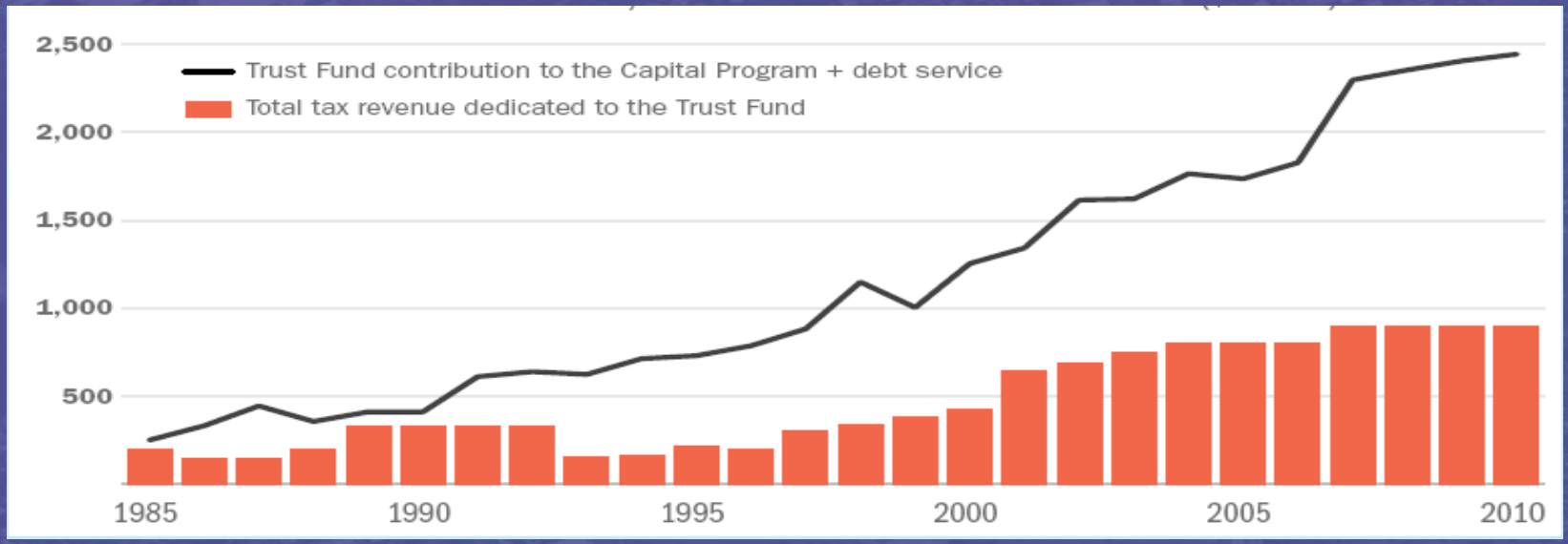
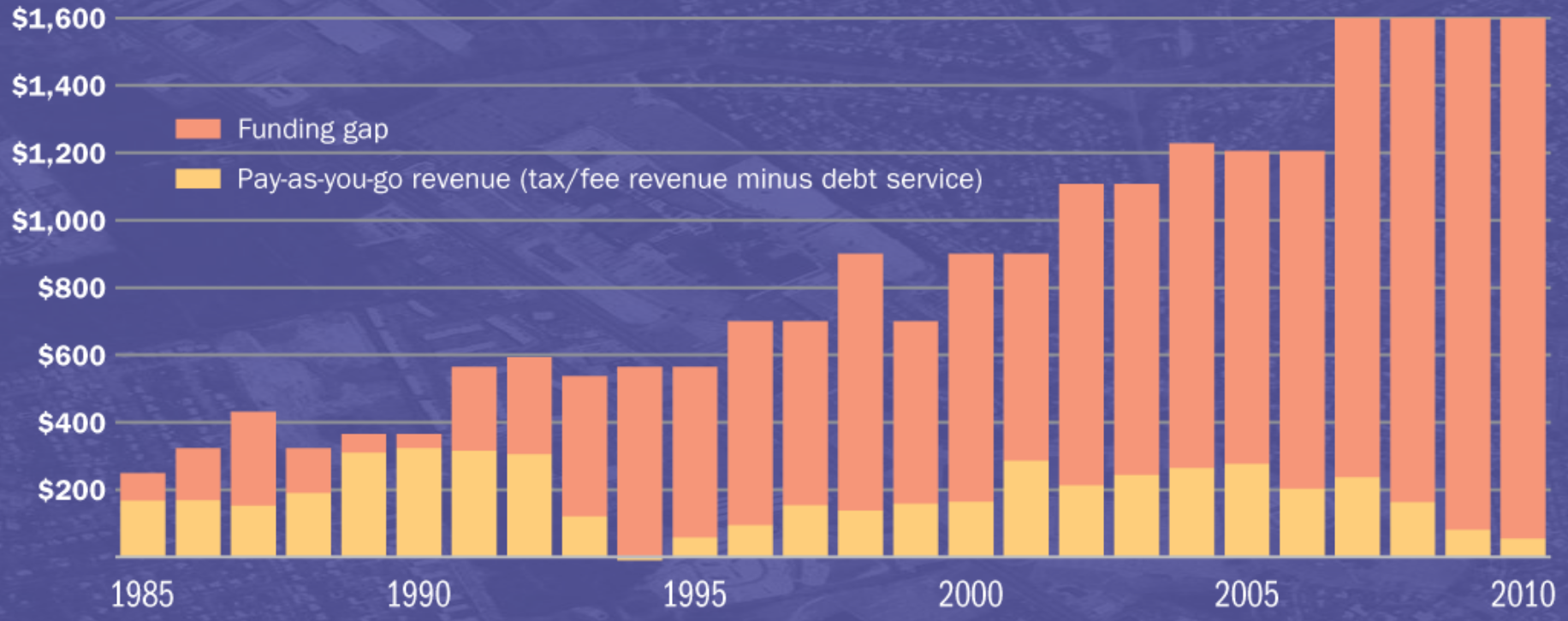
TTF Background



