

# 27:25-5.23 and 27:25-20 LEGISLATIVE HISTORY CHECKLIST

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**LAWS OF:** 2018                  **CHAPTER:** 135

**NJSA:** 27:25-5.23 & 27:25-20 (Requires NJT to establish office of real estate economic development and transit-oriented development; requires annual report of certain real property information.)

**BILL NO:** S2333                  (Substituted for A3654)

**SPONSOR(S)** Greenstein and others

**DATE INTRODUCED:** 3/22/2018

**COMMITTEE:**                  **ASSEMBLY:** Transportation & Independent Authorities  
   Appropriations

**SENATE:** Transportation

**AMENDED DURING PASSAGE:** Yes

**DATE OF PASSAGE:**                  **ASSEMBLY:** 6/21/2018

**SENATE:** 9/27/2018

**DATE OF APPROVAL:** 11/1/2018

**FOLLOWING ARE ATTACHED IF AVAILABLE:**

**FINAL TEXT OF BILL** (Second Reprint enacted)                  Yes

**S2333**

**SPONSOR'S STATEMENT:** (Begins on page 2 of introduced bill) Yes

**COMMITTEE STATEMENT:**                  **ASSEMBLY:** Yes Trans. & Independent Authorities  
   Appropriations

**SENATE:** Yes Transportation

(Audio archived recordings of the committee meetings, corresponding to the date of the committee statement, *may possibly* be found at [www.njleg.state.nj.us](http://www.njleg.state.nj.us))

**FLOOR AMENDMENT STATEMENT:**                  Yes

**LEGISLATIVE FISCAL ESTIMATE:**                  Yes 4/23/2018  
   9/25/2018

**A3654**

**SPONSOR'S STATEMENT:** (Begins on page 2 of introduced bill) Yes

**COMMITTEE STATEMENT:**                  **ASSEMBLY:** Yes Trans. & Independent Authorities  
   Appropriations

**SENATE:** No

(Audio archived recordings of the committee meetings, corresponding to the date of the committee statement, *may possibly* be found at [www.njleg.state.nj.us](http://www.njleg.state.nj.us))

(continued)

**FLOOR AMENDMENT STATEMENT:**                  Yes

**LEGISLATIVE FISCAL ESTIMATE:**

Yes 6/7/2018  
6/19/2018

**VETO MESSAGE:**

No

**GOVERNOR'S PRESS RELEASE ON SIGNING:**

Yes

**FOLLOWING WERE PRINTED:**

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**REPORTS:**

No

**HEARINGS:**

No

**NEWSPAPER ARTICLES:**

Yes

"NJ Transit to explore how to redevelop its land under new law," NJBIZ, November 2, 2018

RWH/CL

P.L. 2018, CHAPTER 135, *approved November 1, 2018*  
Senate, No. 2333 (*Second Reprint*)

1 AN ACT concerning the New Jersey Transit Corporation and  
2 supplementing <sup>1</sup>and amending<sup>1</sup> P.L.1979, c.150 <sup>1</sup>[(C.27:25-1 et  
3 al.)]<sup>1</sup>.

4  
5 **BE IT ENACTED** by the Senate and General Assembly of the State  
6 of New Jersey:

7  
8 1. <sup>1</sup>[a.]<sup>1</sup> The New Jersey Transit Corporation shall establish  
9 an office of real estate economic development and transit-oriented  
10 development. The office shall assess and develop recommendations  
11 for economic development and transit-oriented development  
12 opportunities for parcels of real property in which the corporation  
13 holds a property interest in order to increase the corporation's non-  
14 fare revenue sources. The office shall report to the Executive  
15 Director of the corporation, at least annually, all recommendations  
16 developed pursuant to this <sup>1</sup>[subsection] section<sup>1</sup> with an estimate  
17 of the amount of non-fare revenue likely to be generated by each  
18 recommendation.

19 <sup>1</sup>[b. The corporation shall annually report to the Governor and,  
20 pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), to the  
21 Legislature an inventory of each parcel of real property in which the  
22 corporation holds a property interest, including the appraised value  
23 of that property interest, the purpose for which the corporation  
24 holds the property interest, and any revenue the corporation  
25 receives that arises out of the property interest.]<sup>1</sup>

26  
27 <sup>1</sup>2. Section 20 of P.L.1979, c.150 (C.27:25-20) is amended to  
28 read as follows:

29 20. a. The corporation shall, by September 15 of each year,  
30 file with the Commissioner of Transportation a report in such  
31 format and detail as the Commissioner may require setting forth the  
32 actual, operational, capital and financial results of the previous  
33 fiscal year, the operational, capital and financial plan for the current  
34 fiscal year and a proposed operational, capital and financial plan for  
35 the next ensuing fiscal year.

36 b. On or before October 31 of each year, the corporation shall  
37 make an annual report of its activities for the preceding fiscal year  
38 to the Governor **[and to the presiding officers and the**  
39 **Transportation Committees of both Houses of the Legislature]** , the  
40 President of the Senate, the Speaker of the General Assembly, and

**EXPLANATION** – Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

<sup>1</sup>Senate STR committee amendments adopted March 26, 2018.

<sup>2</sup>Assembly floor amendments adopted June 7, 2018.

1 the Assembly Transportation and Independent Authorities  
2 Committee and the Senate Transportation Committee, or their  
3 successor committees. Each such report shall set forth a complete  
4 operating and financial statement covering its operations and capital  
5 projects during the year. The report shall also include an account of  
6 the on-time performance of rail passenger service, including light  
7 rail service, operated by, or under contract to, the corporation,  
8 including data for each such passenger line. The report shall  
9 provide a detailed discussion of the methodology used by the  
10 corporation in measuring on-time performance.

11 c. All records of minutes, accounts, bills, vouchers, contracts  
12 or other papers connected with or used or filed with the corporation  
13 or with any officer or employee acting **【for or in】** on its behalf are  
14 hereby declared to be **【public】** government records and shall be  
15 open to public inspection in accordance with P.L.1963, c.73  
16 (C.47:1A-1 et seq.) and regulations prescribed by the corporation.

17 d. The corporation shall cause an audit of its books and  
18 accounts to be made at least once each year by certified public  
19 accountants and the cost thereof may be treated as a cost of  
20 operation. The audit shall be filed within **【4】** four months after the  
21 close of the fiscal year of the corporation and a certified duplicate  
22 copy thereof shall be filed with the Division of Budget and  
23 Accounting in the Department of the Treasury.

24 e. Notwithstanding the provisions of any law to the contrary,  
25 the State Auditor or **【his】** a legally authorized representative may  
26 examine the accounts and books of the corporation.

