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974.90 R424 2010a

Report of the subcommittee on transportation : NJ Department of Transportation, NJ Transit {Trenton, NJ : New Jersey Office of the Governor, 2010}

<http://hdl.handle.net/10929/24369>

"A rundown of legislation heading to Christie's desk," Northjersey.com, June 28, 2012

"Dems say Christie hurts the poor after governor vetoes eight bills," Star-Ledger, June 30, 2012

"Legislature votes to extend time to use housing funds," Northjersey.com, June 29, 2012

LAW/KR

P.L.2012, CHAPTER 13, *approved June 29, 2012*

Assembly, No. 3205

1 **AN ACT** concerning the New Jersey Transportation Trust Fund  
2 Authority and amending various parts of the statutory law.

3  
4 **BE IT ENACTED** *by the Senate and General Assembly of the State*  
5 *of New Jersey:*

6  
7 1. Section 3 of P.L.1984, c.73 (C.27:1B-3) is amended to read  
8 as follows:

9 3. The following words or terms as used in this act shall have  
10 the following meaning unless a different meaning clearly appears  
11 from the context:

12 a. "Act" means this New Jersey Transportation Trust Fund  
13 Authority Act of 1984 as amended and supplemented.

14 b. "Authority" means the New Jersey Transportation Trust  
15 Fund Authority created by section 4 of this act.

16 c. "Bonds" means bonds issued by the authority pursuant to the  
17 act and includes prior bonds and transportation program bonds.

18 d. "Commissioner" means the Commissioner of Transportation.

19 e. "Department" means the Department of Transportation.

20 f. "Federal aid highway" means any highway within the State  
21 in connection with which the State receives payment or  
22 reimbursement from the federal government under the terms of  
23 Title 23, United States Code or any amendment, successor, or  
24 replacement thereof, for the purposes contained in the act.

25 g. "Federal government" means the United States of America,  
26 and any officer, department, board, commission, bureau, division,  
27 corporation, agency or instrumentality thereof.

28 h. "South Jersey Transportation Authority" means the public  
29 corporation created by section 4 of P.L.1991, c.252 (C.27:25A-4) or  
30 its successor.

31 i. "New Jersey Highway Authority" means the public  
32 corporation created by section 4 of P.L.1952, c.16 (C.27:12B-4) or  
33 its successor.

34 j. "New Jersey Turnpike Authority" means the public  
35 corporation created by section 3 of P.L.1948, c.454 (C.27:23-3) or  
36 its successor.

37 k. "Notes" means the notes issued by the authority pursuant to  
38 the act.

39 l. "Public highways" means public roads, streets, expressways,  
40 freeways, parkways, motorways and boulevards, including bridges,  
41 tunnels, overpasses, underpasses, interchanges, rest areas, express  
42 bus roadways, bus pullouts and turnarounds, park-ride facilities,

**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.

1 traffic circles, grade separations, traffic control devices, the  
2 elimination or improvement of crossings of railroads and highways,  
3 whether at grade or not at grade, bicycle and pedestrian pathways  
4 and pedestrian and bicycle bridges traversing public highways and  
5 any facilities, equipment, property, rights of way, easements and  
6 interests therein needed for the construction, improvement and  
7 maintenance of highways.

8 m. "Public transportation project" means, in connection with  
9 public transportation service, passenger stations, shelters and  
10 terminals, automobile parking facilities, ferries and ferry facilities,  
11 including capital projects for ferry terminals, approach roadways,  
12 pedestrian accommodations, parking, docks, and other necessary  
13 land-side improvements, ramps, track connections, signal systems,  
14 power systems, information and communication systems, roadbeds,  
15 transit lanes or rights of way, equipment storage, pedestrian  
16 walkways and bridges connecting to passenger stations and  
17 servicing facilities, bridges, grade crossings, rail cars, locomotives,  
18 motorbuses and other motor vehicles, maintenance and garage  
19 facilities, revenue handling equipment and any other equipment,  
20 facility or property useful for or related to the provision of public  
21 transportation service.

22 n. "State agency" means any officers, department, board,  
23 commission, bureau, division, agency or instrumentality of the  
24 State.

25 o. "Toll road authorities" means and includes the New Jersey  
26 Turnpike Authority, the New Jersey Highway Authority and the  
27 South Jersey Transportation Authority.

28 p. "Transportation project" means, in addition to public  
29 highways and public transportation projects, any equipment, facility  
30 or property useful or related to the provision of any ground,  
31 waterborne or air transportation for the movement of people and  
32 goods including rail freight infrastructure, which equipment,  
33 facility, or property may be acquired by purchase or lease.

34 q. "Transportation system" means public highways, public  
35 transportation projects, other transportation projects, and all other  
36 surface, airborne and waterborne methods of transportation for the  
37 movement of people and goods.

38 r. "Permitted maintenance" means, in relation to public  
39 transportation projects, direct costs of work necessary for  
40 preserving or maintaining the useful life of public transportation  
41 projects, provided the work performed is associated with the  
42 acquisition, installation and rehabilitation of components which are  
43 not included in the normal operating maintenance of equipment and  
44 facilities or replaced on a scheduled basis. The work shall ensure  
45 the useful life of the project for not less than five years and shall not  
46 include routine maintenance or inspection of equipment and  
47 facilities that is conducted on a scheduled basis. This definition  
48 shall not apply to the term "maintenance" as used in subsection l. of

1 this section. For purposes of this subsection, "permitted  
2 maintenance" means, in relation to public highways, the direct costs  
3 of work necessary for preserving or maintaining the useful life of  
4 public highways, provided the work is not associated with the  
5 regular and routine maintenance of public highways and their  
6 components. The work shall ensure the useful life of the project for  
7 not less than five years.

8 s. "Circle of Mobility" means an essential group of related  
9 transit projects that include (1) the New Jersey Urban Core Project,  
10 as defined in section 3031 of the "Intermodal Surface  
11 Transportation Efficiency Act of 1991," Pub.L.102-240, and  
12 consisting of the following elements: Secaucus Transfer, Kearny  
13 Connection, Waterfront Connection, Northeast Corridor Signal  
14 System, Hudson River Waterfront Transportation System, Newark-  
15 Newark International Airport-Elizabeth Transit Link, a rail  
16 connection between Penn Station Newark and Broad Street Station,  
17 Newark, New York Penn Station Concourse, and the equipment  
18 needed to operate revenue service associated with improvements  
19 made by the project, and (2) the modification and reconstruction of  
20 the West Shore Line in Bergen County connected to Allied  
21 Junction/Secaucus Transfer Meadowlands Rail Center; the  
22 construction of a rail station and associated components at the  
23 Meadowlands Sports Complex; the modification and reconstruction  
24 of the Susquehanna and Western Railway, as defined and provided  
25 in section 3035 (a) of the "Intermodal Surface Transportation  
26 Efficiency Act of 1991"; the modification and reconstruction of the  
27 Lackawanna Cutoff Commuter Rail Line connecting Morris, Sussex  
28 and Warren Counties to the North Jersey Transportation Rail  
29 Centers; and commuter rail service in the central New Jersey region  
30 terminating at the proposed Lakewood Transportation Center in  
31 Ocean County or other location, as determined by the Board of the  
32 New Jersey Transit Corporation, pursuant to a resolution of the  
33 board providing for the achievement of a consensus among the  
34 interested parties as to the direction of the proposed rail line;  
35 provided, however, that this 2000 amendatory act shall not be  
36 construed as affecting any priorities which may have been assigned  
37 to any other project in the Circle of Mobility.

38 t. "Prior bonds" means bonds issued pursuant to the  
39 authorization contained in P.L.1995, c.108 and P.L.2006, c.3 and  
40 any bonds issued to refund such prior bonds.

41 u. "Transportation program bonds" means bonds issued  
42 pursuant to the authorization contained in P.L. , c. (C. )  
43 (pending before the Legislature as this bill), and any bonds issued to  
44 refund such transportation program bonds.

45 (cf: P.L.2000, c.73, s.15)

46

47 2. Section 7 of P.L.1984, c.73 (C.27:1B-7) is amended to read  
48 as follows:

1       7. The authority shall have the power to accept and use any  
2 funds appropriated and paid by the State to the authority, including,  
3 without limitation, appropriations and payments from the  
4 Transportation Trust Fund Account established pursuant to the act,  
5 for the purposes for which the appropriations and payments are  
6 made[.], provided that only those revenues which are dedicated  
7 pursuant to the New Jersey Constitution, including Article VIII,  
8 Section II, paragraph 4, may be used to pay debt service on the  
9 transportation program bonds and any agreement securing the  
10 repayment of the transportation program bonds. Debt service on  
11 prior bonds shall be paid for solely from amounts on deposit in the  
12 “Transportation Trust Fund Account – Subaccount for Debt Service  
13 for Prior Bonds,” and debt service on transportation program bonds  
14 and any agreement securing the repayment of the transportation  
15 program bonds shall be paid for solely from amounts on deposit in  
16 the “Transportation Trust Fund Account – Subaccount for Debt  
17 Service for Transportation Program Bonds.”

18 (cf: P.L.1984, c.73, s.7)

19

20       3. Section 9 of P.L.1984, c.73 (C.27:1B-9) is amended to read  
21 as follows:

22       9. a. The authority shall have the power and is hereby  
23 authorized after November 15, 1984 and from time to time  
24 thereafter to issue its bonds, notes or other obligations in principal  
25 amounts as in the opinion of the authority shall be necessary to  
26 provide for any of its corporate purposes, including the payment,  
27 funding or refunding of the principal of, or interest or redemption  
28 premiums on, any bonds, notes or other obligations issued by it,  
29 whether the bonds, notes, obligations or interest to be funded or  
30 refunded have or have not become due; and to provide for the  
31 security thereof and for the establishment or increase of reserves to  
32 secure or to pay the bonds, notes or other obligations or interest  
33 thereon and all other reserves and all costs or expenses of the  
34 authority incident to and necessary or convenient to carry out its  
35 corporate purposes and powers; and in addition to its bonds, notes  
36 and other obligations, the authority shall have the power to issue  
37 subordinated indebtedness, which shall be subordinate in lien to the  
38 lien of any or all of its bonds or notes. No resolution or other action  
39 of the authority providing for the issuance of bonds, refunding  
40 bonds, notes, or other obligations shall be adopted or otherwise  
41 made effective by the authority without the prior approval in  
42 writing of the Governor and the State Treasurer.

43       b. Except as may be otherwise expressly provided in the act or  
44 by the authority [ , every ] :

45       (1) Every issue of bonds or notes shall be general obligations  
46 payable out of any revenues or funds of the authority, subject only  
47 to any agreements with the holders of particular bonds or notes  
48 pledging any particular revenues or funds. The authority may

1 provide the security and payment provisions for its bonds or notes  
2 as it may determine, including (without limiting the generality of  
3 the foregoing) bonds or notes as to which the principal and interest  
4 are payable from and secured by all or any portion of the revenues  
5 of and payments to the authority, and other moneys or funds as the  
6 authority shall determine [. In], provided that for transportation  
7 program bonds or notes issued in anticipation of such transportation  
8 program bonds, only revenues dedicated pursuant to the New Jersey  
9 Constitution, including Article VIII, Section II, paragraph 4, and  
10 deposited into the “Transportation Trust Fund Account –  
11 Subaccount for Debt Service for Transportation Program Bonds.”  
12 may be used for such payment;

13 (2) In addition, the authority may issue notes, in anticipation of  
14 the issuance of the bonds [or] , provided that the issuance of such  
15 notes shall be subject to the bonding limitations as provided in  
16 subsection i. of this section, and the payment of such notes if issued  
17 in anticipation of the issuance of transportation program bonds shall  
18 be paid solely from revenues dedicated pursuant to the New Jersey  
19 Constitution, including Article VIII, Section II, paragraph 4, and  
20 deposited into the “Transportation Trust Fund Account –  
21 Subaccount for Debt Service for Transportation Program Bonds.”  
22 The authority may also issue notes in anticipation of the receipt of  
23 appropriations, grants, reimbursements or other funds, including  
24 without limitation grants from the federal government for federal  
25 aid highways or public transportation systems, [issue notes,] the  
26 principal of or interest on which, or both, shall be payable out of the  
27 proceeds of [notes, bonds or other obligations of the authority or]  
28 appropriations, grants, reimbursements or other funds [or revenues  
29 of the authority.] , including without limitation grants from the  
30 federal government for federal aid highways or public  
31 transportation systems. Such notes shall not be subject to the  
32 bonding limitations as provided in subsection i. of this section; and

33 (3) The authority may also enter into bank loan agreements,  
34 lines of credit and other security agreements as authorized pursuant  
35 to subsection h. of section 6 of P.L.1984, c.73 (C.27:1B-6) and  
36 obtain for or on its behalf letters of credit in each case for the  
37 purpose of securing its bonds, notes or other obligations or to  
38 provide direct payment of any costs which the authority is  
39 authorized to pay by this act and to secure repayment of any  
40 borrowings under the loan agreement, line of credit, letter of credit  
41 or other security agreement by its bonds, notes or other obligations  
42 or the proceeds thereof or by any or all of the revenues of and  
43 payments to the authority or by any appropriation, grant or  
44 reimbursement to be received by the authority and other moneys or  
45 funds as the authority shall determine, provided that for any such  
46 agreements entered into in connection with transportation program  
47 bonds issued pursuant to the authorization contained in subsection i.

1 of this section, or notes issued in anticipation of such transportation  
2 program bonds, only revenues dedicated pursuant to the New Jersey  
3 Constitution, including Article VIII, Section II, paragraph 4, and  
4 deposited into the “Transportation Trust Fund Account –  
5 Subaccount for Debt Service for Transportation Program Bonds,”  
6 may be used for such payment.

7 c. Whether or not the bonds and notes are of the form and  
8 character as to be negotiable instruments under the terms of Title  
9 12A, Commercial Transactions, New Jersey Statutes, the bonds and  
10 notes are hereby made negotiable instruments within the meaning of  
11 and for all the purposes of [said] Title 12A of the New Jersey  
12 Statutes.

13 d. Bonds or notes of the authority shall be authorized by a  
14 resolution or resolutions of the authority and may be issued in one  
15 or more series and shall bear the date, or dates, mature at the time  
16 or times, bear interest at the rate or rates of interest per annum, be  
17 in the denomination or denominations, be in the form, carry the  
18 conversion or registration privileges, have the rank or priority, be  
19 executed in the manner, be payable from the sources, in the medium  
20 of payment, at the place or places within or without the State, and  
21 be subject to the terms of redemption (with or without premium) as  
22 the resolution or resolutions may provide. Bonds or notes may be  
23 further secured by a trust indenture between the authority and a  
24 corporate trustee within or without the State. All other obligations  
25 of the authority shall be authorized by resolution containing terms  
26 and conditions as the authority shall determine.