- Spending:
  - NJ Transit: 43%
  - Highways: 41%
  - Local Aid: 16%

TTF: The Looming Crisis



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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?

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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

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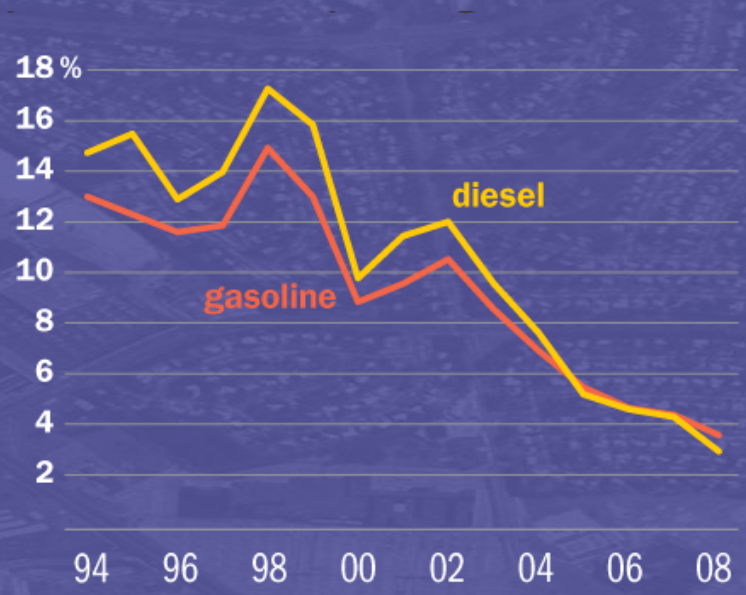
Potential Revenue Sources: Gas Tax

- 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



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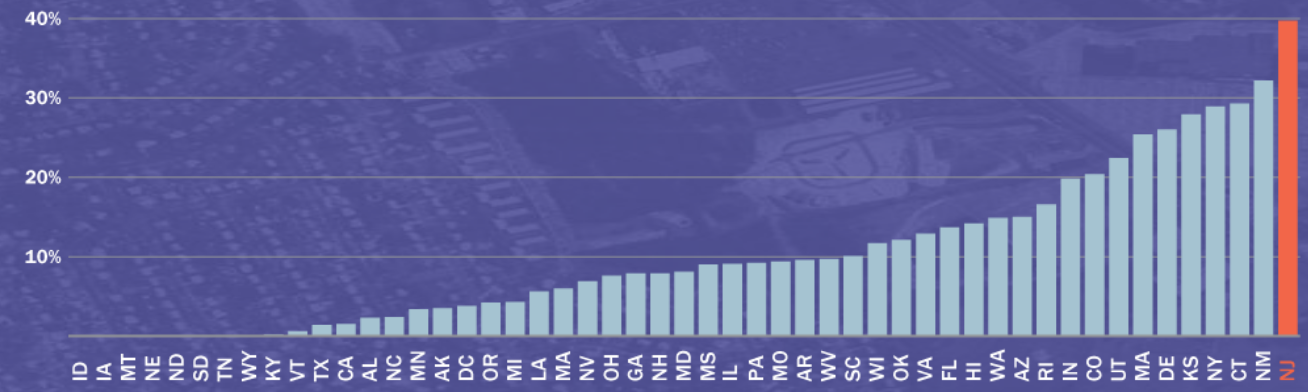
Potential Revenue Sources: Gas Tax