27 f. On or before <sup>2</sup>**【March】** October<sup>2</sup> 1 of each year, the board  
28 shall approve and the corporation shall transmit to the  
29 Commissioner of Transportation and to the President of the Senate,  
30 the Speaker of the General Assembly, and the Assembly  
31 Transportation and Independent Authorities Committee and the  
32 Senate Transportation Committee, or their successor committees, a  
33 report containing: a <sup>2</sup>**【description】** list<sup>2</sup> of each parcel of real  
34 property <sup>2</sup>**【in which】** owned by<sup>2</sup> the corporation <sup>2</sup>**【holds a property**  
35 **interest】**<sup>2</sup>; the <sup>2</sup>most recent<sup>2</sup> appraised value of that <sup>2</sup>real<sup>2</sup> property  
36 <sup>2</sup>**【interest】** only if the corporation has obtained an appraisal during  
37 the three years immediately preceding the report<sup>2</sup>; the purpose for  
38 which the corporation holds the <sup>2</sup>real<sup>2</sup> property <sup>2</sup>**【interest】**<sup>2</sup>; any  
39 revenue the corporation receives that arises out of the <sup>2</sup>real<sup>2</sup>  
40 property <sup>2</sup>**【interest】**<sup>2</sup>; and any <sup>2</sup>real<sup>2</sup> property <sup>2</sup>**【interests】**<sup>2</sup> sold or  
41 otherwise disposed of, including the amount of money received by  
42 the corporation for that sale or disposition, <sup>2</sup>**【in the】** during the one  
43 year period<sup>2</sup> immediately preceding <sup>2</sup>**【year】** the report<sup>2</sup> and  
44 including an accompanying explanation for any <sup>2</sup>real<sup>2</sup> property  
45 <sup>2</sup>**【interest】**<sup>2</sup> disposed of for less than market value and any <sup>2</sup>real<sup>2</sup>

1 property <sup>2</sup>**[interest]**<sup>2</sup> acquired for more than market value.<sup>1</sup>  
2 (cf: P.L.2007, c.263, s.1)

3

4 <sup>1</sup>**[2.]** 3.<sup>1</sup> This act shall take effect immediately.

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9 Requires NJT to establish office of real estate economic  
10 development and transit-oriented development; requires annual  
11 report of certain real property information.

**SENATE, No. 2333**

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**STATE OF NEW JERSEY**  
**218th LEGISLATURE**

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INTRODUCED MARCH 22, 2018

**Sponsored by:**

**Senator ROBERT M. GORDON**

**District 38 (Bergen and Passaic)**

**SYNOPSIS**

Requires NJT to establish office of real estate economic development and transit-oriented development; requires annual report of certain real property information.

**CURRENT VERSION OF TEXT**

As introduced.



1 AN ACT concerning the New Jersey Transit Corporation and  
2 supplementing P.L.1979, c.150 (C.27:25-1 et al.).

3

4 **BE IT ENACTED** by the Senate and General Assembly of the State  
5 of New Jersey:

6

7 1. a. The New Jersey Transit Corporation shall establish an  
8 office of real estate economic development and transit-oriented  
9 development. The office shall assess and develop recommendations  
10 for economic development and transit-oriented development  
11 opportunities for parcels of real property in which the corporation  
12 holds a property interest in order to increase the corporation's non-  
13 fare revenue sources. The office shall report to the Executive  
14 Director of the corporation, at least annually, all recommendations  
15 developed pursuant to this subsection with an estimate of the  
16 amount of non-fare revenue likely to be generated by each  
17 recommendation.

18 b. The corporation shall annually report to the Governor and,  
19 pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), to the  
20 Legislature an inventory of each parcel of real property in which the  
21 corporation holds a property interest, including the appraised value  
22 of that property interest, the purpose for which the corporation  
23 holds the property interest, and any revenue the corporation  
24 receives that arises out of the property interest.

25

26 2. This act shall take effect immediately.

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28

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STATEMENT

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31 This bill requires the New Jersey Transit Corporation (NJ  
32 Transit) to establish an office of real estate economic development  
33 and transit-oriented development (office). The office is to assess  
34 and develop recommendations for economic development and  
35 transit-oriented development opportunities for parcels of real  
36 property in which NJ Transit holds a property interest in order to  
37 increase NJ Transit's non-fare revenue sources. The office is to  
38 report its recommendations with an estimate of the amount of non-  
39 fare revenue likely to be generated by each recommendation to the  
40 Executive Director of NJ Transit at least once per year.

41 The bill also requires the corporation to annually report to the  
42 Governor and Legislature an inventory of each parcel of real  
43 property in which NJ Transit holds a property interest, including the  
44 appraised value of that property interest, the purpose for which NJ  
45 Transit holds the property interest, and any revenue NJ Transit  
46 receives that arises out of the property interest.

ASSEMBLY TRANSPORTATION AND INDEPENDENT  
AUTHORITIES COMMITTEE

STATEMENT TO

[First Reprint]

**SENATE, No. 2333**

**STATE OF NEW JERSEY**

DATED: MAY 10, 2018

The Assembly Transportation and Independent Authorities Committee reports favorably Senate Bill No. 2333 (1R).

As reported, this bill requires the New Jersey Transit Corporation (NJ Transit) to establish an office of real estate economic development and transit-oriented development (office). The office is to assess and develop recommendations for economic development and transit-oriented development opportunities for parcels of real property in which NJ Transit holds a property interest in order to increase NJ Transit's non-fare revenue sources. The office is to report its recommendations with an estimate of the amount of non-fare revenue likely to be generated by each recommendation to the Executive Director of NJ Transit at least once per year.

The bill also requires the NJ Transit Board of Directors (board) to approve and NJ Transit to transmit on or before March 1 of each year to the Commissioner of Transportation and to the President of the Senate, the Speaker of the General Assembly, and the Assembly Transportation and Independent Authorities Committee and the Senate Transportation Committee, or their successor committees a report containing certain real property information. The report is to include: a description of each parcel of real property in which NJ Transit holds a property interest; the appraised value of that property interest; the purpose for which NJ Transit holds the property interest; any revenue NJ Transit receives that arises out of the property interest; and any property interests sold or otherwise disposed of, including the amount of money received by NJ Transit for that sale or disposition, in the immediately preceding year and including an accompanying explanation for any property interest disposed of for less than market value and any property interest acquired for more than market value.

As reported, Senate Bill No. 2333 (1R) is identical to Assembly Bill No. 3654, which was amended and reported by the committee on this date.



# ASSEMBLY APPROPRIATIONS COMMITTEE

## STATEMENT TO

[First Reprint]

**SENATE, No. 2333**

# **STATE OF NEW JERSEY**

DATED: JUNE 4, 2018

The Assembly Appropriations Committee reports favorably Senate Bill No. 2333 (1R).

This bill requires the New Jersey Transit Corporation (NJ Transit) to establish an office of real estate economic development and transit-oriented development (office). The office is to assess and develop recommendations for economic development and transit-oriented development opportunities for parcels of real property in which NJ Transit holds a property interest in order to increase NJ Transit's non-fare revenue sources. The office is to report its recommendations with an estimate of the amount of non-fare revenue likely to be generated by each recommendation to the Executive Director of NJ Transit at least once per year.

