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## **Strong case to be made for gasoline tax hike**

By CARL GOLDEN • February 14, 2010

Of the dozens of components that make up the state's unprecedented budget and revenue dilemma, perhaps the most crucial in its impact on growth, economic development and job creation is the potential halt to the operation of the Transportation Trust Fund.

Created in 1984 as one of the signature accomplishments of the Kean administration, the trust fund was designed to instill stability and long-range reliability to meet the state's transportation needs. It was a recognition that a safe, modern and coordinated transportation network is crucial to economic vitality and that carrying out construction, repair and rehabilitation of roads and bridges piecemeal is disruptive and expensive.

For more than a quarter century, the trust fund has performed as advertised, benefiting commuters and providing a dependable system for revenue-producing commercial activity. It is in jeopardy, however. Without replenishment, its resources will be exhausted at the close of the 2011 fiscal year.

Confronting the worst economic climate in modern history, Gov. Chris Christie has already announced some \$2 billion in cuts to close the shortfall in the current budget, but still faces a projected gap estimated at \$10 billion for the 2011 fiscal year. And, while it is anticipated he will order even deeper

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The continued ability of the trust fund to support a capital construction program several years in advance also helps fulfill Christie's pledge to create jobs and reverse the punishing decline in economic activity that has caused unprecedented across-the-board devastation. The trust fund has been responsible for bringing thousands of jobs in the construction and building trades to the state.

While Christie's anti-tax position is understandable in a state whose citizens already carry the highest overall tax burden in the nation, his options with respect to the trust fund are not particularly appealing. He can:

Allow it to expire and try to incorporate a comprehensive and long-range capital plan into the uncertainty of year-to-year budgeting.

Adopt a pay-as-you-go program, a choice made virtually impossible given the dismal revenue situation.

Eliminate, scale back or delay planned projects, steps that nearly always result in escalating costs in the future.

As crucial as the economic growth argument is in favor of a tax increase, there is a need to convince a skeptical and cynical public that the money they're being asked to pay will be used exclusively for the services they're promised. Taxpayers are weary and suspicious of repeated promises from government and it will not be easy to overcome those feelings.

The trust fund, though, has demonstrated its value and its contribution to the overall economic health of the state is undeniable. While Christie should be commended for resisting adding to the tax burden of New Jerseyans, there is a strong case to be made that the return on the investment of a modest gas tax increase is well worth it.

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