Share of highway expenses paid for with motor fuels tax revenue



Share of highway expenses paid for with bond proceeds

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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

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Potential Revenue Sources: New Tolls

- Recommended in Governor's Transition Team report
- Federal Government rejected PA's proposal to toll I-80

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Other Potential Revenue Sources

- Heavy Truck Fees
- VMT tax
- Higher contributions from Turnpike Authority
- Extending Sales Tax to Gasoline
- Increased Efficiency of Turnpike operations

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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

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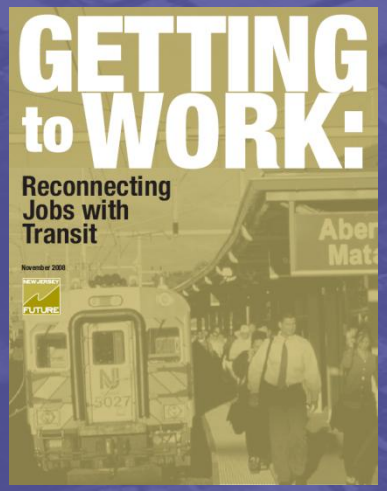
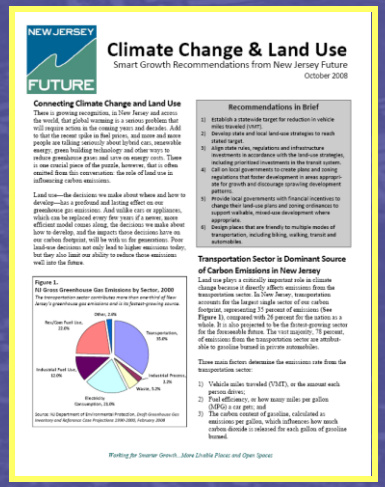
New Jersey Future: Learn More

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Climate Change & Land Use

Smart Growth Recommendations from New Jersey Future

October 2008

Connecting Climate Change and Land Use

There is growing recognition, in New Jersey and across the world, that global warming is a serious problem that will require action in the coming years and decades. Add to that the recent spike in fuel prices, and more and more people are talking seriously about hybrid cars, renewable energy, green building technology and other ways to reduce greenhouse gases and save on energy costs. There is one crucial piece of the puzzle, however, that is often omitted from this conversation: the role of land use in influencing carbon emissions.

Land use—the decisions we make about where and how to develop—has a profound and lasting effect on our greenhouse gas emissions. And unlike cars or appliances, which can be replaced every few years if a newer, more efficient model comes along, the decisions we make about how to develop, and the impacts those decisions have on our carbon footprint, will be with us for generations. Poor land-use decisions not only lead to higher emissions today, but they also limit our ability to reduce those emissions well into the future.

Recommendations in Brief

1) Establish a statewide target for reduction in vehicle miles traveled (VMT).
2) Develop state and local land-use strategies to reach stated target.
3) Align state rules, regulations and infrastructure investments in accordance with the land-use strategies, including prioritized investments in the transit system.
4) Call on local governments to create plans and zoning regulations that foster development in areas appropriate for growth and discourage sprawling development patterns.
5) Provide local governments with financial incentives to change their land-use plans and zoning ordinances to support walkable, mixed-use development where appropriate.
6) Design places that are friendly to multiple modes of transportation, including biking, walking, transit and automobiles.

Figure 1.
NJ Gross Greenhouse Gas Emissions by Sector, 2000

Transportation Sector is Dominant Source of Carbon Emissions in New Jersey

Land use plays a critically important role in climate change because it directly affects emissions from the transportation sector. In New Jersey, transportation accounts for the largest single sector of our carbon footprint, representing 35 percent of emissions (See Figure 1), compared with 20 percent for the nation as a whole. It is also projected to be the fastest-growing sector for the foreseeable future. The vast majority, 78 percent, of emissions from the transportation sector are attributable to gasoline burned in private automobiles.

Three main factors determine the emissions rate from the transportation sector:

1) Vehicle miles traveled (VMT), or the amount each person drives;
2) Fuel efficiency, or how many miles per gallon (MPG) a car gets; and
3) The carbon content of gasoline, calculated as emissions per gallon, which influences how much carbon dioxide is released for each gallon of gasoline burned.

Working for Smarter Growth...More Livable Places and Open Spaces

- Sign-up for Future Facts
- Check out our blog: Garden State Smart Growth @ www.njfuture.wordpress.com

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