The bill also requires the NJ Transit Board of Directors (board) to approve and NJ Transit to transmit on or before March 1 of each year to the Commissioner of Transportation and to the President of the Senate, the Speaker of the General Assembly, and the Assembly Transportation and Independent Authorities Committee and the Senate Transportation Committee, or their successor committees a report containing certain real property information. The report is to include: a description of each parcel of real property in which NJ Transit holds a property interest; the appraised value of that property interest; the purpose for which NJ Transit holds the property interest; any revenue NJ Transit receives that arises out of the property interest; and any property interests sold or otherwise disposed of, including the amount of money received by NJ Transit for that sale or disposition, in the immediately preceding year and including an accompanying explanation for any property interest disposed of for less than market value and any property interest acquired for more than market value.

Senate Bill No. 2333 (1R) is identical to Assembly Bill No. 3654 (1R), which was reported by the committee on this date.

### FISCAL IMPACT:

The Office of Legislative Services estimates that the NJ Transit is likely to incur an indeterminate amount of additional costs for the creation of a new office of real estate economic development and transit-oriented development. The magnitude of increased costs is

unclear because real estate development and transit-oriented development are already functions performed by existing NJ Transit staff, and it is not known at this point to what degree the office will result in the rearrangement or increase of existing NJ Transit staff.

NJ Transit will incur costs in the form of additional staff time associated with the preparation of recommendations the office is to report to the Executive Director of NJ Transit and the annual property report to be approved by the NJ Transit board of directors. The magnitude of these costs will depend, in part, on the level of detail involved in the preparation of these reports and recommendations by NJ Transit. The State subsidizes NJ Transit operations; therefore, to the extent that these costs increase NJ Transit's operating deficit, the State appropriation to support NJ Transit operations will need to increase to offset that deficit.

The bill requires the office to assess and develop recommendations for economic development and transit-oriented development opportunities for NJ Transit property in order to increase NJ Transit's non-fare revenue sources. If NJ Transit realizes profitable new real estate activities, this bill may indirectly incentivize profitable activities that offset the direct costs of the new office and reporting requirements which could ultimately reduce the amount of the State appropriation necessary to implement the provisions of the bill.

# SENATE TRANSPORTATION COMMITTEE

## STATEMENT TO

### **SENATE, No. 2333**

with committee amendments

# **STATE OF NEW JERSEY**

DATED: MARCH 26, 2018

The Senate Transportation Committee reports favorably and with committee amendments Senate Bill No. 2333.

As amended and reported, this bill requires the New Jersey Transit Corporation (NJ Transit) to establish an office of real estate economic development and transit-oriented development (office). The office is to assess and develop recommendations for economic development and transit-oriented development opportunities for parcels of real property in which NJ Transit holds a property interest in order to increase NJ Transit's non-fare revenue sources. The office is to report its recommendations with an estimate of the amount of non-fare revenue likely to be generated by each recommendation to the Executive Director of NJ Transit at least once per year.

The bill also requires the NJ Transit Board of Directors (board) to approve and NJ Transit to transmit on or before March 1 of each year to the Commissioner of Transportation and to the President of the Senate, the Speaker of the General Assembly, and the Assembly Transportation and Independent Authorities Committee and the Senate Transportation Committee, or their successor committees a report containing certain real property information. The report is to include: a description of each parcel of real property in which NJ Transit holds a property interest; the appraised value of that property interest; the purpose for which NJ Transit holds the property interest; any revenue NJ Transit receives that arises out of the property interest; and any property interests sold or otherwise disposed of, including the amount of money received by NJ Transit for that sale or disposition, in the immediately preceding year and including an accompanying explanation for any property interest disposed of for less than market value and any property interest acquired for more than market value.

The committee amended the bill to include a requirement that NJ Transit report certain real property information as an amendment to N.J.S.A.27:25-20 rather than as a supplementary subsection of the bill. The committee also amended the bill to require that the NJ Transit board approve the real property report and transmit it to the Commissioner of Transportation, the President of the Senate, the Speaker of the General Assembly, and the transportation committees of both houses, or their successor by March 1 of each year. The

committee amendments require that the real property report include any property interests sold or otherwise disposed of, including the amount of money received by NJ Transit for that sale or disposition, in the immediately preceding year, and an accompanying explanation for any property interest disposed of for less than market value and any property interest acquired for more than market value.

STATEMENT TO  
[First Reprint]  
**SENATE, No. 2333**

with Assembly Floor Amendments  
(Proposed by Assemblywoman LOPEZ)

ADOPTED: JUNE 7, 2018

These floor amendments require the New Jersey Transit Corporation's Board of Directors to approve and the New Jersey Transit Corporation (corporation) to transmit a report containing certain real property information on or before October 1 of each year rather than March 1 of each year. These floor amendments also provide that the report is to contain certain information concerning real property owned by the corporation rather than real property in which the corporation holds a property interest.

These floor amendments provide that instead of requiring the report to include the appraised value of the property interest, the report is to include the most recent appraised value of the real property only if the corporation has obtained an appraisal during the three years immediately preceding the report. These floor amendments also provide that instead of requiring the report to include any property interests sold or otherwise disposed of, including the amount of money received by the corporation for that sale or disposition in the immediately preceding year, the report is to include any real property sold or otherwise disposed of, including the amount of money received by the corporation for the sale or disposition during the one year period immediately preceding the report.

# LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

## SENATE, No. 2333 STATE OF NEW JERSEY 218th LEGISLATURE

DATED: APRIL 23, 2018

### SUMMARY

- Synopsis:** Requires NJT to establish office of real estate economic development and transit-oriented development; requires annual report of certain real property information.
- Type of Impact:** Increased State cost
- Agencies Affected:** New Jersey Transit Corporation (NJ Transit)

#### Office of Legislative Services Estimate

<b>Fiscal Impact</b>	<b><u>Year 1</u></b>	<b><u>Year 2</u></b>	<b><u>Year 3</u></b>
<b>State Cost</b>		Indeterminate	

- NJ Transit is likely to incur an indeterminate amount of additional costs for the creation of a new office of real estate economic development and transit-oriented development (office). The magnitude of increased costs is unclear because real estate development and transit-oriented development are already functions performed by existing NJ Transit staff, and it is not known at this point to what degree the office will result in the rearrangement or increase of existing NJ Transit staff.
- The recommendations that the office is to report to the Executive Director of NJ Transit, and the annual property report to be approved by the NJ Transit board of directors will incur costs in the form of additional staff time for preparation. The appraisal requirement in the property report may also entail costs related to the hiring of an outside appraiser. The magnitude of these costs will depend, in part, on the level of detail involved in the preparation of these reports and recommendations by NJ Transit. The appraisal costs will depend upon how frequently NJ Transit updates the appraisal of its real property and the method of appraisal.
- The State subsidizes NJ Transit operations; therefore, to the extent that these costs increase NJ Transit's operating deficit, the State appropriation to subsidize NJ Transit operations will need to increase to offset that deficit.