27 e. Bonds, notes or other obligations of the authority may be  
28 sold at public or private sale at a price or prices and in a manner as  
29 the authority shall determine, either on a negotiated or on a  
30 competitive basis. Every bond, or refunding bond, issued on or  
31 after the effective date of P.L.2006, c.3 (C.27:1B-22.2 et al.) shall  
32 mature and be paid no later than 31 years from the date of the  
33 issuance of that bond or refunding bond.

34 f. Bonds or notes may be issued and other obligations incurred  
35 under the provisions of the act without obtaining the consent of any  
36 department, division, commission, board, bureau or agency of the  
37 State, other than the approval as required by subsection a. of this  
38 section, and without any other proceedings or the happening of any  
39 other conditions or other things than those proceedings, conditions  
40 or things which are specifically required by the act.

41 g. Bonds, notes and other obligations of the authority issued or  
42 incurred under the provisions of the act shall not be in any way a  
43 debt or liability of the State or of any political subdivision thereof  
44 other than the authority and shall not create or constitute any  
45 indebtedness, liability or obligation of the State or of any political  
46 subdivision or be or constitute a pledge of the faith and credit of the  
47 State or of any political subdivision, but all bonds, notes and  
48 obligations, unless funded or refunded by bonds, notes or other

1 obligations of the authority, shall be payable solely from revenues  
2 or funds pledged or available for their payment as authorized in the  
3 act. Each bond, note or other obligation shall contain on its face a  
4 statement to the effect that the authority is obligated to pay the  
5 principal thereof or the interest thereon only from revenues or funds  
6 of the authority, and for transportation program bonds and  
7 agreements securing such transportation program bonds only from  
8 revenues dedicated pursuant to the New Jersey Constitution,  
9 including Article VIII, Section II, paragraph 4, and deposited into  
10 the “Transportation Trust Fund Account – Subaccount for Debt  
11 Service for Transportation Program Bonds,” and that neither the  
12 State nor any political subdivision thereof is obligated to pay the  
13 principal or interest and that neither the faith and credit nor the  
14 taxing power of the State or any political subdivision thereof is  
15 pledged to the payment of the principal of or the interest on the  
16 bonds, notes or other obligations. For the purposes of this  
17 subsection, political subdivision does not include the authority.

18 h. All expenses incurred in carrying out the provisions of the  
19 act shall be payable solely from the revenues or funds provided or  
20 to be provided under or pursuant to the provisions of the act and  
21 nothing in the act shall be construed to authorize the authority to  
22 incur any indebtedness or liability on behalf of or payable by the  
23 State or any political subdivision thereof.

24 i. The authority shall minimize debt incurrence by first relying  
25 on appropriations and other revenues available to the authority  
26 before incurring debt secured by State revenues to meet its statutory  
27 purposes. Commencing with the fiscal year beginning July 1, 1995  
28 and ending within the fiscal year beginning July 1, 2005, the  
29 authority shall not incur debt in any fiscal year in excess of  
30 \$650,000,000, except that if that permitted amount of debt, or any  
31 portion thereof, is not incurred in a fiscal year it may be incurred in  
32 a subsequent fiscal year. Commencing with the fiscal year  
33 beginning July 1, 2006 and ending with the fiscal year beginning on  
34 July 1, 2010, the authority shall not incur debt for any fiscal year in  
35 excess of \$1,600,000,000, reduced in each of those fiscal years by  
36 the amount by which the appropriation of State funds to the  
37 Transportation Trust Fund Account for that fiscal year shall exceed  
38 \$895,000,000; provided, however, that if a portion of that permitted  
39 amount of debt, less any reduction as provided above, is not  
40 incurred in a fiscal year, an amount not greater than the unused  
41 portion may be incurred in a subsequent fiscal year in addition to  
42 the amount otherwise permitted [subject to the approval of the Joint  
43 Budget Oversight Committee]. Debt permitted for the fiscal year  
44 beginning July 1, 2006 may be incurred prior to July 1, 2006. The  
45 authority shall not issue transportation program bonds in excess of  
46 \$1,247,000,000 for the fiscal year beginning July 1, 2012, in excess  
47 of \$849,200,000 for the fiscal year beginning July 1, 2013, in  
48 excess of \$735,300,000 for the fiscal year beginning July 1, 2014,

1 and in excess of \$626,800,000 for the fiscal year beginning July 1,  
2 2015, except that (1) if that permitted amount of transportation  
3 program bonds, or any portion thereof, is not incurred in a fiscal  
4 year, it may be issued in a subsequent fiscal year and (2) 30 percent  
5 of the permitted amount of transportation program bonds for a fiscal  
6 year may be issued in the fiscal year preceding such fiscal year  
7 provided that (a) any transportation program bonds issued pursuant  
8 to this paragraph shall be deducted from the authorization for the  
9 fiscal year from which it was taken, and (b) the proceeds of any  
10 such transportation program bond shall not be encumbered until the  
11 fiscal year from which the deduction of the authorization was taken  
12 pursuant to this paragraph. Transportation program bonds  
13 authorized to be issued for the fiscal year beginning July 1, 2012  
14 may be issued prior to July 1, 2012. Any increase in this limitation  
15 shall only occur if so provided for by law. In computing the  
16 foregoing limitation as to the amount of [debt] bonds the authority  
17 may [incur] issue, the authority may exclude any bonds, notes or  
18 other obligations, including subordinated obligations of the  
19 authority, issued for refunding purposes. The payment of debt  
20 service on transportation program bonds and any agreements issued  
21 in connection with such transportation program bonds shall be paid  
22 solely from revenues dedicated pursuant to the New Jersey  
23 Constitution, including Article VIII, Section II, paragraph 4, and  
24 deposited into the "Transportation Trust Fund Account –  
25 Subaccount for Debt Service for Transportation Program Bonds."

26 j. Upon the decision by the authority to issue refunding bonds  
27 pursuant to this section, and prior to the sale of those bonds, the  
28 authority shall transmit to the Joint Budget Oversight Committee, or  
29 its successor, a report that a decision has been made, reciting the  
30 basis on which the decision was made, including an estimate of the  
31 debt service savings to be achieved and the calculations upon which  
32 the authority relied when making the decision to issue refunding  
33 bonds. The report shall also disclose the intent of the authority to  
34 issue and sell the refunding bonds at public or private sale and the  
35 reasons therefor.

36 k. The Joint Budget Oversight Committee, or its successor,  
37 shall have authority to approve or disapprove the sale of refunding  
38 bonds as included in each report submitted in accordance with  
39 subsection j. of this section. The committee shall approve or  
40 disapprove the sale of refunding bonds within 10 business days  
41 after physical receipt of the report. The committee shall notify the  
42 authority in writing of the approval or disapproval as expeditiously  
43 as possible.

44 l. No refunding bonds shall be issued unless the report has  
45 been submitted to and approved by the Joint Budget Oversight  
46 Committee, or its successor, as set forth in subsection k. of this  
47 section.

1 m. Within 30 days after the sale of the refunding bonds, the  
2 authority shall notify the Joint Budget Oversight Committee, or its  
3 successor, of the result of that sale, including the prices and terms,  
4 conditions and regulations concerning the refunding bonds, and the  
5 actual amount of debt service savings to be realized as a result of  
6 the sale of refunding bonds.

7 n. The Joint Budget Oversight Committee, or its successor,  
8 shall, however, review all information and reports submitted in  
9 accordance with this section and may, on its own initiative, make  
10 observations and recommendations to the authority or to the  
11 Legislature, or both, as it deems appropriate.

12 o. No refunding bonds shall be issued unless the authority shall  
13 first determine that the present value of the aggregate principal of  
14 and interest on the refunding bonds is less than the present value of  
15 the aggregate principal of and interest on the outstanding bonds to  
16 be refinanced, except that, for the purposes of this limitation,  
17 present value shall be computed using a discount rate equal to the  
18 yield of those refunding bonds, and yield shall be computed using  
19 an actuarial method based upon a 360-day year with semiannual  
20 compounding and upon the prices paid to the authority by the initial  
21 purchasers of those refunding bonds.

22 (cf: P.L.2006, c.3, s.1)

23  
24 4. Section 10 of P.L.1984, c.73 (C.27:1B-10) is amended to  
25 read as follows:

26 10. In any resolution of the authority authorizing or relating to  
27 the issuance of any bonds, notes or other obligations or in any  
28 indenture securing the bonds, notes or other obligations, the  
29 authority, in order to secure the payment of the bonds, notes or  
30 other obligations and in addition to its other powers, shall have the  
31 power by provisions therein, which shall constitute covenants by  
32 the authority and contracts with the holders of the bonds, notes or  
33 other obligations, provided that in any such resolution authorizing  
34 the issuance of transportation program bonds or in any indenture or  
35 agreement securing such transportation program bonds, the payment  
36 of such transportation program bonds or any agreement securing  
37 such transportation program bonds shall be made solely from  
38 revenues dedicated pursuant to the New Jersey Constitution, Article  
39 VIII, Section II, paragraph 4, and deposited into the "Transportation  
40 Trust Fund Account – Subaccount for Debt Service for  
41 Transportation Program Bonds":

42 a. To pledge all or any part of its revenues or receipts to which  
43 its right then exists or may thereafter come into existence and other  
44 moneys or funds as the authority shall determine and the moneys  
45 derived therefrom, and the proceeds of any bonds, notes or other  
46 obligations;

47 b. To pledge any agreement, including, without limitation, the  
48 contract or contracts referred to in section 23 of the act[.], :

1 contracts with the toll road authorities or other State agencies,  
2 except that any contracts with the toll road authorities or other State  
3 agencies may not be pledged to the payment of the transportation  
4 program bonds or to any agreement securing such transportation  
5 program bonds; and any grant, contract, or agreement with the  
6 federal government or the revenues or payments thereunder and the  
7 proceeds thereof;

8 c. To covenant against pledging all or any part of its revenues  
9 or receipts or its agreements and the revenues derived thereunder or  
10 the proceeds thereof and other moneys or funds as the authority  
11 shall determine and the moneys derived therefrom or against  
12 permitting or suffering any lien on any of the foregoing;

13 d. To covenant with respect to limitations on any right to sell,  
14 lease or otherwise dispose of any property of any kind;

15 e. To covenant as to any bonds, notes and other obligations to  
16 be issued and the limitations thereof and the terms and conditions  
17 thereof and as to the custody, application, investment, and  
18 disposition of the proceeds thereof;

19 f. To covenant as to the issuance of additional bonds, or notes  
20 or other obligations or as to limitations on the issuance of additional  
21 bonds, notes or other obligations and on the incurring of other debts  
22 by it;

23 g. To covenant as to the payment of the principal of or interest  
24 on the bonds, notes, or other obligations, as to the sources and  
25 methods of payment, as to the rank or priority of any bonds, notes  
26 or obligations with respect to any lien or security or as to the  
27 acceleration of the maturity of any bonds, notes or obligations;

28 h. To provide for the replacement of lost, stolen, destroyed or  
29 mutilated bonds, notes or other obligations;

30 i. To covenant against extending the time for the payment of  
31 bonds, notes or other obligations or interest thereon;

32 j. To covenant as to the redemption of bonds, notes or other  
33 obligations and privileges of exchange thereof for other bonds,  
34 notes or other obligations of the authority;

35 k. Subject to the rights and security interests of the holders  
36 from time to time of bonds, notes or other obligations heretofore or  
37 hereafter issued by each of the toll road authorities or other State  
38 agencies, to covenant as to the enforcement of any term in any  
39 agreement entered into pursuant to the act, to which the authority is  
40 a party or an assignee, fixing amounts of funds of the toll road  
41 authorities or other State agencies to be paid over to and received  
42 by the authority in each year or other period of time, including any  
43 term concerning the fixing of tolls and other charges by the toll road  
44 authorities or other State agencies, at rates as shall be necessary to  
45 provide the amounts of funds;

46 l. To covenant to create or authorize the creation of special  
47 funds or moneys to be held in pledge or otherwise for payment or  
48 redemption of bonds, notes, or other obligations, reserves or other

1 purposes and as to the use, investment, and disposition of the  
2 moneys held in the funds;

3 m. To establish the procedure, if any, by which the terms of any  
4 contract or covenant with or for the benefit of the holders of bonds,  
5 notes or other obligations may be amended or abrogated, the  
6 amount of bonds, notes or other obligations the holders of which  
7 must consent thereto, and the manner in which the consent may be  
8 given;

9 n. To provide for the release of property, agreements, or  
10 revenues and receipts from any pledge and to reserve rights and  
11 powers in, or the right to dispose of, property which is subject to a  
12 pledge;

13 o. To provide for the rights and liabilities, powers and duties  
14 arising upon the breach of any covenant, condition or obligation and  
15 to prescribe the events of default and the terms and conditions upon  
16 which any or all of the bonds, notes or other obligations of the  
17 authority shall become or may be declared due and payable before  
18 maturity and the terms and conditions upon which any declaration  
19 and its consequences may be waived;

20 p. To vest in a trustee or trustees within or without the State  
21 such property, rights, powers and duties in trust as the authority  
22 may determine, and to limit the rights, duties and powers of such  
23 trustee;

24 q. To execute all bills of sale, conveyances, deeds of trust and  
25 other instruments necessary or convenient in the exercise of its  
26 powers or in the performance of its covenants or duties;

27 r. To pay the costs or expenses incident to the enforcement of  
28 the bonds, notes or other obligations or of the provisions of the  
29 resolution or of any covenant or agreement of the authority with the  
30 holders of its bonds, notes or other obligations;

31 s. To limit the rights of the holders of any bonds, notes or other  
32 obligations to enforce any pledge or covenant securing the bonds,  
33 notes or other obligations; and

34 t. To make covenants, in addition to the covenants herein  
35 expressly authorized, of like or different character, and to make  
36 covenants to do or refrain from doing acts and things as may be  
37 necessary, or convenient and desirable, in order to better secure  
38 bonds, notes or other obligations or which in the absolute discretion  
39 of the authority will tend to make bonds, notes or other obligations  
40 more marketable, notwithstanding that the covenants, acts or things  
41 may not be enumerated herein.

