Expand NJ Transit Bus Electrification

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Everyone deserves clean air regardless of race or place. In New Jersey, one of the biggest obstacles to cleaner air is our transportation sector, which is the largest contributor to air pollution and greenhouse gas emissions. The burden of air pollution is also not evenly distributed with communities closer to highways and ports having worse air quality than other parts of the state due to the high amount of traffic, particularly diesel vehicles. As a direct result of the overexposure to harmful air pollutants, especially fine particulate matter, people in these areas suffer from higher rates of asthma and heart disease. However, this problem is solvable through the transition to electric vehicles, and in particular, transitioning the NJ Transit bus fleet that serves our overburdened communities. By replacing diesel buses with electric ones, New Jersey is poised to reap significant benefits in air quality, reduce emissions, and improve public health.

Our state currently has three targets codified into the EV law signed by Gov. Murphy in January 2020, regarding procurement of NJ Transit's bus fleet:

- 10% of purchases be zero-emission vehicles by December 2024
- 50% of purchases be zero-emission vehicles by December 2026
- 100% of purchases be zero-emission vehicles by December 2032

While the agency did not hit the 2024 mandate, it is essential to keep striving for the 2026 and 2030 requirements. However, transitioning the fleet to electric buses will require extensive capital investment, and NJ Transit's budget is currently not suited to meet this goal. Lawmakers have a history of raiding the Clean Energy Fund for unrelated purposes, including its current raids for more than $70 million for NJ Transit's operating budget (despite budget language indicating the funds would be used for bus electrification). The agency also continues to raid its own capital fund to pay for operations, at a clip of more than $330 million in the FY25 budget. These continued diversions have hamstrung the capital budget and are preventing our state from hitting the goal of 100% new electric bus purchases by 2032 through the modernization of NJ Transit bus garages across the state.

Fortunately, the new Corporate Transit Fee (CTF), which was created to ensure NJ Transit has enough operating funding to avoid drastic service cuts and fare hikes, opens the door to allow the end of these raids. However, the Corporate Transit Fee is set to sunset by FY 2030 and funds are not constitutionally dedicated opening the potential for them to be siphoned off to plug unrelated budget holes. Both are concerns that threaten the state's ability to meet our transit and clean energy goals. The CTF generates around $800 million a year, which is more than enough to cover the Clean Energy Fund and the capital fund diversions, ensuring those funds can go to their intended purposes. The Clean Energy Fund and the capital fund can both be used to purchase electric buses and the needed infrastructure investments. NJ Transit estimates that it will require $200 million annually, less than 20% of the funds available through the CTF and Clean Energy Fund, to meet its internal roadmap for NJ Transit bus electrification and leverage federal funds which have been awarded.

RECOMMENDATIONS

Protect and use existing funding sources to enable NJ Transit electrification

- Make the Corporate Transit Fee permanent and constitutionally dedicate the dollars
- End the annual raids on the Clean Energy Fund and NJ Transit's capital funds and dedicate them to electrifying NJ Transit's bus fleet
- Increase New Jersey Turnpike Authority allocation to NJ Transit operations to at least $746 million, matching FY23 levels

Prioritize meeting state goals for electric bus procurement

- Commit to hitting 2026 and 2032 goals for NJ Transit electric bus procurement
- Include Buy American sourcing and labor provisions to ensure domestic source from pro-union facilities

Strategically invest in modernizing and expanding NJ Transit bus garages for electrification

- Fully fund the electric bus garage modernizations for the Hilton Bus Garage in Maplewood, the Meadowlands Bus Garage in Secaucus, and the shuttered Union City bus garage to initiate the planned roll-out of electric buses in Newark and across Hudson County, which all have received nearly $200 million in federal funding, but need state capital investments
- Prioritize the funding of the Northern Bus Garage in Ridgefield Park with a timeline for completion in 2029, which will be the hub for NJ Transit's electric bus fleet and will require a capital expense of more than $500 million