- The bill requires the office to assess and develop recommendations for economic development and transit-oriented development opportunities for NJ Transit property in order to increase NJ Transit's non-fare revenue sources. If NJ Transit realizes profitable new real estate activities, this bill may indirectly incentivize profitable business activities that offset the direct costs of the new office and reporting requirements which could ultimately reduce the amount of the State appropriation necessary to implement the provisions of the bill.

## **BILL DESCRIPTION**

This bill requires the New Jersey Transit Corporation (NJ Transit) to establish an office of real estate economic development and transit-oriented development (office). The office is to assess and develop recommendations for economic development and transit-oriented development opportunities for parcels of real property in which NJ Transit holds a property interest in order to increase NJ Transit's non-fare revenue sources. The office is to report its recommendations with an estimate of the amount of non-fare revenue likely to be generated by each recommendation to the Executive Director of NJ Transit at least once per year. The bill also requires the NJ Transit Board of Directors (board) to approve and NJ Transit to transmit on or before March 1 of each year to the Commissioner of Transportation and to the President of the Senate, the Speaker of the General Assembly, and the Assembly Transportation and Independent Authorities Committee and the Senate Transportation Committee, or their successor committees a report containing certain real property information. The report is to include: a description of each parcel of real property in which NJ Transit holds a property interest; the appraised value of that property interest; the purpose for which NJ Transit holds the property interest; any revenue NJ Transit receives that arises out of the property interest; and any property interests sold or otherwise disposed of, including the amount of money received by NJ Transit for that sale or disposition, in the immediately preceding year and including an accompanying explanation for any property interest disposed of for less than market value and any property interest acquired for more than market value.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

### ***OFFICE OF LEGISLATIVE SERVICES***

This bill is likely to result in an indeterminate amount of increased operating costs for NJ Transit. These increased costs will be generated by the creation of the new office and recommendations that the office is to report to the Executive Director of NJ Transit, and the annual property report to be approved by the NJ Transit board of directors.

The increase in costs for the creation of the new office is indeterminate because it is unclear how NJ Transit will staff this new office. There are already existing staff at NJ Transit that pursue non-fare revenue opportunities, manage the agency's real estate assets, and manage transit-oriented development initiatives. If current staff is reorganized to establish this office, there is likely to be little to no net increase in staff and resources. If the functions of the new

office are provided in addition to the current business functions in these areas, then NJ Transit may need to increase staffing and equipment that would likely cost \$1 to \$10 million in additional salary, fringe, and equipment.

The recommendation to be generated annually by the office for the executive director and the report to be approved by the board will result in an additional indeterminate cost. The bill does not indicate the level of detail required to be provided in the recommendation report. Without information about the level of detail and depth of analysis, it is not possible to determine the amount of staff time or outside resources that might be required to generate the report. The property report that the board must approve requires reporting on the property holdings of NJ Transit. NJ Transit should have the general property data readily available, but it may not have recent appraisal data for its property. The bill does not specify the type of appraisal required or the age of the appraisals. The type of appraisals that will be utilized and the frequency by which the appraisals will be conducted in order to satisfy the requirements of the report are currently unknown.

There will be a clear staffing cost in the first year to generate this first report and that cost will depend on the property detail included in the report and the staff time necessary to collect internal property data, generate a uniform agency-wide data set, and format that data into a report that is consistent with the statutory requirement. In subsequent years, the cost will likely be much less as updates to the report are likely to be far less labor intensive, requiring changes only for property acquired or disposed of during the year. The cost of updating appraisals is likely to be the most significant cost factor.

The aforementioned costs are all direct costs that will be required under the bill. These costs will only manifest in direct State costs to the extent that they increase the operating deficit of NJ Transit and result in the need for an increased State appropriation to subsidize NJ Transit operations. If NJ Transit is able to offset these costs, specifically by covering some of these costs through the transportation capital program (some real estate and planning costs are eligible capital purposes), then these costs would result in a redistribution of expenditures under the capital program and have no net State cost. If these costs are covered through an increase to the NJ Transit operating budget, then it will increase NJ Transit's operating deficit and require an increased State appropriation.

The bill identifies that the recommendations of the office are intended to increase NJ Transit's non-fare revenue sources. If the recommendations are implemented by the executive director, and are ultimately successful in generating additional non-fare revenue, then the bill will catalyze indirect positive revenue impacts. These indirect benefits or losses (if the recommendations do not succeed) will either offset or increase the direct costs incurred under the bill.

*Section: Authorities, Utilities, Transportation and Communications*

*Analyst: Patrick Brennan  
Senior Fiscal Analyst*

*Approved: Frank W. Haines III  
Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).



# LEGISLATIVE FISCAL ESTIMATE

[Second Reprint]

**SENATE, No. 2333**

## **STATE OF NEW JERSEY 218th LEGISLATURE**

DATED: SEPTEMBER 25, 2018

### SUMMARY

- Synopsis:** Requires NJT to establish office of real estate economic development and transit-oriented development; requires annual report of certain real property information.
- Type of Impact:** Increased State cost
- Agencies Affected:** New Jersey Transit Corporation (NJ Transit)

#### Office of Legislative Services Estimate

<b>Fiscal Impact</b>	<b><u>Year 1</u></b>	<b><u>Year 2</u></b>	<b><u>Year 3</u></b>
<b>State Cost</b>		Indeterminate	

- NJ Transit is likely to incur an indeterminate amount of additional costs for the creation of a new office of real estate economic development and transit-oriented development (office). The magnitude of increased costs is unclear because real estate development and transit-oriented development are already functions performed by existing NJ Transit staff, and it is not known at this point to what degree the office will result in the rearrangement of existing staff or an increase in overall NJ Transit staff.
- The recommendations that the office is to report to the Executive Director of NJ Transit, and the annual property report to be approved by the NJ Transit board of directors will incur costs in the form of additional staff time to prepare the reports. The appraisal requirement in the property report applies to property owned by NJ Transit where an appraisal has been obtained in the last three years, mitigating the need to obtain the services of an appraiser just for the purpose of the report.
- The State subsidizes NJ Transit operations; therefore, to the extent that these costs increase NJ Transit's operating deficit, the State appropriation to subsidize NJ Transit operations will need to increase to offset that deficit.
- The bill requires the office to assess and develop recommendations for economic development and transit-oriented development opportunities for NJ Transit property in order

to increase NJ Transit's non-fare revenue sources. If NJ Transit realizes profitable new real estate activities, this bill may indirectly incentivize profitable business activities that offset the direct costs of the new office and reporting requirements which could ultimately reduce the amount of the State appropriation necessary to implement the provisions of the bill.