42 (cf: P.L.1984, c.73, s.10)

43

44 5. Section 20 of P.L.1984, c.73 (C.27:1B-20) is amended to  
45 read as follows:

46 20. There is hereby established in the General Fund an account  
47 entitled "Transportation Trust Fund Account **[.]**," which shall  
48 consist of two subaccounts entitled: "Transportation Trust Fund

1 Account – Subaccount for Debt Service for Prior Bonds” and  
2 “Transportation Trust Fund Account – Subaccount for Debt Service  
3 for Transportation Program Bonds.” During the fiscal year  
4 beginning July 1, 1984 and during each succeeding fiscal year in  
5 which the authority has bonds, notes or other obligations  
6 outstanding, the treasurer shall credit to **【this account】** the  
7 “Transportation Trust Fund Account – Subaccount for Debt Service  
8 for Prior Bonds” a portion of the revenues derived from the  
9 following, as determined by the treasurer, and to the  
10 “Transportation Trust Fund Account – Subaccount for Debt Service  
11 for Transportation Program Bonds” only revenues derived under  
12 subsection a. of this section and from the petroleum and sales tax as  
13 set forth in subsection d. of this section:

14 a. An amount equivalent to the revenue derived from \$0.105  
15 per gallon from the tax imposed on the sale of motor fuels pursuant  
16 to chapter 39 of Title 54 of the Revised Statutes, as provided in  
17 Article VIII, Section II, paragraph 4 of the State Constitution,  
18 provided, however, such amount during any fiscal year shall not be  
19 less than \$483,000,000;

20 b. (Deleted by amendment, P.L.2000, c.73).

21 c. An amount equivalent to moneys received by the State in  
22 accordance with contracts entered into with toll road authorities or  
23 other State agencies, provided that effective with the fiscal year  
24 beginning July 1, 1988 the amount so credited shall not be less than  
25 \$24,500,000.00 in any fiscal year.

26 The treasurer shall also credit to **【this account,】** the  
27 “Transportation Trust Fund Account – Subaccount for Debt Service  
28 for Prior Bonds,” in accordance with a contract between the  
29 treasurer and the authority, an amount equivalent to the sum of the  
30 revenues due from the increase of fees for motor vehicle  
31 registrations collected pursuant to the amendment to R.S.39:3-20  
32 made by **【this act】** section 32 of P.L.1984, c.73 and from the  
33 increase in the tax on diesel fuels imposed pursuant to the  
34 amendment to R.S.54:39-27 made by **【this act】** section 35 of  
35 P.L.1984, c.73 and by P.L.1987, c.460, and as amended by section  
36 18 of P.L.1992, c.23, and repealed by section 56 of P.L.2010, c.22  
37 and now imposed pursuant to section 3 of P.L.2010, c.22 (C.54:39-  
38 103), provided that the total amount credited during the fiscal year  
39 beginning July 1, 1984 shall not be less than \$20,000,000.00 and  
40 that the total amount credited during the fiscal year beginning July  
41 1, 1985 and during every fiscal year thereafter shall not be less than  
42 \$30,000,000.00.

43 In addition to the amounts credited to the account by this section,  
44 commencing with the fiscal year beginning July 1, 1995 and every  
45 fiscal year thereafter, there shall be appropriated from the General  
46 Fund such additional amounts as are necessary to carry out the  
47 provisions of this act and beginning July 1, 2000 the fees collected  
48 pursuant to subsection a. of section 68 of P.L.1990, c.8 (C.17:33B-

1 63) shall be credited to the account for the purposes of this act,  
2 provided, however, the amount credited from such fees during any  
3 fiscal year shall not be less than \$60,000,000.

4 d. In addition to the amount credited in subsection a. of this  
5 section, beginning January 1 following approval by the voters an  
6 amount equivalent to the revenue derived from the tax imposed on  
7 the sale of petroleum products pursuant to P.L.1990, c.42  
8 (C.54:15B-1 et seq.), provided, however, such amount shall not be  
9 less than \$100,000,000 in the period January 1 through June 30  
10 following approval by the voters and shall not be less than  
11 \$200,000,000 in any fiscal year thereafter and for the fiscal year  
12 commencing July 1, 2001 and for each fiscal year thereafter an  
13 amount equivalent to the revenue derived from the tax imposed  
14 under the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et  
15 seq.) on the sale of new motor vehicles, provided, however, that  
16 such amount shall not be less than \$200,000,000 for the fiscal year  
17 commencing July 1, 2003 and for each fiscal year thereafter, as  
18 provided in Article VIII, Section II, paragraph 4 of the State  
19 Constitution.

20 No later than the fifth business day of the month following the  
21 month in which a credit has been made, the treasurer shall pay to  
22 the authority, for its purposes as provided herein, the amounts then  
23 credited to the **[Transportation]** "Transportation Trust Fund  
24 Account [.] – Subaccount for Debt Service for Prior Bonds" and  
25 "Transportation Trust Fund Account – Subaccount for Debt Service  
26 for Transportation Program Bonds," provided that the payments to  
27 the authority shall be subject to and dependent upon appropriations  
28 being made from time to time by the Legislature of the amounts  
29 thereof for the purposes of the act, and further provided that the  
30 revenues deposited into the "Transportation Trust Fund Account –  
31 Subaccount for Debt Service for Transportation Program Bonds"  
32 shall consist solely of revenues which are dedicated pursuant to the  
33 New Jersey Constitution, including Article VIII, Section II,  
34 paragraph 4, and subsections a. and d. of this section.  
35 (cf: P.L.2006, c.3, s.3)

36  
37 6. Section 21 of P.L.1984, c.73 (C.27:1B-21) is amended to  
38 read as follows:

39 21. a. There is hereby established a separate fund entitled  
40 "Special Transportation Fund." This fund shall be maintained by the  
41 State Treasurer and may be held in depositories as may be selected  
42 by the treasurer and invested and reinvested as other funds in the  
43 custody of the treasurer, in the manner provided by law. The  
44 commissioner may from time to time (but not more frequently than  
45 monthly) certify to the authority an amount necessary to fund  
46 payments made, or anticipated to be made by or on behalf of the  
47 department, from appropriations established for or made to the  
48 department from revenues or other funds of the authority. The

1 commissioner's certification shall be deemed conclusive for  
2 purposes of the act. The authority shall, within 15 days of receipt  
3 of the certificate, transfer from available funds of the authority to  
4 the treasurer for deposit in the Special Transportation Fund the  
5 amount certified by the commissioner, provided that all funds  
6 transferred shall only be expended by the department by project  
7 pursuant to appropriations made from time to time by the  
8 Legislature for the purposes of the act.

9 b. The department shall not expend any money except as  
10 appropriated by law. Commencing with appropriations for the  
11 fiscal years beginning on July 1, 1988, the department shall not  
12 expend any funds other than for permitted maintenance except as  
13 are appropriated by specific projects identified by a description of  
14 the projects, the county or counties within which they are located,  
15 and amounts to be expended on each project, in the annual  
16 appropriations act. Funds expended for permitted maintenance may  
17 be appropriated as one item of appropriation and subject to  
18 allocation at the commissioner's discretion.

19 c. No funds appropriated, authorized or expended pursuant to  
20 this act shall be used to finance the resurfacing of highways by  
21 department personnel, where that resurfacing would require the use  
22 of more than 100,000 tons of bituminous concrete for that purpose  
23 in any calendar year, except that the commissioner may waive this  
24 provision when he determines the existence of emergency  
25 conditions requiring the use of department personnel for the  
26 resurfacing of highways, after the department has effectively  
27 reached the 100,000 ton limit.

28 d. In order to provide the department with flexibility in  
29 administering the specific appropriations by project identified in the  
30 annual appropriations act, the commissioner may transfer a part of  
31 any item to any other item subject to the approval of the Director of  
32 the Division of Budget and Accounting and of the Joint Budget  
33 Oversight Committee or its successor. Upon approval of the  
34 director and the committee, the transfer shall take effect.

35 e. Any federal funds which become available to the State for  
36 transportation projects which have not been appropriated to the  
37 department in the annual appropriations act, shall be deemed  
38 appropriated to the department and may, subject to approval by the  
39 Joint Budget Oversight Committee and the State Treasurer, be  
40 expended for any purpose for which such funds are qualified.

41 f. There shall be no appropriations from the revenues and other  
42 funds of the authority for regular and routine maintenance of public  
43 highways and components thereof, or operational activities of the  
44 department unrelated to the implementation of, and indirect costs  
45 associated with, the capital program. The commissioner shall  
46 include in his annual budget request sufficient funding to effectuate  
47 the purposes of P.L.2000, c.73 (C.27:1B-21.14 et al.).

1 g. To the extent that salaries or overhead of the department or  
2 the New Jersey Transit Corporation are charged to transportation  
3 projects, each agency shall keep adequate and truthful personnel  
4 records, and time charts to adequately justify each such charge and  
5 shall make those records available to the external auditor to the  
6 authority.

7 h. The commissioner shall annually, on or before January 1 of  
8 each fiscal year, report to the Governor and the Legislature how  
9 much money was expended in the previous fiscal year for salaries  
10 and overhead of the department and the New Jersey Transit  
11 Corporation. However, the amount expended from the revenues  
12 and other funds of the authority for salaries and overhead of the  
13 department and the New Jersey Transit Corporation for the fiscal  
14 year beginning July 1, 2006 and each fiscal year ~~thereafter~~  
15 thereafter shall not exceed 13 percent of the total funds appropriated  
16 from the revenues and other nonfederal funds of the authority for  
17 those fiscal years.

18 i. No revenues or other funds of the authority shall be  
19 expended for emergency response operations, the review of  
20 applications for access permits under the State highway access  
21 management code and membership fees or other fees connected  
22 with membership in TRANSCOM, the Transportation Operations  
23 Coordinating Committee.

24 (cf: P.L.2006, c.3, s.2)

25

26 7. Section 8 of P.L.1987, c.460 (C.27:1B-21.1) is amended to  
27 read as follows:

28 8. a. Commencing with the report of the commissioner, as may  
29 be amended, required to be submitted pursuant to section 22 of  
30 P.L.1984, c.73 (C.27:1B-22) on or before March 1, 2006 and on  
31 each succeeding March 1 thereafter through March 1, ~~2010~~ 2015,  
32 the annual amount so reported by the commissioner for proposed  
33 projects shall not exceed \$1,600,000,000 exclusive of federal funds.

34 b. For the fiscal year beginning on July 1, 2006 and for each  
35 fiscal year thereafter through the fiscal year beginning on July 1,  
36 ~~2010~~ 2011, the total annual amount authorized to be appropriated  
37 from the revenues and other nonfederal funds of the New Jersey  
38 Transportation Trust Fund Authority for the projects listed in the  
39 appropriations act pursuant to section 21 of P.L.1984, c.73  
40 (C.27:1B-21) shall not exceed \$1,600,000,000, all amounts  
41 exclusive of federal funds. The total amount authorized to be  
42 appropriated from the revenues and other nonfederal funds of the  
43 New Jersey Transportation Trust Fund Authority for the projects  
44 listed in the appropriations act pursuant to section 21 of P.L.1984,  
45 c.73 (C.27:1B-21) shall not exceed: \$1,247,000,000 for the fiscal  
46 year beginning on July 1, 2012; \$1,224,000,000 for the fiscal year  
47 beginning on July 1, 2013; \$1,225,000,000 for the fiscal year

1 beginning on July 1, 2014; and \$1,247,000,000 for the fiscal year  
2 beginning on July 1, 2015.

3 c. (Deleted by amendment, P.L.1991, c.40.)

4 d. (Deleted by amendment, P.L.1992, c.10).

5 e. The State Auditor shall provide for a unified annual audit of  
6 expenditures from the Special Transportation Fund, established by  
7 section 21 of P.L.1984, c.73 (C.27:1B-21), in order to determine  
8 that these funds are expended for costs eligible for funding from the  
9 authority and in a manner consistent with appropriations made by  
10 the Legislature. The findings of such audits shall be transmitted to  
11 the presiding officer of each House of the Legislature, and to the  
12 Chair of the Senate Budget and Appropriations Committee, the  
13 Senate Transportation Committee, the Assembly Appropriations  
14 Committee, and the Assembly Transportation and Communications  
15 Committee or their successors.

16 f. The State Auditor shall review bond issuances of the  
17 authority and report to the Joint Budget Oversight Committee and  
18 to the members of the Senate Budget and Appropriations  
19 Committee and the Assembly Appropriations Committee, or their  
20 successors, on the status of the bonds of the authority and projects  
21 financed from the proceeds of the bonds. The report shall include  
22 the investment status of all unexpended bond proceeds and provide  
23 a description of any bond issues expected during a fiscal year,  
24 including type of issue, estimated amount of bonds to be issued and  
25 the expected month of sale.

26 (cf: P.L.2006, c.3, s.4)

27

28 8. Section 23 of P.L.1984, c.73 (C.27:1B-23) is amended to  
29 read as follows:

30 23. In order to implement the arrangement provided for in the  
31 act, the treasurer, the commissioner and the authority are hereby  
32 authorized to enter into one or more contracts. The contracts shall  
33 commence with the fiscal year beginning July 1, 1984, and provide  
34 for the credit to the Transportation Trust Fund Account in the  
35 amounts provided for in section 20 of the act and for the payment to  
36 the authority of the amounts credited to the Transportation Trust  
37 Fund Account in accordance with the provisions of section 20 of the  
38 act. The contracts shall also provide for the payment by the  
39 authority of the amounts provided for in section 21 of the act and  
40 for expenditures from the Special Transportation Fund, as provided  
41 in section 21 of the act. The contract or contracts shall be on terms  
42 and conditions as determined by the parties and may contain terms  
43 and conditions necessary and desirable to secure the bonds, notes  
44 and other obligations of the authority, provided, however, that the  
45 incurrence of any obligation by the State under the contract or  
46 contracts, including any payments to be made thereunder from the  
47 Transportation Trust Fund Account or the Special Transportation  
48 Fund, shall be subject to and dependent upon appropriations being

1 made from time to time by the Legislature for the purposes of the  
2 act. Any contract providing for the payment of transportation  
3 program bonds and any agreements securing such transportation  
4 program bonds shall provide that such payment shall be made solely  
5 from revenues dedicated pursuant to the New Jersey Constitution,  
6 including Article VIII, Section II, paragraph 4, and deposited into  
7 the “Transportation Trust Fund Account – Subaccount for Debt  
8 Service for Transportation Program Bonds.”

