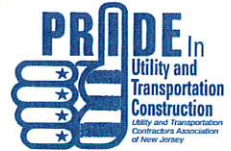


UTILITY and TRANSPORTATION CONTRACTORS ASSOCIATION OF NEW JERSEY

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The National-Award-Winning Construction Association



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November 12, 2019

Debbie Mans
Deputy Commissioner
NJ Department of Environmental Protection
PO Box 420. Trenton, NJ 08625

Deputy Commissioner Mans:

The Utility and Transportation Contractors Association of NJ (UTCA) appreciates the opportunity to offer comments to New Jersey and other members of the Transportation and Climate Initiative (TCI) at this early stage.

We understand that reducing emissions from the transportation sector is a priority for the State of NJ and the other partner states, however we are concerned that it is premature to advance the state's involvement in TCI until more detailed information is available. Our comments on the basic framework are below, but we feel it is necessary to state that we believe it is hasty to proceed with a memorandum of understanding (MOU) based only on the loose descriptions offered for the public for comment. The proposal states an MOU is anticipated in December, but without a more substantive and detailed proposal, UTCA believes it would be inappropriate for any state, including New Jersey, to advance within this timeframe.

Based on the broad concepts referenced in the four-page proposal, we offer two comments that address issues critical to the infrastructure construction industry.

First, we must be certain that we have analyzed the impact that this new program will have on our existing transportation funding mechanisms. This document seems to ignore the baseline understanding that transportation infrastructure relies on revenue from various federal and state motor fuel taxes, a payfor that has seen diminishing returns in recent years for many states in the region. NJ for example, has seen anemic gas tax collections over the past decade. In 2010, annual gas tax revenue was \$483M, in 2020 collections are projected to be about \$490M - a meager 1.6% increase over the past 10 years. NJ is in unimaginable debt because it took over two decades to increase the gas tax by 23 cents and while TCI's aim is admirable, we cannot allow this well-

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intentioned regional initiative to hobble our state's main source of transportation revenue.


In our comments submitted to the NJBPU on NJ's Draft Energy Master Plan (EMP), UTCA strongly recommended that the Final NJ EMP include recognition of the current and projected loss of this revenue in a state that is 100% electrified, as the Draft EMP sets out to create. This comment is also critical in deciding whether TCI (a fuel-based tax) is a workable policy approach, given across-the-board increases in vehicle efficiency coupled with the state's planned financial incentives for electric-car drivers. The intent behind TCI is certainly positive, but it does not outweigh the need for critical surface transportation improvements and repairs.

Second, it is our understanding that funding received by NJ from the TCI program would be flexible as long as it is invested in projects that help achieve carbon emissions reductions. While it would seem that helping fund NJ Transit operations would be an allowable use in this context, it is not explicitly clear. If TCI could serve as a dedicated source of funding to pay for operations and more efficient rolling stock for NJ, we would be supportive as it would reduce the strain on our Transportation Trust Fund and help stave off costly fare increases. However, due to the concerns enumerated in the previous paragraphs, we are very opposed to any increase in transportation infrastructure funding mechanisms that would be diverted to anything outside of the state transportation capital plan.

As New Jersey moves forward in this regional conversation, we urge the state to work within a data-driven framework. The document contains only three sentences that describe the process for cap and goal setting, implying that this process will be left largely to each state's individual reduction goals. The caps, goals and fees, as well as their effects on residents and our transportation infrastructure funding must be based on actual trends and data, not on political expediency.

Again, thank you for the opportunity to comment.

Sincerely,

A handwritten signature in black ink, appearing to read "Dan Kennedy". The signature is stylized with a large, sweeping initial "D" and a long, horizontal flourish extending to the right.

Dan Kennedy
Director, Environment & Utility Operations