## **BILL DESCRIPTION**

This bill requires the New Jersey Transit Corporation (NJ Transit) to establish an office of real estate economic development and transit-oriented development (office). The office is to assess and develop recommendations for economic development and transit-oriented development opportunities for parcels of real property in which NJ Transit holds a property interest in order to increase NJ Transit's non-fare revenue sources. The office is to report its recommendations with an estimate of the amount of non-fare revenue likely to be generated by each recommendation to the Executive Director of NJ Transit at least once per year. The bill also requires the NJ Transit Board of Directors (board) to approve and NJ Transit to transmit on or before October 1 of each year to the Commissioner of Transportation and to the President of the Senate, the Speaker of the General Assembly, and the Assembly Transportation and Independent Authorities Committee and the Senate Transportation Committee, or their successor committees a report containing certain real property information. The report is to include: a description of each parcel of real property owned by NJ Transit; the appraised value of NJ Transit property if an appraisal has been obtained on that property in the last three years; the purpose for which NJ Transit holds the property; any revenue NJ Transit receives that arises out of the property; and any property sold or otherwise disposed of, including the amount of money received by NJ Transit for that sale or disposition, in the one year period immediately preceding the report and including an accompanying explanation for any property interest disposed of for less than market value and any property interest acquired for more than market value.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

### ***OFFICE OF LEGISLATIVE SERVICES***

This bill is likely to result in an indeterminate amount of increased operating costs for NJ Transit. These increased costs will be generated by the creation of the new office and recommendations that the office is to report to the Executive Director of NJ Transit, and the annual property report to be approved by the NJ Transit board of directors.

The increase in costs for the creation of the new office is indeterminate because it is unclear how NJ Transit will staff this new office. There are already existing staff at NJ Transit that pursue non-fare revenue opportunities, manage the agency's real estate assets, and manage transit-oriented development initiatives. If current staff is reorganized to establish this office, there is likely to be little to no net increase in staff and resources. If the functions of the new office are provided in addition to the current business functions in these areas, then NJ Transit

may need to increase staffing and equipment that would likely cost \$1 to \$10 million in additional salary, fringe, and equipment.

The recommendation to be generated annually by the office for the executive director and the report to be approved by the board will result in an additional indeterminate cost. The bill does not indicate the level of detail required to be provided in the recommendation report. Without information about the level of detail and depth of analysis, it is not possible to determine the amount of staff time or outside resources that might be required to generate the report. The property report that the board must approve requires reporting on the property owned by NJ Transit. NJ Transit is only required to report on the appraised value that NJ Transit has obtained an appraisal on in the last three years.

There will be a clear staffing cost in the first year to generate this first report and that cost will depend on the property detail included in the report and the staff time necessary to collect internal property data, generate a uniform agency-wide data set, and format that data into a report that is consistent with the statutory requirement. In subsequent years, the cost will likely be much less as updates to the report are likely to be far less labor intensive, requiring changes only for property acquired or disposed of during the year. By only utilizing appraisals that have already been performed, the bill will not require any additional appraisal services.

The aforementioned costs are all direct costs that will be required under the bill. These costs will only manifest in direct State costs to the extent that they increase the operating deficit of NJ Transit and result in the need for an increased State appropriation to subsidize NJ Transit operations. If NJ Transit is able to offset these costs, specifically by covering some of these costs through the transportation capital program (some real estate and planning costs are eligible capital purposes), then these costs would result in a redistribution of expenditures under the capital program and have no net State cost. If these costs are covered through an increase to the NJ Transit operating budget, then it will increase NJ Transit's operating deficit and require an increased State appropriation.

The bill identifies that the recommendations of the office are intended to increase NJ Transit's non-fare revenue sources. If the recommendations are implemented by the executive director, and are ultimately successful in generating additional non-fare revenue, then the bill will catalyze indirect positive revenue impacts. These indirect benefits or losses (if the recommendations do not succeed) will either offset or increase the direct costs incurred under the bill.

*Section: Authorities, Utilities, Transportation and Communications*

*Analyst: Patrick Brennan  
Lead Fiscal Analyst*

*Approved: Frank W. Haines III  
Legislative Budget and Finance Officer*

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

# ASSEMBLY, No. 3654

## STATE OF NEW JERSEY 218th LEGISLATURE

INTRODUCED MARCH 13, 2018

**Sponsored by:**

**Assemblywoman YVONNE LOPEZ**

**District 19 (Middlesex)**

**Assemblyman DANIEL R. BENSON**

**District 14 (Mercer and Middlesex)**

**Assemblywoman PATRICIA EGAN JONES**

**District 5 (Camden and Gloucester)**

**Co-Sponsored by:**

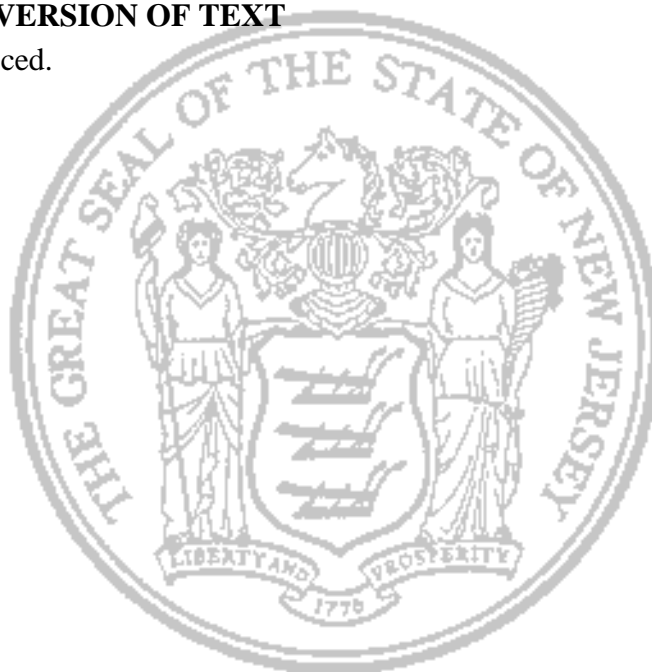
**Assemblyman Chiaravalloti**

**SYNOPSIS**

Requires NJT to establish office of real estate economic development and transit-oriented development; requires annual report of certain real property information.

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 5/11/2018)**

1 AN ACT concerning the New Jersey Transit Corporation and  
2 supplementing P.L.1979, c.150 (C.27:25-1 et al.).  
3

4 **BE IT ENACTED** by the Senate and General Assembly of the State  
5 of New Jersey:  
6

7 1. a. The New Jersey Transit Corporation shall establish an  
8 office of real estate economic development and transit-oriented  
9 development. The office shall assess and develop recommendations  
10 for economic development and transit-oriented development  
11 opportunities for parcels of real property in which the corporation  
12 holds a property interest in order to increase the corporation's non-  
13 fare revenue sources. The office shall report to the Executive  
14 Director of the corporation, at least annually, all recommendations  
15 developed pursuant to this subsection with an estimate of the  
16 amount of non-fare revenue likely to be generated by each  
17 recommendation.