9 (cf: P.L.1984, c.73, s.23)

10  
11 9. Section 25 of P.L.1984, c.73 (C.27:1B-25) is amended to  
12 read as follows:

13 25. a. Notwithstanding the provisions of subtitle 4 of Title 27 of  
14 the Revised Statutes and P.L.1946, c.301 (C.27:15A-1 et seq.), the  
15 commissioner may, pursuant to appropriations or authorizations  
16 being made from time to time by the Legislature according to law,  
17 allocate to counties and municipalities funds for the planning,  
18 acquisition, engineering, construction, reconstruction, repair,  
19 resurfacing and rehabilitation of public highways and the planning,  
20 acquisition, engineering, construction, reconstruction, repair,  
21 maintenance and rehabilitation of public transportation projects and  
22 of other transportation projects which a county or municipality may  
23 be authorized by law to undertake. [In the case of a county or  
24 municipality for which an allocation has been made for the federal  
25 fiscal year beginning October 1, 1983, of an amount of federal aid  
26 for the federal aid urban system, as defined in 23 U.S.C. s.103, the  
27 amount of State aid allocated under this section in any fiscal year  
28 shall not be less than the amount of federal aid so allocated,  
29 together with the amount of matching funds required under federal  
30 law. No allocation shall be made to a county or municipality  
31 without certification by the commissioner: (1) that there exists with  
32 respect to that county or municipality a comprehensive plan, or  
33 plans, which he has approved, for the effective allocation,  
34 utilization and coordination of available federal and State  
35 transportation aid, and (2) that the county or municipality has  
36 agreed that State aid provided under this section is provided in lieu  
37 of federal aid for the federal aid urban system program and that any  
38 federal aid for the federal aid urban system program attributable to  
39 the area will be programmed by the Department of Transportation  
40 for projects of regional significance. In any year in which  
41 insufficient funds have been appropriated to meet the minimum  
42 county allocations established in this section, or if no appropriation  
43 is provided, the commissioner shall determine on a prorated basis  
44 the amount of the deficiency for each county having a minimum  
45 allocation and allocate from funds available under the federal aid  
46 urban system program sufficient funds to meet the minimum  
47 allocations.]

1 b. The commissioner shall, pursuant to appropriations or  
 2 authorizations being made from time to time by the Legislature  
 3 according to law, allocate at his discretion State aid to counties and  
 4 municipalities for transportation projects, except that the amount to  
 5 be appropriated for this program shall be 10% of the total amount  
 6 appropriated for the total county and municipal aid programs. This  
 7 State aid shall be set aside prior to any formula allocations provided  
 8 for in subsections c., d., and e. of this section.

9 c. The commissioner shall, pursuant to appropriations or  
 10 authorizations being made from time to time by the Legislature  
 11 according to law and pursuant to the provisions of subsections b.  
 12 and d. of this section, allocate State aid to municipalities for public  
 13 highways under their jurisdiction. The amount to be appropriated  
 14 shall be allocated on the basis of the following distribution factor:

$$15 \quad \text{DF} = \frac{\text{Pc}}{\text{Ps}} + \frac{\text{Cm}}{\text{Sm}}$$

16 where, DF equals the distribution factor

17 Pc equals county population

18 Ps equals State population

19 Cm equals municipal road mileage within the county

20 Sm equals municipal road mileage within the State.

21 After the amount of aid has been allocated based on the above  
 22 formula, the commissioner shall determine priority for the funding  
 23 of municipal projects within each county, based upon criteria  
 24 relating to volume of traffic, safety considerations, growth  
 25 potential, readiness to obligate funds and local taxing capacity. In  
 26 addition to the above criteria used in determining priority of  
 27 funding of municipal projects in each county, the commissioner  
 28 shall consider whether a project is intended to remedy hazardous  
 29 conditions as identified for the purposes of providing transportation  
 30 pursuant to N.J.S.18A:39-1.2 for school pupils or to improve  
 31 pedestrian safety.  
 32

33 For the purposes of this subsection, (1) "population" means the  
 34 official population count as reported by the New Jersey Department  
 35 of Labor and Workforce Development; and (2) "municipal road  
 36 mileage" means that road mileage under the jurisdiction of  
 37 municipalities, as determined by the department.  
 38

39 d. There shall be appropriated at least \$175,000,000 for the  
 40 fiscal year commencing July 1, 2006 and for each fiscal year  
 41 thereafter, for the purposes provided herein and in subsections b., c.  
 42 and e. of this section. (1) Of that appropriation, the commissioner  
 43 shall allocate \$5,000,000.00 as State aid to any municipality  
 44 qualifying for aid pursuant to the provisions of P.L.1978, c.14  
 45 (C.52:27D-178 et seq.). The commissioner shall allocate the aid to  
 46 each municipality in the same proportion that the municipality  
 47 receives aid under P.L.1978, c.14. (2) The remaining amount of the

1 appropriation shall be allocated pursuant to the provisions of  
2 subsection c. of this section.

3 e. The commissioner may, pursuant to appropriations or  
4 authorizations being made from time to time by the Legislature  
5 according to law, allocate additional funding to the Local County  
6 Aid Program for public highway projects, in accordance with a  
7 formula similar to that provided for in subsection c. of this section,  
8 except that Cm equals road mileage under county jurisdiction and  
9 Sm equals total county road mileage within the State.  
10 (cf: P.L.2006, c.3, s.7)

11

12 10. Section 9 of P.L.1995, c.108 (C.27:1B-25.1) is amended to  
13 read as follows:

14 9. Aid to counties and municipalities administered by the  
15 department may, at the discretion of the commissioner, be disbursed  
16 to any individual county or municipality on a grant basis or on a  
17 cost reimbursement basis. Distribution of the portion of the grant  
18 provided initially to a county or municipality may be contingent on  
19 its performance in spending prior grants. Failure to award  
20 construction or other approved contracts for 100 percent of a  
21 county's allotment within three years of notification by the  
22 department of that year's allotment shall result in the allotment  
23 being immediately rescinded or the funds returned to the  
24 department, as applicable, or in the event such funds are not  
25 immediately returned, deducted by the department from future  
26 allocations of aid to such county. Any such funds may be  
27 reallocated by the commissioner on a grant basis or a cost  
28 reimbursement basis to such other counties or municipalities as the  
29 commissioner shall so determine. Failure to award construction or  
30 other approved contracts for 100 percent of a municipality's  
31 allotment within two years of notification by the department of that  
32 year's allotment shall result in that year's allocation being  
33 immediately rescinded. Any such funds may be reallocated by the  
34 commissioner on a grant basis or a cost reimbursement basis to such  
35 other counties or municipalities as the commissioner shall  
36 determine.

37 (cf: P.L.2006, c.3, s.8)

38

39 11. This act shall take effect immediately.

40

41

42

#### STATEMENT

43

44 This bill amends the "New Jersey Transportation Trust Fund  
45 Authority Act of 1984" to make changes necessary to support the  
46 State's Capital Transportation Program for Fiscal Years 2012  
47 through 2016.

1 P.L.2006, c.3 provided a sufficient level of bonding  
2 authorization for the Transportation Trust Fund Authority  
3 (“authority”) to support the State’s transportation capital program  
4 for Fiscal Years 2006 through 2012. This bill will provide  
5 additional authorization to support the transportation capital  
6 program through Fiscal Year 2016, including authorizing the  
7 authority to bond for a total of \$3,458.3 million.

8 The bill provides that the payment of debt service on all bonds  
9 issued after the effective date of the bill, to be known as  
10 transportation program bonds, refunding bonds issued to refund  
11 transportation program bonds, and any agreements securing such  
12 bonds will be funded solely from revenues dedicated pursuant to the  
13 New Jersey Constitution, including Article VIII, Section II,  
14 paragraph 4. Because these bonds will be supported solely by  
15 already constitutionally dedicated revenues, voter approval for the  
16 issuance of transportation program bonds is not required.

17 The bill also provides the authority with greater flexibility in  
18 issuing bonds by allowing up to 30% of the transportation program  
19 bonds that are permitted to be issued in a given fiscal year to be  
20 issued in a preceding fiscal year provided that any transportation  
21 program bonds issued in a preceding year must be deducted from  
22 the authorization for the fiscal year from which it was taken, and  
23 the proceeds of any such transportation program bonds shall not be  
24 encumbered until the fiscal year from which the deduction of the  
25 authorization was taken. The bonding authorization in any fiscal  
26 year in which a portion of bonds for that fiscal year have already  
27 been issued would be reduced by the bonds previously issued.

28 The bill would streamline the Joint Budget Oversight Committee  
29 (“JBOC”) review of authority bonding by no longer requiring JBOC  
30 approval for statutorily authorized bonding that is carried forward  
31 to subsequent fiscal years pursuant to P.L.2006, c.3.

32 The bill continues to authorize an annual transportation capital  
33 program at a level not to exceed \$1.6 billion through Fiscal Year  
34 2016. The bill provides that the authority will provide a level of  
35 funding for the annual capital program, as follows: Fiscal Year  
36 2013: \$1,247.0 million; Fiscal Year 2014: \$1,224.0 million; Fiscal  
37 Year 2015: \$1,225.0 million; and Fiscal Year 2016: \$1,247.0  
38 million. The balance of the annual capital program will be  
39 supported by the Port Authority of New York and New Jersey.

40 The Local Aid portion of the annual capital program would be  
41 continued and would provide for the automatic return of Local Aid  
42 grant funds that are not spent within a three year period by counties  
43 and within a two year period by municipalities. Also, with regard  
44 to Local Aid, the bill eliminates an existing provision authorizing  
45 localities to swap federal allocations provided under the Federal  
46 Aid to Urban Systems (FAUS) program for authority funds because  
47 the FAUS program is no longer is existence.

- 1 \_\_\_\_\_
- 2
- 3 Revises "New Jersey Transportation Trust Fund Authority Act."

# ASSEMBLY, No. 3205

## STATE OF NEW JERSEY 215th LEGISLATURE

INTRODUCED JUNE 21, 2012

**Sponsored by:**

**Assemblyman JOHN S. WISNIEWSKI**

**District 19 (Middlesex)**

**Assemblyman THOMAS P. GIBLIN**

**District 34 (Essex and Passaic)**

**Assemblyman TROY SINGLETON**

**District 7 (Burlington)**

**Assemblyman JOHN F. AMODEO**

**District 2 (Atlantic)**

**Assemblyman CRAIG J. COUGHLIN**

**District 19 (Middlesex)**

**Assemblyman SCOTT T. RUMANA**

**District 40 (Bergen, Essex, Morris and Passaic)**

**Co-Sponsored by:**

**Assemblymen Johnson, Wimberly, Ramos, Coutinho, Chivukula,**

**P.Barnes, III, Egan, DeAngelo, Benson, Clifton, C.A.Brown, Schroeder,**

**Assemblywomen Simon, Schepisi, Assemblymen S.Kean, Rudder,**

**C.J.Brown, Dancer, O'Scanlon, Assemblywoman B.DeCroce,**

**Assemblymen Wolfe, Rible, Ciattarelli, Senators Holzapfel, Singer,**

**Connors, Thompson, Pennacchio and A.R.Bucco**

**SYNOPSIS**

Revises "New Jersey Transportation Trust Fund Authority Act."

**CURRENT VERSION OF TEXT**

As introduced.

(Sponsorship Updated As Of: 6/29/2012)

1 AN ACT concerning the New Jersey Transportation Trust Fund  
2 Authority and amending various parts of the statutory law.

3

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

6

7 1. Section 3 of P.L.1984, c.73 (C.27:1B-3) is amended to read  
8 as follows:

9 3. The following words or terms as used in this act shall have  
10 the following meaning unless a different meaning clearly appears  
11 from the context:

12 a. "Act" means this New Jersey Transportation Trust Fund  
13 Authority Act of 1984 as amended and supplemented.

14 b. "Authority" means the New Jersey Transportation Trust  
15 Fund Authority created by section 4 of this act.

16 c. "Bonds" means bonds issued by the authority pursuant to the  
17 act and includes prior bonds and transportation program bonds.

18 d. "Commissioner" means the Commissioner of Transportation.

19 e. "Department" means the Department of Transportation.

20 f. "Federal aid highway" means any highway within the State  
21 in connection with which the State receives payment or  
22 reimbursement from the federal government under the terms of  
23 Title 23, United States Code or any amendment, successor, or  
24 replacement thereof, for the purposes contained in the act.

25 g. "Federal government" means the United States of America,  
26 and any officer, department, board, commission, bureau, division,  
27 corporation, agency or instrumentality thereof.

28 h. "South Jersey Transportation Authority" means the public  
29 corporation created by section 4 of P.L.1991, c.252 (C.27:25A-4) or  
30 its successor.

31 i. "New Jersey Highway Authority" means the public  
32 corporation created by section 4 of P.L.1952, c.16 (C.27:12B-4) or  
33 its successor.

34 j. "New Jersey Turnpike Authority" means the public  
35 corporation created by section 3 of P.L.1948, c.454 (C.27:23-3) or  
36 its successor.

37 k. "Notes" means the notes issued by the authority pursuant to  
38 the act.

39 l. "Public highways" means public roads, streets, expressways,  
40 freeways, parkways, motorways and boulevards, including bridges,  
41 tunnels, overpasses, underpasses, interchanges, rest areas, express  
42 bus roadways, bus pullouts and turnarounds, park-ride facilities,  
43 traffic circles, grade separations, traffic control devices, the  
44 elimination or improvement of crossings of railroads and highways,  
45 whether at grade or not at grade, bicycle and pedestrian pathways

**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.**

1 and pedestrian and bicycle bridges traversing public highways and  
2 any facilities, equipment, property, rights of way, easements and  
3 interests therein needed for the construction, improvement and  
4 maintenance of highways.

5 m. "Public transportation project" means, in connection with  
6 public transportation service, passenger stations, shelters and  
7 terminals, automobile parking facilities, ferries and ferry facilities,  
8 including capital projects for ferry terminals, approach roadways,  
9 pedestrian accommodations, parking, docks, and other necessary  
10 land-side improvements, ramps, track connections, signal systems,  
11 power systems, information and communication systems, roadbeds,  
12 transit lanes or rights of way, equipment storage, pedestrian  
13 walkways and bridges connecting to passenger stations and  
14 servicing facilities, bridges, grade crossings, rail cars, locomotives,  
15 motorbuses and other motor vehicles, maintenance and garage  
16 facilities, revenue handling equipment and any other equipment,  
17 facility or property useful for or related to the provision of public  
18 transportation service.

19 n. "State agency" means any officers, department, board,  
20 commission, bureau, division, agency or instrumentality of the  
21 State.

22 o. "Toll road authorities" means and includes the New Jersey  
23 Turnpike Authority, the New Jersey Highway Authority and the  
24 South Jersey Transportation Authority.