18 b. The corporation shall annually report to the Governor and,  
19 pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), to the  
20 Legislature an inventory of each parcel of real property in which the  
21 corporation holds a property interest, including the appraised value  
22 of that property interest, the purpose for which the corporation  
23 holds the property interest, and any revenue the corporation  
24 receives that arises out of the property interest.  
25

26 2. This act shall take effect immediately.  
27  
28

29 STATEMENT  
30

31 This bill requires the New Jersey Transit Corporation (NJ  
32 Transit) to establish an office of real estate economic development  
33 and transit-oriented development (office). The office is to assess  
34 and develop recommendations for economic development and  
35 transit-oriented development opportunities for parcels of real  
36 property in which NJ Transit holds a property interest in order to  
37 increase NJ Transit's non-fare revenue sources. The office is to  
38 report its recommendations with an estimate of the amount of non-  
39 fare revenue likely to be generated by each recommendation to the  
40 Executive Director of NJ Transit at least once per year.

41 The bill also requires the corporation to annually report to the  
42 Governor and Legislature an inventory of each parcel of real  
43 property in which NJ Transit holds a property interest, including the  
44 appraised value of that property interest, the purpose for which NJ  
45 Transit holds the property interest, and any revenue NJ Transit  
46 receives that arises out of the property interest.

ASSEMBLY TRANSPORTATION AND INDEPENDENT  
AUTHORITIES COMMITTEE

STATEMENT TO  
**ASSEMBLY, No. 3654**

with committee amendments

**STATE OF NEW JERSEY**

DATED: MAY 10, 2018

The Assembly Transportation and Independent Authorities Committee reports favorably and with committee amendments Assembly Bill No. 3654.

As amended and reported, this bill requires the New Jersey Transit Corporation (NJ Transit) to establish an office of real estate economic development and transit-oriented development (office). The office is to assess and develop recommendations for economic development and transit-oriented development opportunities for parcels of real property in which NJ Transit holds a property interest in order to increase NJ Transit's non-fare revenue sources. The office is to report its recommendations with an estimate of the amount of non-fare revenue likely to be generated by each recommendation to the Executive Director of NJ Transit at least once per year.

The bill also requires the NJ Transit Board of Directors (board) to approve and NJ Transit to transmit on or before March 1 of each year to the Commissioner of Transportation and to the President of the Senate, the Speaker of the General Assembly, and the Assembly Transportation and Independent Authorities Committee and the Senate Transportation Committee, or their successor committees a report containing certain real property information. The report is to include: a description of each parcel of real property in which NJ Transit holds a property interest; the appraised value of that property interest; the purpose for which NJ Transit holds the property interest; any revenue NJ Transit receives that arises out of the property interest; and any property interests sold or otherwise disposed of, including the amount of money received by NJ Transit for that sale or disposition, in the immediately preceding year and including an accompanying explanation for any property interest disposed of for less than market value and any property interest acquired for more than market value.

As amended and reported, Assembly Bill No. 3654 is identical to Senate Bill No. 2333(1R), which was reported by the committee on this date.

COMMITTEE AMENDMENTS

The committee amended the bill to include a requirement that NJ Transit report certain real property information as an amendment to N.J.S.A.27:25-20 rather than as a supplementary subsection of the bill. The committee also amended the bill to require that the NJ Transit board approve the real property report and transmit it to the Commissioner of Transportation, the President of the Senate, the Speaker of the General Assembly, and the transportation committees of each house, or their successors by March 1 of each year. The committee amendments require that the real property report include any property interests sold or otherwise disposed of, including the amount of money received by NJ Transit for that sale or disposition, in the immediately preceding year, and an accompanying explanation for any property interest disposed of for less than market value and any property interest acquired for more than market value.

# ASSEMBLY APPROPRIATIONS COMMITTEE

## STATEMENT TO

[First Reprint]

**ASSEMBLY, No. 3654**

# **STATE OF NEW JERSEY**

DATED: JUNE 4, 2018

The Assembly Appropriations Committee reports favorably Assembly Bill No. 3654 (1R).

This bill requires the New Jersey Transit Corporation (NJ Transit) to establish an office of real estate economic development and transit-oriented development (office). The office is to assess and develop recommendations for economic development and transit-oriented development opportunities for parcels of real property in which NJ Transit holds a property interest in order to increase NJ Transit's non-fare revenue sources. The office is to report its recommendations with an estimate of the amount of non-fare revenue likely to be generated by each recommendation to the Executive Director of NJ Transit at least once per year.

The bill also requires the NJ Transit Board of Directors (board) to approve and NJ Transit to transmit on or before March 1 of each year to the Commissioner of Transportation and to the President of the Senate, the Speaker of the General Assembly, and the Assembly Transportation and Independent Authorities Committee and the Senate Transportation Committee, or their successor committees a report containing certain real property information. The report is to include: a description of each parcel of real property in which NJ Transit holds a property interest; the appraised value of that property interest; the purpose for which NJ Transit holds the property interest; any revenue NJ Transit receives that arises out of the property interest; and any property interests sold or otherwise disposed of, including the amount of money received by NJ Transit for that sale or disposition, in the immediately preceding year and including an accompanying explanation for any property interest disposed of for less than market value and any property interest acquired for more than market value.

Assembly Bill No. 3654 (1R) is identical to Senate Bill No. 2333 (1R), which was reported by the committee on this date.

### FISCAL IMPACT:

The Office of Legislative Services estimates that the NJ Transit is likely to incur an indeterminate amount of additional costs for the creation of a new office of real estate economic development and transit-oriented development. The magnitude of increased costs is



unclear because real estate development and transit-oriented development are already functions performed by existing NJ Transit staff, and it is not known at this point to what degree the office will result in the rearrangement or increase of existing NJ Transit staff.

NJ Transit will incur costs in the form of additional staff time associated with the preparation of recommendations the office is to report to the Executive Director of NJ Transit and the annual property report to be approved by the NJ Transit board of directors. The magnitude of these costs will depend, in part, on the level of detail involved in the preparation of these reports and recommendations by NJ Transit. The State subsidizes NJ Transit operations; therefore, to the extent that these costs increase NJ Transit's operating deficit, the State appropriation to support NJ Transit operations will need to increase to offset that deficit.

The bill requires the office to assess and develop recommendations for economic development and transit-oriented development opportunities for NJ Transit property in order to increase NJ Transit's non-fare revenue sources. If NJ Transit realizes profitable new real estate activities, this bill may indirectly incentivize profitable activities that offset the direct costs of the new office and reporting requirements which could ultimately reduce the amount of the State appropriation necessary to implement the provisions of the bill.

STATEMENT TO  
[First Reprint]  
**ASSEMBLY, No. 3654**

with Assembly Floor Amendments  
(Proposed by Assemblywoman LOPEZ)

ADOPTED: JUNE 7, 2018

These floor amendments require the New Jersey Transit Corporation's Board of Directors to approve and the New Jersey Transit Corporation (corporation) to transmit a report containing certain real property information on or before October 1 of each year rather than March 1 of each year. These floor amendments also provide that the report is to contain certain information concerning real property owned by the corporation rather than real property in which the corporation holds a property interest.

These floor amendments provide that instead of requiring the report to include the appraised value of the property interest, the report is to include the most recent appraised value of the real property only if the corporation has obtained an appraisal during the three years immediately preceding the report. These floor amendments also provide that instead of requiring the report to include any property interests sold or otherwise disposed of, including the amount of money received by the corporation for that sale or disposition in the immediately preceding year, the report is to include any real property sold or otherwise disposed of, including the amount of money received by the corporation for the sale or disposition during the one year period immediately preceding the report.

# LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

## ASSEMBLY, No. 3654

### STATE OF NEW JERSEY 218th LEGISLATURE

DATED: JUNE 7, 2018

#### SUMMARY

- Synopsis:** Requires NJT to establish office of real estate economic development and transit-oriented development; requires annual report of certain real property information.
- Type of Impact:** Increased State cost
- Agencies Affected:** New Jersey Transit Corporation (NJ Transit)

#### Office of Legislative Services Estimate

<b>Fiscal Impact</b>	<b><u>Year 1</u></b>	<b><u>Year 2</u></b>	<b><u>Year 3</u></b>
<b>State Cost</b>		Indeterminate	

- NJ Transit is likely to incur an indeterminate amount of additional costs for the creation of a new office of real estate economic development and transit-oriented development (office). The magnitude of increased costs is unclear because real estate development and transit-oriented development are already functions performed by existing NJ Transit staff, and it is not known at this point to what degree the office will result in the rearrangement of existing staff or an increase in overall NJ Transit staff.
- The recommendations that the office is to report to the Executive Director of NJ Transit, and the annual property report to be approved by the NJ Transit board of directors will incur costs in the form of additional staff time to prepare the reports. The appraisal requirement in the property report may also entail costs related to the hiring of an outside appraiser. The magnitude of these costs will depend, in part, on the level of detail involved in the preparation of these reports and recommendations by NJ Transit. The appraisal costs will depend upon how frequently NJ Transit updates the appraisal of its real property and the method of appraisal.
- The State subsidizes NJ Transit operations; therefore, to the extent that these costs increase NJ Transit's operating deficit, the State appropriation to subsidize NJ Transit operations will need to increase to offset that deficit.

- The bill requires the office to assess and develop recommendations for economic development and transit-oriented development opportunities for NJ Transit property in order to increase NJ Transit's non-fare revenue sources. If NJ Transit realizes profitable new real estate activities, this bill may indirectly incentivize profitable business activities that offset the direct costs of the new office and reporting requirements which could ultimately reduce the amount of the State appropriation necessary to implement the provisions of the bill.

## **BILL DESCRIPTION**

This bill requires the New Jersey Transit Corporation (NJ Transit) to establish an office of real estate economic development and transit-oriented development (office). The office is to assess and develop recommendations for economic development and transit-oriented development opportunities for parcels of real property in which NJ Transit holds a property interest in order to increase NJ Transit's non-fare revenue sources. The office is to report its recommendations with an estimate of the amount of non-fare revenue likely to be generated by each recommendation to the Executive Director of NJ Transit at least once per year. The bill also requires the NJ Transit Board of Directors (board) to approve and NJ Transit to transmit on or before March 1 of each year to the Commissioner of Transportation and to the President of the Senate, the Speaker of the General Assembly, and the Assembly Transportation and Independent Authorities Committee and the Senate Transportation Committee, or their successor committees a report containing certain real property information. The report is to include: a description of each parcel of real property in which NJ Transit holds a property interest; the appraised value of that property interest; the purpose for which NJ Transit holds the property interest; any revenue NJ Transit receives that arises out of the property interest; and any property interests sold or otherwise disposed of, including the amount of money received by NJ Transit for that sale or disposition, in the immediately preceding year and including an accompanying explanation for any property interest disposed of for less than market value and any property interest acquired for more than market value.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

### ***OFFICE OF LEGISLATIVE SERVICES***

This bill is likely to result in an indeterminate amount of increased operating costs for NJ Transit. These increased costs will be generated by the creation of the new office and recommendations that the office is to report to the Executive Director of NJ Transit, and the annual property report to be approved by the NJ Transit board of directors.

The increase in costs for the creation of the new office is indeterminate because it is unclear how NJ Transit will staff this new office. There are already existing staff at NJ Transit that pursue non-fare revenue opportunities, manage the agency's real estate assets, and manage transit-oriented development initiatives. If current staff is reorganized to establish this office, there is likely to be little to no net increase in staff and resources. If the functions of the new office are provided in addition to the current business functions in these areas, then NJ Transit

may need to increase staffing and equipment that would likely cost \$1 to \$10 million in additional salary, fringe, and equipment.

The recommendation to be generated annually by the office for the executive director and the report to be approved by the board will result in an additional indeterminate cost. The bill does not indicate the level of detail required to be provided in the recommendation report. Without information about the level of detail and depth of analysis, it is not possible to determine the amount of staff time or outside resources that might be required to generate the report. The property report that the board must approve requires reporting on the property holdings of NJ Transit. NJ Transit should have the general property data readily available, but it may not have recent appraisal data for its property. The bill does not specify the type of appraisal required or the age of the appraisals. The type of appraisals that will be utilized and the frequency by which the appraisals will be conducted in order to satisfy the requirements of the report are currently unknown.

There will be a clear staffing cost in the first year to generate this first report and that cost will depend on the property detail included in the report and the staff time necessary to collect internal property data, generate a uniform agency-wide data set, and format that data into a report that is consistent with the statutory requirement. In subsequent years, the cost will likely be much less as updates to the report are likely to be far less labor intensive, requiring changes only for property acquired or disposed of during the year. The cost of updating appraisals is likely to be the most significant cost factor.

The aforementioned costs are all direct costs that will be required under the bill. These costs will only manifest in direct State costs to the extent that they increase the operating deficit of NJ Transit and result in the need for an increased State appropriation to subsidize NJ Transit operations. If NJ Transit is able to offset these costs, specifically by covering some of these costs through the transportation capital program (some real estate and planning costs are eligible capital purposes), then these costs would result in a redistribution of expenditures under the capital program and have no net State cost. If these costs are covered through an increase to the NJ Transit operating budget, then it will increase NJ Transit's operating deficit and require an increased State appropriation.

The bill identifies that the recommendations of the office are intended to increase NJ Transit's non-fare revenue sources. If the recommendations are implemented by the executive director, and are ultimately successful in generating additional non-fare revenue, then the bill will catalyze indirect positive revenue impacts. These indirect benefits or losses (if the recommendations do not succeed) will either offset or increase the direct costs incurred under the bill.