25 p. "Transportation project" means, in addition to public  
26 highways and public transportation projects, any equipment, facility  
27 or property useful or related to the provision of any ground,  
28 waterborne or air transportation for the movement of people and  
29 goods including rail freight infrastructure, which equipment,  
30 facility, or property may be acquired by purchase or lease.

31 q. "Transportation system" means public highways, public  
32 transportation projects, other transportation projects, and all other  
33 surface, airborne and waterborne methods of transportation for the  
34 movement of people and goods.

35 r. "Permitted maintenance" means, in relation to public  
36 transportation projects, direct costs of work necessary for  
37 preserving or maintaining the useful life of public transportation  
38 projects, provided the work performed is associated with the  
39 acquisition, installation and rehabilitation of components which are  
40 not included in the normal operating maintenance of equipment and  
41 facilities or replaced on a scheduled basis. The work shall ensure  
42 the useful life of the project for not less than five years and shall not  
43 include routine maintenance or inspection of equipment and  
44 facilities that is conducted on a scheduled basis. This definition  
45 shall not apply to the term "maintenance" as used in subsection l. of  
46 this section. For purposes of this subsection, "permitted  
47 maintenance" means, in relation to public highways, the direct costs  
48 of work necessary for preserving or maintaining the useful life of

1 public highways, provided the work is not associated with the  
2 regular and routine maintenance of public highways and their  
3 components. The work shall ensure the useful life of the project for  
4 not less than five years.

5 s. "Circle of Mobility" means an essential group of related  
6 transit projects that include (1) the New Jersey Urban Core Project,  
7 as defined in section 3031 of the "Intermodal Surface  
8 Transportation Efficiency Act of 1991," Pub.L.102-240, and  
9 consisting of the following elements: Secaucus Transfer, Kearny  
10 Connection, Waterfront Connection, Northeast Corridor Signal  
11 System, Hudson River Waterfront Transportation System, Newark-  
12 Newark International Airport-Elizabeth Transit Link, a rail  
13 connection between Penn Station Newark and Broad Street Station,  
14 Newark, New York Penn Station Concourse, and the equipment  
15 needed to operate revenue service associated with improvements  
16 made by the project, and (2) the modification and reconstruction of  
17 the West Shore Line in Bergen County connected to Allied  
18 Junction/Secaucus Transfer Meadowlands Rail Center; the  
19 construction of a rail station and associated components at the  
20 Meadowlands Sports Complex; the modification and reconstruction  
21 of the Susquehanna and Western Railway, as defined and provided  
22 in section 3035 (a) of the "Intermodal Surface Transportation  
23 Efficiency Act of 1991"; the modification and reconstruction of the  
24 Lackawanna Cutoff Commuter Rail Line connecting Morris, Sussex  
25 and Warren Counties to the North Jersey Transportation Rail  
26 Centers; and commuter rail service in the central New Jersey region  
27 terminating at the proposed Lakewood Transportation Center in  
28 Ocean County or other location, as determined by the Board of the  
29 New Jersey Transit Corporation, pursuant to a resolution of the  
30 board providing for the achievement of a consensus among the  
31 interested parties as to the direction of the proposed rail line;  
32 provided, however, that this 2000 amendatory act shall not be  
33 construed as affecting any priorities which may have been assigned  
34 to any other project in the Circle of Mobility.

35 t. "Prior bonds" means bonds issued pursuant to the  
36 authorization contained in P.L.1995, c.108 and P.L.2006, c.3 and  
37 any bonds issued to refund such prior bonds.

38 u. "Transportation program bonds" means bonds issued  
39 pursuant to the authorization contained in P.L. \_\_\_\_\_, c. \_\_\_\_\_ (C. \_\_\_\_\_)  
40 (pending before the Legislature as this bill), and any bonds issued to  
41 refund such transportation program bonds.

42 (cf: P.L.2000, c.73, s.15)

43

44 2. Section 7 of P.L.1984, c.73 (C.27:1B-7) is amended to read  
45 as follows:

46 7. The authority shall have the power to accept and use any  
47 funds appropriated and paid by the State to the authority, including,  
48 without limitation, appropriations and payments from the

1 Transportation Trust Fund Account established pursuant to the act,  
2 for the purposes for which the appropriations and payments are  
3 made[.], provided that only those revenues which are dedicated  
4 pursuant to the New Jersey Constitution, including Article VIII,  
5 Section II, paragraph 4, may be used to pay debt service on the  
6 transportation program bonds and any agreement securing the  
7 repayment of the transportation program bonds. Debt service on  
8 prior bonds shall be paid for solely from amounts on deposit in the  
9 “Transportation Trust Fund Account – Subaccount for Debt Service  
10 for Prior Bonds,” and debt service on transportation program bonds  
11 and any agreement securing the repayment of the transportation  
12 program bonds shall be paid for solely from amounts on deposit in  
13 the “Transportation Trust Fund Account – Subaccount for Debt  
14 Service for Transportation Program Bonds.”

15 (cf: P.L.1984, c.73, s.7)

16

17 3. Section 9 of P.L.1984, c.73 (C.27:1B-9) is amended to read  
18 as follows:

19 9. a. The authority shall have the power and is hereby  
20 authorized after November 15, 1984 and from time to time  
21 thereafter to issue its bonds, notes or other obligations in principal  
22 amounts as in the opinion of the authority shall be necessary to  
23 provide for any of its corporate purposes, including the payment,  
24 funding or refunding of the principal of, or interest or redemption  
25 premiums on, any bonds, notes or other obligations issued by it,  
26 whether the bonds, notes, obligations or interest to be funded or  
27 refunded have or have not become due; and to provide for the  
28 security thereof and for the establishment or increase of reserves to  
29 secure or to pay the bonds, notes or other obligations or interest  
30 thereon and all other reserves and all costs or expenses of the  
31 authority incident to and necessary or convenient to carry out its  
32 corporate purposes and powers; and in addition to its bonds, notes  
33 and other obligations, the authority shall have the power to issue  
34 subordinated indebtedness, which shall be subordinate in lien to the  
35 lien of any or all of its bonds or notes. No resolution or other action  
36 of the authority providing for the issuance of bonds, refunding  
37 bonds, notes, or other obligations shall be adopted or otherwise  
38 made effective by the authority without the prior approval in  
39 writing of the Governor and the State Treasurer.

40 b. Except as may be otherwise expressly provided in the act or  
41 by the authority [ , every ] :

42 (1) Every issue of bonds or notes shall be general obligations  
43 payable out of any revenues or funds of the authority, subject only  
44 to any agreements with the holders of particular bonds or notes  
45 pledging any particular revenues or funds. The authority may  
46 provide the security and payment provisions for its bonds or notes  
47 as it may determine, including (without limiting the generality of  
48 the foregoing) bonds or notes as to which the principal and interest

1 are payable from and secured by all or any portion of the revenues  
2 of and payments to the authority, and other moneys or funds as the  
3 authority shall determine [. In], provided that for transportation  
4 program bonds or notes issued in anticipation of such transportation  
5 program bonds, only revenues dedicated pursuant to the New Jersey  
6 Constitution, including Article VIII, Section II, paragraph 4, and  
7 deposited into the “Transportation Trust Fund Account –  
8 Subaccount for Debt Service for Transportation Program Bonds,”  
9 may be used for such payment;

10 (2) In addition, the authority may issue notes, in anticipation of  
11 the issuance of the bonds [or] , provided that the issuance of such  
12 notes shall be subject to the bonding limitations as provided in  
13 subsection i. of this section, and the payment of such notes if issued  
14 in anticipation of the issuance of transportation program bonds shall  
15 be paid solely from revenues dedicated pursuant to the New Jersey  
16 Constitution, including Article VIII, Section II, paragraph 4, and  
17 deposited into the “Transportation Trust Fund Account –  
18 Subaccount for Debt Service for Transportation Program Bonds.”  
19 The authority may also issue notes in anticipation of the receipt of  
20 appropriations, grants, reimbursements or other funds, including  
21 without limitation grants from the federal government for federal  
22 aid highways or public transportation systems, [issue notes,] the  
23 principal of or interest on which, or both, shall be payable out of the  
24 proceeds of [notes, bonds or other obligations of the authority or]  
25 appropriations, grants, reimbursements or other funds [or revenues  
26 of the authority.] , including without limitation grants from the  
27 federal government for federal aid highways or public  
28 transportation systems. Such notes shall not be subject to the  
29 bonding limitations as provided in subsection i. of this section; and

30 (3) The authority may also enter into bank loan agreements,  
31 lines of credit and other security agreements as authorized pursuant  
32 to subsection h. of section 6 of P.L.1984, c.73 (C.27:1B-6) and  
33 obtain for or on its behalf letters of credit in each case for the  
34 purpose of securing its bonds, notes or other obligations or to  
35 provide direct payment of any costs which the authority is  
36 authorized to pay by this act and to secure repayment of any  
37 borrowings under the loan agreement, line of credit, letter of credit  
38 or other security agreement by its bonds, notes or other obligations  
39 or the proceeds thereof or by any or all of the revenues of and  
40 payments to the authority or by any appropriation, grant or  
41 reimbursement to be received by the authority and other moneys or  
42 funds as the authority shall determine, provided that for any such  
43 agreements entered into in connection with transportation program  
44 bonds issued pursuant to the authorization contained in subsection i.  
45 of this section, or notes issued in anticipation of such transportation  
46 program bonds, only revenues dedicated pursuant to the New Jersey  
47 Constitution, including Article VIII, Section II, paragraph 4, and

1 deposited into the "Transportation Trust Fund Account –  
2 Subaccount for Debt Service for Transportation Program Bonds,"  
3 may be used for such payment.

4 c. Whether or not the bonds and notes are of the form and  
5 character as to be negotiable instruments under the terms of Title  
6 12A, Commercial Transactions, New Jersey Statutes, the bonds and  
7 notes are hereby made negotiable instruments within the meaning of  
8 and for all the purposes of **[said]** Title 12A of the New Jersey  
9 Statutes.

10 d. Bonds or notes of the authority shall be authorized by a  
11 resolution or resolutions of the authority and may be issued in one  
12 or more series and shall bear the date, or dates, mature at the time  
13 or times, bear interest at the rate or rates of interest per annum, be  
14 in the denomination or denominations, be in the form, carry the  
15 conversion or registration privileges, have the rank or priority, be  
16 executed in the manner, be payable from the sources, in the medium  
17 of payment, at the place or places within or without the State, and  
18 be subject to the terms of redemption (with or without premium) as  
19 the resolution or resolutions may provide. Bonds or notes may be  
20 further secured by a trust indenture between the authority and a  
21 corporate trustee within or without the State. All other obligations  
22 of the authority shall be authorized by resolution containing terms  
23 and conditions as the authority shall determine.

24 e. Bonds, notes or other obligations of the authority may be  
25 sold at public or private sale at a price or prices and in a manner as  
26 the authority shall determine, either on a negotiated or on a  
27 competitive basis. Every bond, or refunding bond, issued on or  
28 after the effective date of P.L.2006, c.3 (C.27:1B-22.2 et al.) shall  
29 mature and be paid no later than 31 years from the date of the  
30 issuance of that bond or refunding bond.

31 f. Bonds or notes may be issued and other obligations incurred  
32 under the provisions of the act without obtaining the consent of any  
33 department, division, commission, board, bureau or agency of the  
34 State, other than the approval as required by subsection a. of this  
35 section, and without any other proceedings or the happening of any  
36 other conditions or other things than those proceedings, conditions  
37 or things which are specifically required by the act.

38 g. Bonds, notes and other obligations of the authority issued or  
39 incurred under the provisions of the act shall not be in any way a  
40 debt or liability of the State or of any political subdivision thereof  
41 other than the authority and shall not create or constitute any  
42 indebtedness, liability or obligation of the State or of any political  
43 subdivision or be or constitute a pledge of the faith and credit of the  
44 State or of any political subdivision, but all bonds, notes and  
45 obligations, unless funded or refunded by bonds, notes or other  
46 obligations of the authority, shall be payable solely from revenues  
47 or funds pledged or available for their payment as authorized in the  
48 act. Each bond, note or other obligation shall contain on its face a

1 statement to the effect that the authority is obligated to pay the  
2 principal thereof or the interest thereon only from revenues or funds  
3 of the authority, and for transportation program bonds and  
4 agreements securing such transportation program bonds only from  
5 revenues dedicated pursuant to the New Jersey Constitution,  
6 including Article VIII, Section II, paragraph 4, and deposited into  
7 the “Transportation Trust Fund Account – Subaccount for Debt  
8 Service for Transportation Program Bonds.” and that neither the  
9 State nor any political subdivision thereof is obligated to pay the  
10 principal or interest and that neither the faith and credit nor the  
11 taxing power of the State or any political subdivision thereof is  
12 pledged to the payment of the principal of or the interest on the  
13 bonds, notes or other obligations. For the purposes of this  
14 subsection, political subdivision does not include the authority.

15 h. All expenses incurred in carrying out the provisions of the  
16 act shall be payable solely from the revenues or funds provided or  
17 to be provided under or pursuant to the provisions of the act and  
18 nothing in the act shall be construed to authorize the authority to  
19 incur any indebtedness or liability on behalf of or payable by the  
20 State or any political subdivision thereof.

21 i. The authority shall minimize debt incurrence by first relying  
22 on appropriations and other revenues available to the authority  
23 before incurring debt secured by State revenues to meet its statutory  
24 purposes. Commencing with the fiscal year beginning July 1, 1995  
25 and ending within the fiscal year beginning July 1, 2005, the  
26 authority shall not incur debt in any fiscal year in excess of  
27 \$650,000,000, except that if that permitted amount of debt, or any  
28 portion thereof, is not incurred in a fiscal year it may be incurred in  
29 a subsequent fiscal year. Commencing with the fiscal year  
30 beginning July 1, 2006 and ending with the fiscal year beginning on  
31 July 1, 2010, the authority shall not incur debt for any fiscal year in  
32 excess of \$1,600,000,000, reduced in each of those fiscal years by  
33 the amount by which the appropriation of State funds to the  
34 Transportation Trust Fund Account for that fiscal year shall exceed  
35 \$895,000,000; provided, however, that if a portion of that permitted  
36 amount of debt, less any reduction as provided above, is not  
37 incurred in a fiscal year, an amount not greater than the unused  
38 portion may be incurred in a subsequent fiscal year in addition to  
39 the amount otherwise permitted [subject to the approval of the Joint  
40 Budget Oversight Committee]. Debt permitted for the fiscal year  
41 beginning July 1, 2006 may be incurred prior to July 1, 2006. The  
42 authority shall not issue transportation program bonds in excess of  
43 \$1,247,000,000 for the fiscal year beginning July 1, 2012, in excess  
44 of \$849,200,000 for the fiscal year beginning July 1, 2013, in  
45 excess of \$735,300,000 for the fiscal year beginning July 1, 2014,  
46 and in excess of \$626,800,000 for the fiscal year beginning July 1,  
47 2015, except that (1) if that permitted amount of transportation  
48 program bonds, or any portion thereof, is not incurred in a fiscal

1 year, it may be issued in a subsequent fiscal year and (2) 30 percent  
2 of the permitted amount of transportation program bonds for a fiscal  
3 year may be issued in the fiscal year preceding such fiscal year  
4 provided that (a) any transportation program bonds issued pursuant  
5 to this paragraph shall be deducted from the authorization for the  
6 fiscal year from which it was taken, and (b) the proceeds of any  
7 such transportation program bond shall not be encumbered until the  
8 fiscal year from which the deduction of the authorization was taken  
9 pursuant to this paragraph. Transportation program bonds  
10 authorized to be issued for the fiscal year beginning July 1, 2012  
11 may be issued prior to July 1, 2012. Any increase in this limitation  
12 shall only occur if so provided for by law. In computing the  
13 foregoing limitation as to the amount of **[debt]** bonds the authority  
14 may **[incur]** issue, the authority may exclude any bonds, notes or  
15 other obligations, including subordinated obligations of the  
16 authority, issued for refunding purposes. The payment of debt  
17 service on transportation program bonds and any agreements issued  
18 in connection with such transportation program bonds shall be paid  
19 solely from revenues dedicated pursuant to the New Jersey  
20 Constitution, including Article VIII, Section II, paragraph 4, and  
21 deposited into the “Transportation Trust Fund Account –  
22 Subaccount for Debt Service for Transportation Program Bonds.”

23 j. Upon the decision by the authority to issue refunding bonds  
24 pursuant to this section, and prior to the sale of those bonds, the  
25 authority shall transmit to the Joint Budget Oversight Committee, or  
26 its successor, a report that a decision has been made, reciting the  
27 basis on which the decision was made, including an estimate of the  
28 debt service savings to be achieved and the calculations upon which  
29 the authority relied when making the decision to issue refunding  
30 bonds. The report shall also disclose the intent of the authority to  
31 issue and sell the refunding bonds at public or private sale and the  
32 reasons therefor.

33 k. The Joint Budget Oversight Committee, or its successor,  
34 shall have authority to approve or disapprove the sale of refunding  
35 bonds as included in each report submitted in accordance with  
36 subsection j. of this section. The committee shall approve or  
37 disapprove the sale of refunding bonds within 10 business days  
38 after physical receipt of the report. The committee shall notify the  
39 authority in writing of the approval or disapproval as expeditiously  
40 as possible.

41 l. No refunding bonds shall be issued unless the report has  
42 been submitted to and approved by the Joint Budget Oversight  
43 Committee, or its successor, as set forth in subsection k. of this  
44 section.

45 m. Within 30 days after the sale of the refunding bonds, the  
46 authority shall notify the Joint Budget Oversight Committee, or its  
47 successor, of the result of that sale, including the prices and terms,  
48 conditions and regulations concerning the refunding bonds, and the

1 actual amount of debt service savings to be realized as a result of  
2 the sale of refunding bonds.

3 n. The Joint Budget Oversight Committee, or its successor,  
4 shall, however, review all information and reports submitted in  
5 accordance with this section and may, on its own initiative, make  
6 observations and recommendations to the authority or to the  
7 Legislature, or both, as it deems appropriate.

8 o. No refunding bonds shall be issued unless the authority shall  
9 first determine that the present value of the aggregate principal of  
10 and interest on the refunding bonds is less than the present value of  
11 the aggregate principal of and interest on the outstanding bonds to  
12 be refinanced, except that, for the purposes of this limitation,  
13 present value shall be computed using a discount rate equal to the  
14 yield of those refunding bonds, and yield shall be computed using  
15 an actuarial method based upon a 360-day year with semiannual  
16 compounding and upon the prices paid to the authority by the initial  
17 purchasers of those refunding bonds.

18 (cf: P.L.2006, c.3, s.1)

19

20 4. Section 10 of P.L.1984, c.73 (C.27:1B-10) is amended to  
21 read as follows:

22 10. In any resolution of the authority authorizing or relating to  
23 the issuance of any bonds, notes or other obligations or in any  
24 indenture securing the bonds, notes or other obligations, the  
25 authority, in order to secure the payment of the bonds, notes or  
26 other obligations and in addition to its other powers, shall have the  
27 power by provisions therein, which shall constitute covenants by  
28 the authority and contracts with the holders of the bonds, notes or  
29 other obligations, provided that in any such resolution authorizing  
30 the issuance of transportation program bonds or in any indenture or  
31 agreement securing such transportation program bonds, the payment  
32 of such transportation program bonds or any agreement securing  
33 such transportation program bonds shall be made solely from  
34 revenues dedicated pursuant to the New Jersey Constitution, Article  
35 VIII, Section II, paragraph 4, and deposited into the "Transportation  
36 Trust Fund Account – Subaccount for Debt Service for  
37 Transportation Program Bonds":

38 a. To pledge all or any part of its revenues or receipts to which  
39 its right then exists or may thereafter come into existence and other  
40 moneys or funds as the authority shall determine and the moneys  
41 derived therefrom, and the proceeds of any bonds, notes or other  
42 obligations;

43 b. To pledge any agreement, including, without limitation, the  
44 contract or contracts referred to in section 23 of the act[.];  
45 contracts with the toll road authorities or other State agencies,  
46 except that any contracts with the toll road authorities or other State  
47 agencies may not be pledged to the payment of the transportation  
48 program bonds or to any agreement securing such transportation

- 1 program bonds; and any grant, contract, or agreement with the  
2 federal government or the revenues or payments thereunder and the  
3 proceeds thereof;
- 4 c. To covenant against pledging all or any part of its revenues  
5 or receipts or its agreements and the revenues derived thereunder or  
6 the proceeds thereof and other moneys or funds as the authority  
7 shall determine and the moneys derived therefrom or against  
8 permitting or suffering any lien on any of the foregoing;
- 9 d. To covenant with respect to limitations on any right to sell,  
10 lease or otherwise dispose of any property of any kind;
- 11 e. To covenant as to any bonds, notes and other obligations to  
12 be issued and the limitations thereof and the terms and conditions  
13 thereof and as to the custody, application, investment, and  
14 disposition of the proceeds thereof;
- 15 f. To covenant as to the issuance of additional bonds, or notes  
16 or other obligations or as to limitations on the issuance of additional  
17 bonds, notes or other obligations and on the incurring of other debts  
18 by it;
- 19 g. To covenant as to the payment of the principal of or interest  
20 on the bonds, notes, or other obligations, as to the sources and  
21 methods of payment, as to the rank or priority of any bonds, notes  
22 or obligations with respect to any lien or security or as to the  
23 acceleration of the maturity of any bonds, notes or obligations;
- 24 h. To provide for the replacement of lost, stolen, destroyed or  
25 mutilated bonds, notes or other obligations;
- 26 i. To covenant against extending the time for the payment of  
27 bonds, notes or other obligations or interest thereon;
- 28 j. To covenant as to the redemption of bonds, notes or other  
29 obligations and privileges of exchange thereof for other bonds,  
30 notes or other obligations of the authority;
- 31 k. Subject to the rights and security interests of the holders  
32 from time to time of bonds, notes or other obligations heretofore or  
33 hereafter issued by each of the toll road authorities or other State  
34 agencies, to covenant as to the enforcement of any term in any  
35 agreement entered into pursuant to the act, to which the authority is  
36 a party or an assignee, fixing amounts of funds of the toll road  
37 authorities or other State agencies to be paid over to and received  
38 by the authority in each year or other period of time, including any  
39 term concerning the fixing of tolls and other charges by the toll road  
40 authorities or other State agencies, at rates as shall be necessary to  
41 provide the amounts of funds;
- 42 l. To covenant to create or authorize the creation of special  
43 funds or moneys to be held in pledge or otherwise for payment or  
44 redemption of bonds, notes, or other obligations, reserves or other  
45 purposes and as to the use, investment, and disposition of the  
46 moneys held in the funds;
- 47 m. To establish the procedure, if any, by which the terms of any  
48 contract or covenant with or for the benefit of the holders of bonds,

1 notes or other obligations may be amended or abrogated, the  
2 amount of bonds, notes or other obligations the holders of which  
3 must consent thereto, and the manner in which the consent may be  
4 given;

5 n. To provide for the release of property, agreements, or  
6 revenues and receipts from any pledge and to reserve rights and  
7 powers in, or the right to dispose of, property which is subject to a  
8 pledge;

9 o. To provide for the rights and liabilities, powers and duties  
10 arising upon the breach of any covenant, condition or obligation and  
11 to prescribe the events of default and the terms and conditions upon  
12 which any or all of the bonds, notes or other obligations of the  
13 authority shall become or may be declared due and payable before  
14 maturity and the terms and conditions upon which any declaration  
15 and its consequences may be waived;

16 p. To vest in a trustee or trustees within or without the State  
17 such property, rights, powers and duties in trust as the authority  
18 may determine, and to limit the rights, duties and powers of such  
19 trustee;

20 q. To execute all bills of sale, conveyances, deeds of trust and  
21 other instruments necessary or convenient in the exercise of its  
22 powers or in the performance of its covenants or duties;

23 r. To pay the costs or expenses incident to the enforcement of  
24 the bonds, notes or other obligations or of the provisions of the  
25 resolution or of any covenant or agreement of the authority with the  
26 holders of its bonds, notes or other obligations;

27 s. To limit the rights of the holders of any bonds, notes or other  
28 obligations to enforce any pledge or covenant securing the bonds,  
29 notes or other obligations; and

30 t. To make covenants, in addition to the covenants herein  
31 expressly authorized, of like or different character, and to make  
32 covenants to do or refrain from doing acts and things as may be  
33 necessary, or convenient and desirable, in order to better secure  
34 bonds, notes or other obligations or which in the absolute discretion  
35 of the authority will tend to make bonds, notes or other obligations  
36 more marketable, notwithstanding that the covenants, acts or things  
37 may not be enumerated herein.

38 (cf: P.L.1984, c.73, s.10)

39

40 5. Section 20 of P.L.1984, c.73 (C.27:1B-20) is amended to  
41 read as follows:

42 20. There is hereby established in the General Fund an account  
43 entitled "Transportation Trust Fund Account [.] ," which shall  
44 consist of two subaccounts entitled: "Transportation Trust Fund  
45 Account – Subaccount for Debt Service for Prior Bonds" and  
46 "Transportation Trust Fund Account – Subaccount for Debt Service  
47 for Transportation Program Bonds." During the fiscal year  
48 beginning July 1, 1984 and during each succeeding fiscal year in

1 which the authority has bonds, notes or other obligations  
2 outstanding, the treasurer shall credit to **[this account]** the  
3 “Transportation Trust Fund Account – Subaccount for Debt Service  
4 for Prior Bonds” a portion of the revenues derived from the  
5 following, as determined by the treasurer, and to the  
6 “Transportation Trust Fund Account – Subaccount for Debt Service  
7 for Transportation Program Bonds” only revenues derived under  
8 subsection a. of this section and from the petroleum and sales tax as  
9 set forth in subsection d. of this section:

10 a. An amount equivalent to the revenue derived from \$0.105  
11 per gallon from the tax imposed on the sale of motor fuels pursuant  
12 to chapter 39 of Title 54 of the Revised Statutes, as provided in  
13 Article VIII, Section II, paragraph 4 of the State Constitution,  
14 provided, however, such amount during any fiscal year shall not be  
15 less than \$483,000,000;

16 b. (Deleted by amendment, P.L.2000, c.73).

17 c. An amount equivalent to moneys received by the State in  
18 accordance with contracts entered into with toll road authorities or  
19 other State agencies, provided that effective with the fiscal year  
20 beginning July 1, 1988 the amount so credited shall not be less than  
21 \$24,500,000.00 in any fiscal year.

22 The treasurer shall also credit to **[this account,]** the  
23 “Transportation Trust Fund Account – Subaccount for Debt Service  
24 for Prior Bonds,” in accordance with a contract between the  
25 treasurer and the authority, an amount equivalent to the sum of the  
26 revenues due from the increase of fees for motor vehicle  
27 registrations collected pursuant to the amendment to R.S.39:3-20  
28 made by **[this act]** section 32 of P.L.1984, c.73 and from the  
29 increase in the tax on diesel fuels imposed pursuant to the  
30 amendment to R.S.54:39-27 made by **[this act]** section 35 of  
31 P.L.1984, c.73 and by P.L.1987, c.460, and as amended by section  
32 18 of P.L.1992, c.23, and repealed by section 56 of P.L.2010, c.22  
33 and now imposed pursuant to section 3 of P.L.2010, c.22 (C.54:39-  
34 103). provided that the total amount credited during the fiscal year  
35 beginning July 1, 1984 shall not be less than \$20,000,000.00 and  
36 that the total amount credited during the fiscal year beginning July  
37 1, 1985 and during every fiscal year thereafter shall not be less than  
38 \$30,000,000.00.

39 In addition to the amounts credited to the account by this section,  
40 commencing with the fiscal year beginning July 1, 1995 and every  
41 fiscal year thereafter, there shall be appropriated from the General  
42 Fund such additional amounts as are necessary to carry out the  
43 provisions of this act and beginning July 1, 2000 the fees collected  
44 pursuant to subsection a. of section 68 of P.L.1990, c.8 (C.17:33B-  
45 63) shall be credited to the account for the purposes of this act,  
46 provided, however, the amount credited from such fees during any  
47 fiscal year shall not be less than \$60,000,000.

1 d. In addition to the amount credited in subsection a. of this  
2 section, beginning January 1 following approval by the voters an  
3 amount equivalent to the revenue derived from the tax imposed on  
4 the sale of petroleum products pursuant to P.L.1990, c.42  
5 (C.54:15B-1 et seq.), provided, however, such amount shall not be  
6 less than \$100,000,000 in the period January 1 through June 30  
7 following approval by the voters and shall not be less than  
8 \$200,000,000 in any fiscal year thereafter and for the fiscal year  
9 commencing July 1, 2001 and for each fiscal year thereafter an  
10 amount equivalent to the revenue derived from the tax imposed  
11 under the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et  
12 seq.) on the sale of new motor vehicles, provided, however, that  
13 such amount shall not be less than \$200,000,000 for the fiscal year  
14 commencing July 1, 2003 and for each fiscal year thereafter, as  
15 provided in Article VIII, Section II, paragraph 4 of the State  
16 Constitution.