*Section: Authorities, Utilities, Transportation and Communications*

*Analyst: Patrick Brennan  
Lead Fiscal Analyst*

*Approved: Frank W. Haines III  
Legislative Budget and Finance Officer*

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

# LEGISLATIVE FISCAL ESTIMATE

[Second Reprint]

## ASSEMBLY, No. 3654

### STATE OF NEW JERSEY 218th LEGISLATURE

DATED: JUNE 19, 2018

#### SUMMARY

- Synopsis:** Requires NJT to establish office of real estate economic development and transit-oriented development; requires annual report of certain real property information.
- Type of Impact:** Increased State cost
- Agencies Affected:** New Jersey Transit Corporation (NJ Transit)

#### Office of Legislative Services Estimate

<b>Fiscal Impact</b>	<b><u>Year 1</u></b>	<b><u>Year 2</u></b>	<b><u>Year 3</u></b>
<b>State Cost</b>		Indeterminate	

- NJ Transit is likely to incur an indeterminate amount of additional costs for the creation of a new office of real estate economic development and transit-oriented development (office). The magnitude of increased costs is unclear because real estate development and transit-oriented development are already functions performed by existing NJ Transit staff, and it is not known at this point to what degree the office will result in the rearrangement of existing staff or an increase in overall NJ Transit staff.
- The recommendations that the office is to report to the Executive Director of NJ Transit, and the annual property report to be approved by the NJ Transit board of directors will incur costs in the form of additional staff time to prepare the reports. The appraisal requirement in the property report applies to property owned by NJ Transit where an appraisal has been obtained in the last three years, mitigating the need to obtain the services of an appraiser just for the purpose of the report.
- The State subsidizes NJ Transit operations; therefore, to the extent that these costs increase NJ Transit's operating deficit, the State appropriation to subsidize NJ Transit operations will need to increase to offset that deficit.
- The bill requires the office to assess and develop recommendations for economic development and transit-oriented development opportunities for NJ Transit property in order

to increase NJ Transit's non-fare revenue sources. If NJ Transit realizes profitable new real estate activities, this bill may indirectly incentivize profitable business activities that offset the direct costs of the new office and reporting requirements which could ultimately reduce the amount of the State appropriation necessary to implement the provisions of the bill.

## **BILL DESCRIPTION**

This bill requires the New Jersey Transit Corporation (NJ Transit) to establish an office of real estate economic development and transit-oriented development (office). The office is to assess and develop recommendations for economic development and transit-oriented development opportunities for parcels of real property in which NJ Transit holds a property interest in order to increase NJ Transit's non-fare revenue sources. The office is to report its recommendations with an estimate of the amount of non-fare revenue likely to be generated by each recommendation to the Executive Director of NJ Transit at least once per year. The bill also requires the NJ Transit Board of Directors (board) to approve and NJ Transit to transmit on or before March 1 of each year to the Commissioner of Transportation and to the President of the Senate, the Speaker of the General Assembly, and the Assembly Transportation and Independent Authorities Committee and the Senate Transportation Committee, or their successor committees a report containing certain real property information. The report is to include: a description of each parcel of real property owned by NJ Transit; the appraised value of NJ Transit property if an appraisal has been obtained on that property in the last three years; the purpose for which NJ Transit holds the property interest; any revenue NJ Transit receives that arises out of the property interest; and any property interests sold or otherwise disposed of, including the amount of money received by NJ Transit for that sale or disposition, in the one year period immediately preceding the report and including an accompanying explanation for any property interest disposed of for less than market value and any property interest acquired for more than market value.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

### ***OFFICE OF LEGISLATIVE SERVICES***

This bill is likely to result in an indeterminate amount of increased operating costs for NJ Transit. These increased costs will be generated by the creation of the new office and recommendations that the office is to report to the Executive Director of NJ Transit, and the annual property report to be approved by the NJ Transit board of directors.

The increase in costs for the creation of the new office is indeterminate because it is unclear how NJ Transit will staff this new office. There are already existing staff at NJ Transit that pursue non-fare revenue opportunities, manage the agency's real estate assets, and manage transit-oriented development initiatives. If current staff is reorganized to establish this office, there is likely to be little to no net increase in staff and resources. If the functions of the new office are provided in addition to the current business functions in these areas, then NJ Transit

may need to increase staffing and equipment that would likely cost \$1 to \$10 million in additional salary, fringe, and equipment.

The recommendation to be generated annually by the office for the executive director and the report to be approved by the board will result in an additional indeterminate cost. The bill does not indicate the level of detail required to be provided in the recommendation report. Without information about the level of detail and depth of analysis, it is not possible to determine the amount of staff time or outside resources that might be required to generate the report. The property report that the board must approve requires reporting on the property owned by NJ Transit. NJ Transit is only required to report on the appraised value that NJ Transit has obtained an appraisal on in the last three years..

There will be a clear staffing cost in the first year to generate this first report and that cost will depend on the property detail included in the report and the staff time necessary to collect internal property data, generate a uniform agency-wide data set, and format that data into a report that is consistent with the statutory requirement. In subsequent years, the cost will likely be much less as updates to the report are likely to be far less labor intensive, requiring changes only for property acquired or disposed of during the year. By only utilizing appraisals that have already been performed, the bill will not require any additional appraisal services.

The aforementioned costs are all direct costs that will be required under the bill. These costs will only manifest in direct State costs to the extent that they increase the operating deficit of NJ Transit and result in the need for an increased State appropriation to subsidize NJ Transit operations. If NJ Transit is able to offset these costs, specifically by covering some of these costs through the transportation capital program (some real estate and planning costs are eligible capital purposes), then these costs would result in a redistribution of expenditures under the capital program and have no net State cost. If these costs are covered through an increase to the NJ Transit operating budget, then it will increase NJ Transit's operating deficit and require an increased State appropriation.

The bill identifies that the recommendations of the office are intended to increase NJ Transit's non-fare revenue sources. If the recommendations are implemented by the executive director, and are ultimately successful in generating additional non-fare revenue, then the bill will catalyze indirect positive revenue impacts. These indirect benefits or losses (if the recommendations do not succeed) will either offset or increase the direct costs incurred under the bill.

*Section: Authorities, Utilities, Transportation and Communications*

*Analyst: Patrick Brennan  
Lead Fiscal Analyst*

*Approved: Frank W. Haines III  
Legislative Budget and Finance Officer*

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).





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# Newark, N.J.

## Governor Murphy Takes Action on Legislation

11/1/2018

**TRENTON** – Today, Governor Murphy signed the following bills into law:

**A4674 (Coughlin/Sweeney)** - Clarifies intent of existing statutory law in regard to nomination process for those seeking federal offices.

**S883 (Sacco, Stack/Eustace, Mukherji, Benson)** - Authorizes issuance of special Humane State license plates.

**S2333 (Greenstein, Gordon/Lopez, Benson, Jones)** - Requires NJT to establish office of real estate economic development and transit-oriented development; requires annual report of certain real property information.

**S2758 w/GR (Vitale, Ruiz/Coughlin)** - Increases financial resources provided through Medicaid program for certain hospitals; Establishes County Option Hospital Fee Pilot Program.

**S2921 (Greenstein/Taliaferro, Carter, Caputo)** - Corrects project list in P.L.2018, c.85, which appropriates funds to DEP for environmental infrastructure projects.

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### Governor Phil Murphy

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