17 No later than the fifth business day of the month following the  
18 month in which a credit has been made, the treasurer shall pay to  
19 the authority, for its purposes as provided herein, the amounts then  
20 credited to the **【Transportation】** “Transportation Trust Fund  
21 Account [.] – Subaccount for Debt Service for Prior Bonds” and  
22 “Transportation Trust Fund Account – Subaccount for Debt Service  
23 for Transportation Program Bonds,” provided that the payments to  
24 the authority shall be subject to and dependent upon appropriations  
25 being made from time to time by the Legislature of the amounts  
26 thereof for the purposes of the act, and further provided that the  
27 revenues deposited into the “Transportation Trust Fund Account –  
28 Subaccount for Debt Service for Transportation Program Bonds”  
29 shall consist solely of revenues which are dedicated pursuant to the  
30 New Jersey Constitution, including Article VIII, Section II,  
31 paragraph 4, and subsections a. and d. of this section.

32 (cf: P.L.2006, c.3, s.3)

33

34 6. Section 21 of P.L.1984, c.73 (C.27:1B-21) is amended to  
35 read as follows:

36 21. a. There is hereby established a separate fund entitled  
37 "Special Transportation Fund." This fund shall be maintained by the  
38 State Treasurer and may be held in depositories as may be selected  
39 by the treasurer and invested and reinvested as other funds in the  
40 custody of the treasurer, in the manner provided by law. The  
41 commissioner may from time to time (but not more frequently than  
42 monthly) certify to the authority an amount necessary to fund  
43 payments made, or anticipated to be made by or on behalf of the  
44 department, from appropriations established for or made to the  
45 department from revenues or other funds of the authority. The  
46 commissioner's certification shall be deemed conclusive for  
47 purposes of the act. The authority shall, within 15 days of receipt  
48 of the certificate, transfer from available funds of the authority to

1 the treasurer for deposit in the Special Transportation Fund the  
2 amount certified by the commissioner, provided that all funds  
3 transferred shall only be expended by the department by project  
4 pursuant to appropriations made from time to time by the  
5 Legislature for the purposes of the act.

6 b. The department shall not expend any money except as  
7 appropriated by law. Commencing with appropriations for the  
8 fiscal years beginning on July 1, 1988, the department shall not  
9 expend any funds other than for permitted maintenance except as  
10 are appropriated by specific projects identified by a description of  
11 the projects, the county or counties within which they are located,  
12 and amounts to be expended on each project, in the annual  
13 appropriations act. Funds expended for permitted maintenance may  
14 be appropriated as one item of appropriation and subject to  
15 allocation at the commissioner's discretion.

16 c. No funds appropriated, authorized or expended pursuant to  
17 this act shall be used to finance the resurfacing of highways by  
18 department personnel, where that resurfacing would require the use  
19 of more than 100,000 tons of bituminous concrete for that purpose  
20 in any calendar year, except that the commissioner may waive this  
21 provision when he determines the existence of emergency  
22 conditions requiring the use of department personnel for the  
23 resurfacing of highways, after the department has effectively  
24 reached the 100,000 ton limit.

25 d. In order to provide the department with flexibility in  
26 administering the specific appropriations by project identified in the  
27 annual appropriations act, the commissioner may transfer a part of  
28 any item to any other item subject to the approval of the Director of  
29 the Division of Budget and Accounting and of the Joint Budget  
30 Oversight Committee or its successor. Upon approval of the  
31 director and the committee, the transfer shall take effect.

32 e. Any federal funds which become available to the State for  
33 transportation projects which have not been appropriated to the  
34 department in the annual appropriations act, shall be deemed  
35 appropriated to the department and may, subject to approval by the  
36 Joint Budget Oversight Committee and the State Treasurer, be  
37 expended for any purpose for which such funds are qualified.

38 f. There shall be no appropriations from the revenues and other  
39 funds of the authority for regular and routine maintenance of public  
40 highways and components thereof, or operational activities of the  
41 department unrelated to the implementation of, and indirect costs  
42 associated with, the capital program. The commissioner shall  
43 include in his annual budget request sufficient funding to effectuate  
44 the purposes of P.L.2000, c.73 (C.27:1B-21.14 et al.).

45 g. To the extent that salaries or overhead of the department or  
46 the New Jersey Transit Corporation are charged to transportation  
47 projects, each agency shall keep adequate and truthful personnel  
48 records, and time charts to adequately justify each such charge and

1 shall make those records available to the external auditor to the  
2 authority.

3 h. The commissioner shall annually, on or before January 1 of  
4 each fiscal year, report to the Governor and the Legislature how  
5 much money was expended in the previous fiscal year for salaries  
6 and overhead of the department and the New Jersey Transit  
7 Corporation. However, the amount expended from the revenues  
8 and other funds of the authority for salaries and overhead of the  
9 department and the New Jersey Transit Corporation for the fiscal  
10 year beginning July 1, 2006 and each fiscal year **[thereafter1]**  
11 thereafter shall not exceed 13 percent of the total funds appropriated  
12 from the revenues and other nonfederal funds of the authority for  
13 those fiscal years.

14 i. No revenues or other funds of the authority shall be  
15 expended for emergency response operations, the review of  
16 applications for access permits under the State highway access  
17 management code and membership fees or other fees connected  
18 with membership in TRANSCOM, the Transportation Operations  
19 Coordinating Committee.

20 (cf: P.L.2006, c.3, s.2)

21

22 7. Section 8 of P.L.1987, c.460 (C.27:1B-21.1) is amended to  
23 read as follows:

24 8. a. Commencing with the report of the commissioner, as may  
25 be amended, required to be submitted pursuant to section 22 of  
26 P.L.1984, c.73 (C.27:1B-22) on or before March 1, 2006 and on  
27 each succeeding March 1 thereafter through March 1, **[2010]** 2015,  
28 the annual amount so reported by the commissioner for proposed  
29 projects shall not exceed \$1,600,000,000 exclusive of federal funds.

30 b. For the fiscal year beginning on July 1, 2006 and for each  
31 fiscal year thereafter through the fiscal year beginning on July 1,  
32 **[2010]** 2011, the total annual amount authorized to be appropriated  
33 from the revenues and other nonfederal funds of the New Jersey  
34 Transportation Trust Fund Authority for the projects listed in the  
35 appropriations act pursuant to section 21 of P.L.1984, c.73  
36 (C.27:1B-21) shall not exceed \$1,600,000,000, all amounts  
37 exclusive of federal funds. The total amount authorized to be  
38 appropriated from the revenues and other nonfederal funds of the  
39 New Jersey Transportation Trust Fund Authority for the projects  
40 listed in the appropriations act pursuant to section 21 of P.L.1984,  
41 c.73 (C.27:1B-21) shall not exceed: \$1,247,000,000 for the fiscal  
42 year beginning on July 1, 2012; \$1,224,000,000 for the fiscal year  
43 beginning on July 1, 2013; \$1,225,000,000 for the fiscal year  
44 beginning on July 1, 2014; and \$1,247,000,000 for the fiscal year  
45 beginning on July 1, 2015.

46 c. (Deleted by amendment, P.L.1991, c.40.)

47 d. (Deleted by amendment, P.L.1992, c.10).

1 e. The State Auditor shall provide for a unified annual audit of  
2 expenditures from the Special Transportation Fund, established by  
3 section 21 of P.L.1984, c.73 (C.27:1B-21), in order to determine  
4 that these funds are expended for costs eligible for funding from the  
5 authority and in a manner consistent with appropriations made by  
6 the Legislature. The findings of such audits shall be transmitted to  
7 the presiding officer of each House of the Legislature, and to the  
8 Chair of the Senate Budget and Appropriations Committee, the  
9 Senate Transportation Committee, the Assembly Appropriations  
10 Committee, and the Assembly Transportation and Communications  
11 Committee or their successors.

12 f. The State Auditor shall review bond issuances of the  
13 authority and report to the Joint Budget Oversight Committee and  
14 to the members of the Senate Budget and Appropriations  
15 Committee and the Assembly Appropriations Committee, or their  
16 successors, on the status of the bonds of the authority and projects  
17 financed from the proceeds of the bonds. The report shall include  
18 the investment status of all unexpended bond proceeds and provide  
19 a description of any bond issues expected during a fiscal year,  
20 including type of issue, estimated amount of bonds to be issued and  
21 the expected month of sale.

22 (cf: P.L.2006, c.3, s.4)

23

24 8. Section 23 of P.L.1984, c.73 (C.27:1B-23) is amended to  
25 read as follows:

26 23. In order to implement the arrangement provided for in the  
27 act, the treasurer, the commissioner and the authority are hereby  
28 authorized to enter into one or more contracts. The contracts shall  
29 commence with the fiscal year beginning July 1, 1984, and provide  
30 for the credit to the Transportation Trust Fund Account in the  
31 amounts provided for in section 20 of the act and for the payment to  
32 the authority of the amounts credited to the Transportation Trust  
33 Fund Account in accordance with the provisions of section 20 of the  
34 act. The contracts shall also provide for the payment by the  
35 authority of the amounts provided for in section 21 of the act and  
36 for expenditures from the Special Transportation Fund, as provided  
37 in section 21 of the act. The contract or contracts shall be on terms  
38 and conditions as determined by the parties and may contain terms  
39 and conditions necessary and desirable to secure the bonds, notes  
40 and other obligations of the authority, provided, however, that the  
41 incurrence of any obligation by the State under the contract or  
42 contracts, including any payments to be made thereunder from the  
43 Transportation Trust Fund Account or the Special Transportation  
44 Fund, shall be subject to and dependent upon appropriations being  
45 made from time to time by the Legislature for the purposes of the  
46 act. Any contract providing for the payment of transportation  
47 program bonds and any agreements securing such transportation  
48 program bonds shall provide that such payment shall be made solely

1 from revenues dedicated pursuant to the New Jersey Constitution,  
2 including Article VIII, Section II, paragraph 4, and deposited into  
3 the “Transportation Trust Fund Account – Subaccount for Debt  
4 Service for Transportation Program Bonds.”

5 (cf: P.L.1984, c.73, s.23)

6  
7 9. Section 25 of P.L.1984, c.73 (C.27:1B-25) is amended to  
8 read as follows:

9 25. a. Notwithstanding the provisions of subtitle 4 of Title 27 of  
10 the Revised Statutes and P.L.1946, c.301 (C.27:15A-1 et seq.), the  
11 commissioner may, pursuant to appropriations or authorizations  
12 being made from time to time by the Legislature according to law,  
13 allocate to counties and municipalities funds for the planning,  
14 acquisition, engineering, construction, reconstruction, repair,  
15 resurfacing and rehabilitation of public highways and the planning,  
16 acquisition, engineering, construction, reconstruction, repair,  
17 maintenance and rehabilitation of public transportation projects and  
18 of other transportation projects which a county or municipality may  
19 be authorized by law to undertake. [In the case of a county or  
20 municipality for which an allocation has been made for the federal  
21 fiscal year beginning October 1, 1983, of an amount of federal aid  
22 for the federal aid urban system, as defined in 23 U.S.C. s.103, the  
23 amount of State aid allocated under this section in any fiscal year  
24 shall not be less than the amount of federal aid so allocated,  
25 together with the amount of matching funds required under federal  
26 law. No allocation shall be made to a county or municipality  
27 without certification by the commissioner: (1) that there exists with  
28 respect to that county or municipality a comprehensive plan, or  
29 plans, which he has approved, for the effective allocation,  
30 utilization and coordination of available federal and State  
31 transportation aid, and (2) that the county or municipality has  
32 agreed that State aid provided under this section is provided in lieu  
33 of federal aid for the federal aid urban system program and that any  
34 federal aid for the federal aid urban system program attributable to  
35 the area will be programmed by the Department of Transportation  
36 for projects of regional significance. In any year in which  
37 insufficient funds have been appropriated to meet the minimum  
38 county allocations established in this section, or if no appropriation  
39 is provided, the commissioner shall determine on a prorated basis  
40 the amount of the deficiency for each county having a minimum  
41 allocation and allocate from funds available under the federal aid  
42 urban system program sufficient funds to meet the minimum  
43 allocations.]

44 b. The commissioner shall, pursuant to appropriations or  
45 authorizations being made from time to time by the Legislature  
46 according to law, allocate at his discretion State aid to counties and  
47 municipalities for transportation projects, except that the amount to  
48 be appropriated for this program shall be 10% of the total amount

1 appropriated for the total county and municipal aid programs. This  
 2 State aid shall be set aside prior to any formula allocations provided  
 3 for in subsections c., d., and e. of this section.

4 c. The commissioner shall, pursuant to appropriations or  
 5 authorizations being made from time to time by the Legislature  
 6 according to law and pursuant to the provisions of subsections b.  
 7 and d. of this section, allocate State aid to municipalities for public  
 8 highways under their jurisdiction. The amount to be appropriated  
 9 shall be allocated on the basis of the following distribution factor:

$$10 \qquad \qquad \qquad P_c \qquad \qquad C_m$$

$$11 \qquad DF = \qquad \qquad \frac{\quad}{P_s} \qquad + \qquad \frac{\quad}{S_m}$$

$$12 \qquad \qquad \qquad P_s \qquad \qquad S_m$$

13 where, DF equals the distribution factor

14 P<sub>c</sub> equals county population

15 P<sub>s</sub> equals State population

16 C<sub>m</sub> equals municipal road mileage within the county

17 S<sub>m</sub> equals municipal road mileage within the State.

18 After the amount of aid has been allocated based on the above  
 19 formula, the commissioner shall determine priority for the funding  
 20 of municipal projects within each county, based upon criteria  
 21 relating to volume of traffic, safety considerations, growth  
 22 potential, readiness to obligate funds and local taxing capacity. In  
 23 addition to the above criteria used in determining priority of  
 24 funding of municipal projects in each county, the commissioner  
 25 shall consider whether a project is intended to remedy hazardous  
 26 conditions as identified for the purposes of providing transportation  
 27 pursuant to N.J.S.18A:39-1.2 for school pupils or to improve  
 28 pedestrian safety.

29 For the purposes of this subsection, (1) "population" means the  
 30 official population count as reported by the New Jersey Department  
 31 of Labor and Workforce Development; and (2) "municipal road  
 32 mileage" means that road mileage under the jurisdiction of  
 33 municipalities, as determined by the department.

34 d. There shall be appropriated at least \$175,000,000 for the  
 35 fiscal year commencing July 1, 2006 and for each fiscal year  
 36 thereafter, for the purposes provided herein and in subsections b., c.  
 37 and e. of this section. (1) Of that appropriation, the commissioner  
 38 shall allocate \$5,000,000.00 as State aid to any municipality  
 39 qualifying for aid pursuant to the provisions of P.L.1978, c.14  
 40 (C.52:27D-178 et seq.). The commissioner shall allocate the aid to  
 41 each municipality in the same proportion that the municipality  
 42 receives aid under P.L.1978, c.14. (2) The remaining amount of the  
 43 appropriation shall be allocated pursuant to the provisions of  
 44 subsection c. of this section.

45 e. The commissioner may, pursuant to appropriations or  
 46 authorizations being made from time to time by the Legislature  
 47 according to law, allocate additional funding to the Local County  
 48 Aid Program for public highway projects, in accordance with a

1 formula similar to that provided for in subsection c. of this section,  
2 except that Cm equals road mileage under county jurisdiction and  
3 Sm equals total county road mileage within the State.

4 (cf: P.L.2006, c.3, s.7)

5  
6 10. Section 9 of P.L.1995, c.108 (C.27:1B-25.1) is amended to  
7 read as follows:

8 9. Aid to counties and municipalities administered by the  
9 department may, at the discretion of the commissioner, be disbursed  
10 to any individual county or municipality on a grant basis or on a  
11 cost reimbursement basis. Distribution of the portion of the grant  
12 provided initially to a county or municipality may be contingent on  
13 its performance in spending prior grants. Failure to award  
14 construction or other approved contracts for 100 percent of a  
15 county's allotment within three years of notification by the  
16 department of that year's allotment shall result in the allotment  
17 being immediately rescinded or the funds returned to the  
18 department, as applicable, or in the event such funds are not  
19 immediately returned, deducted by the department from future  
20 allocations of aid to such county. Any such funds may be  
21 reallocated by the commissioner on a grant basis or a cost  
22 reimbursement basis to such other counties or municipalities as the  
23 commissioner shall so determine. Failure to award construction or  
24 other approved contracts for 100 percent of a municipality's  
25 allotment within two years of notification by the department of that  
26 year's allotment shall result in that year's allocation being  
27 immediately rescinded. Any such funds may be reallocated by the  
28 commissioner on a grant basis or a cost reimbursement basis to such  
29 other counties or municipalities as the commissioner shall  
30 determine.

31 (cf: P.L.2006, c.3, s.8)

32  
33 11. This act shall take effect immediately.

#### 34 35 36 STATEMENT

37  
38 This bill amends the "New Jersey Transportation Trust Fund  
39 Authority Act of 1984" to make changes necessary to support the  
40 State's Capital Transportation Program for Fiscal Years 2012  
41 through 2016.

42 P.L.2006, c.3 provided a sufficient level of bonding  
43 authorization for the Transportation Trust Fund Authority  
44 ("authority") to support the State's transportation capital program  
45 for Fiscal Years 2006 through 2012. This bill will provide  
46 additional authorization to support the transportation capital  
47 program through Fiscal Year 2016, including authorizing the  
48 authority to bond for a total of \$3,458.3 million.

1 The bill provides that the payment of debt service on all bonds  
2 issued after the effective date of the bill, to be known as  
3 transportation program bonds, refunding bonds issued to refund  
4 transportation program bonds, and any agreements securing such  
5 bonds will be funded solely from revenues dedicated pursuant to the  
6 New Jersey Constitution, including Article VIII, Section II,  
7 paragraph 4. Because these bonds will be supported solely by  
8 already constitutionally dedicated revenues, voter approval for the  
9 issuance of transportation program bonds is not required.

10 The bill also provides the authority with greater flexibility in  
11 issuing bonds by allowing up to 30% of the transportation program  
12 bonds that are permitted to be issued in a given fiscal year to be  
13 issued in a preceding fiscal year provided that any transportation  
14 program bonds issued in a preceding year must be deducted from  
15 the authorization for the fiscal year from which it was taken, and  
16 the proceeds of any such transportation program bonds shall not be  
17 encumbered until the fiscal year from which the deduction of the  
18 authorization was taken. The bonding authorization in any fiscal  
19 year in which a portion of bonds for that fiscal year have already  
20 been issued would be reduced by the bonds previously issued.

21 The bill would streamline the Joint Budget Oversight Committee  
22 (“JBOC”) review of authority bonding by no longer requiring JBOC  
23 approval for statutorily authorized bonding that is carried forward  
24 to subsequent fiscal years pursuant to P.L.2006, c.3.

25 The bill continues to authorize an annual transportation capital  
26 program at a level not to exceed \$1.6 billion through Fiscal Year  
27 2016. The bill provides that the authority will provide a level of  
28 funding for the annual capital program, as follows: Fiscal Year  
29 2013: \$1,247.0 million; Fiscal Year 2014: \$1,224.0 million; Fiscal  
30 Year 2015: \$1,225.0 million; and Fiscal Year 2016: \$1,247.0  
31 million. The balance of the annual capital program will be  
32 supported by the Port Authority of New York and New Jersey.

33 The Local Aid portion of the annual capital program would be  
34 continued and would provide for the automatic return of Local Aid  
35 grant funds that are not spent within a three year period by counties  
36 and within a two year period by municipalities. Also, with regard  
37 to Local Aid, the bill eliminates an existing provision authorizing  
38 localities to swap federal allocations provided under the Federal  
39 Aid to Urban Systems (FAUS) program for authority funds because  
40 the FAUS program is no longer in existence.

# ASSEMBLY BUDGET COMMITTEE

## STATEMENT TO

### ASSEMBLY, No. 3205

# STATE OF NEW JERSEY

DATED: JUNE 21, 2012

The Assembly Budget Committee reports favorably Assembly Bill No. 3205.

This bill amends the “New Jersey Transportation Trust Fund Authority Act of 1984” to make changes necessary to support the State’s Capital Transportation Program for Fiscal Years 2012 through 2016.

P.L.2006, c.3 provided a sufficient level of bonding authorization for the Transportation Trust Fund Authority (“authority”) to support the State’s capital transportation program for Fiscal Years 2006 through 2012. This bill will provide additional authorization to support the transportation capital program through Fiscal Year 2016, including authorizing the authority to bond for a total of \$3,458.3 million.

The bill provides that the payment of debt service on all bonds issued after the effective date of the bill, to be known as transportation program bonds, refunding bonds issued to refund transportation program bonds, and any agreements securing such bonds will be funded solely from revenues dedicated pursuant to the New Jersey Constitution, including Article VIII, Section II, paragraph 4.

The bill also provides the authority with greater flexibility in issuing bonds by allowing up to 30% of the transportation program bonds that are permitted to be issued in a given fiscal year to be issued in a preceding fiscal year. The bonding authorization for any fiscal year in which a portion of bonds for that fiscal year has already been issued would be reduced by the amount of those previously issued bonds.

The bill extends spending flexibility to the Commissioner of Transportation by explicitly authorizing the appropriation of funds for permitted maintenance as a single item of appropriation and the allocation of those funds at the commissioner’s discretion

The bill streamlines the Joint Budget Oversight Committee (“JBOC”) review of authority bonding by no longer requiring JBOC approval for statutorily authorized bonding that is carried forward to subsequent fiscal years pursuant to P.L.2006, c.3.

The bill continues to authorize an annual transportation capital program at a level not to exceed \$1.6 billion through Fiscal Year 2016. The bill provides that the authority will provide a level of funding for

the annual capital program, as follows: Fiscal Year 2013: \$1,247.0 million; Fiscal Year 2014: \$1,224.0 million; Fiscal Year 2015: \$1,225.0 million; and Fiscal Year 2016: \$1,247.0 million. The balance of the annual capital program will be supported by the Port Authority of New York and New Jersey.

The Local Aid portion of the annual capital program would be continued and would provide for the automatic return of Local Aid grant funds that are not spent within a three year period by counties and within a two year period by municipalities. Also, with regard to Local Aid, the bill eliminates an existing provision authorizing localities to swap federal allocations provided under the Federal Aid to Urban Systems (FAUS) program for authority funds because that program is no longer in existence.

As reported by the committee, this bill is identical to Senate Bill No. 2020 (1R).

**FISCAL IMPACT:**

The Office of Legislative Services estimates that:

This bill will permit \$4.943 billion in appropriations to the Transportation Trust Fund Authority in Fiscal Years 2013 through 2016. After including contributions by the Port Authority of New York and New Jersey, \$1.6 billion per year is authorized to be appropriated for transportation projects in New Jersey. This amount is consistent with the amount from the previous renewal of the act.

In order to fund these appropriations, the bill also permits \$3,458.3 million in additional bonding over the next 4 years. At an assumed average interest rate of 5% with level annual debt service payments, this will result in \$3,291 million in interest expenses over the 30 year repayment period of these bonds and \$6,749 million in total debt service.

The State will realize an indeterminate revenue benefit from the infrastructure spending included in this bill as infrastructure spending generates additional jobs, and the purchasing of equipment and materials. There are also likely to be second order benefits derived from improvements to our transportation system that allow a more efficient movement of people and goods. The amount of these benefits that will be realized in the form of increased State revenue cannot be known at this time.

The total fiscal impact is the \$6,749 million in debt service costs, less an indeterminate amount of State revenues from the economic activity generated by transportation system spending.

**LEGISLATIVE FISCAL ESTIMATE**  
**ASSEMBLY, No. 3205**  
**STATE OF NEW JERSEY**  
**215th LEGISLATURE**

DATED: AUGUST 13, 2012

**SUMMARY**

**Synopsis:** Revises “New Jersey Transportation Trust Fund Authority Act.”

**Type of Impact:** Increased State expenditure

**Agencies Affected:** Department of Transportation, New Jersey Transit, independent transportation authorities, and local governments

**Office of Legislative Services Estimate**

<b>Fiscal Impact</b>	<b><u>Years 1-34</u></b>
<b>State Revenue</b>	Indeterminate Increase – See comments below
<b>State Cost</b>	\$6.749 billion

- This bill permits \$4.943 billion in appropriations to the Transportation Trust Fund Authority (TTFA) in Fiscal Years 2013 through 2016. After including contributions by the Port Authority of New York and New Jersey, \$1.6 billion per year is authorized to be appropriated for transportation projects in New Jersey. This amount is consistent with the amount from the previous renewal of the act.
- In order to fund these appropriations, the bill also permits \$3.4583 billion in additional bonding over the next 4 years. At an assumed average interest rate of 5 percent with level annual debt service payments, this will result in \$3.291 billion in interest expenses over the 30 year repayment period of these bonds and \$6.749 billion in total debt service.
- The State will realize an indeterminate revenue benefit from the infrastructure spending included in this bill as infrastructure spending generates additional jobs, and the purchasing of equipment and materials. There are also likely to be second order benefits derived from improvements to our transportation system that allow a more efficient movement of people and goods. The amount of these benefits that will be realized in the form of increased State revenue cannot be known at this time.

## **BILL DESCRIPTION**

Assembly Bill No. 3205 of 2012 amends the “New Jersey Transportation Trust Fund Authority Act of 1984” to make changes necessary to support the State’s Transportation Capital Program for Fiscal Years 2012 through 2016.

The bill provides authorization for an annual transportation capital program to be funded at a level equal to \$1.6 billion per year, including contributions from the Port Authority of New York and New Jersey of between \$353 million and \$376 million per year. The bill also provides added bonding authority of \$3,458.3 million over the four years of the plan.

The bill creates a distinction between debt issued by the authority in years prior to this bill (prior bonds) and debt issued by the authority subsequent to this bill (transportation program bonds). The bill mandates that transportation program bond debt service can only be paid from sources dedicated pursuant to the New Jersey Constitution.

The bill also provides the authority with the ability to utilize up to 30 percent of the bond authorization for a given year in the preceding year, reducing the bonding authorization in that given year; however the proceeds of bonds issued in this manner can only be expended in the original year in which the authorization was granted. The bill also modifies the Joint Budget Oversight Committee’s review powers by eliminating the need for committee approval for the use of carry forward bonding authority.

Finally, the bill requires that local aid dollars provided to counties be expended within three years, and funding provided to municipalities be expended within two years, or the funds will be subject to rescission and redistribution to other localities.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

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

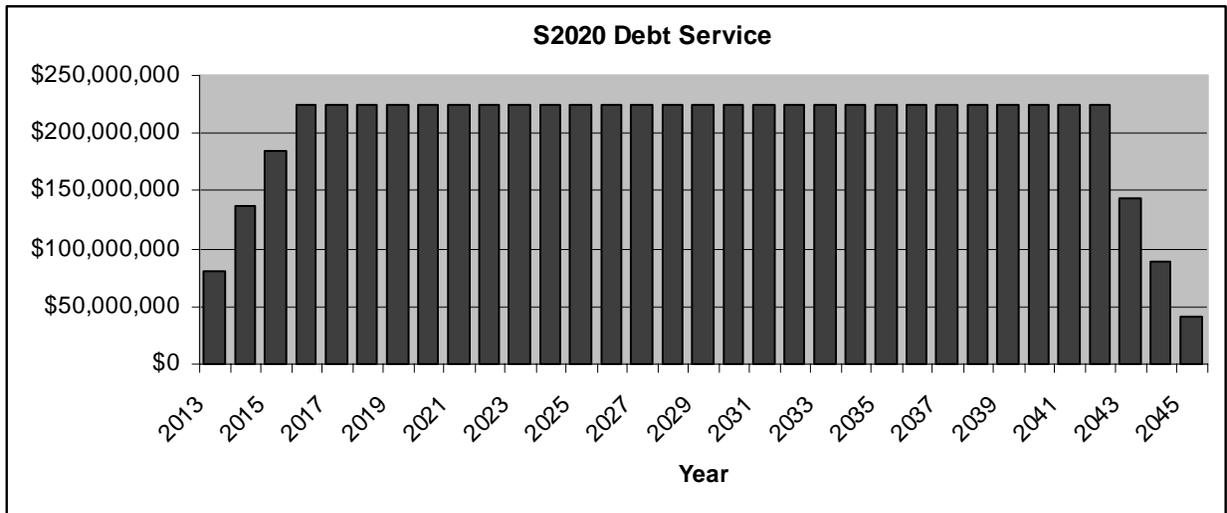
The Office of Legislative Services (OLS) estimates that this bill will have an overall cost to the State of \$6.749 billion in debt service payments to retire bonds issued by the Transportation Trust Fund Authority under this bill. This is the amount of principal and interest that will have to be paid on the \$3.4583 billion in new bonding authority granted. The total amount of interest that will have to be repaid by the State is \$3.291 billion. These costs will be incurred in annual amounts over the life of the bonds which would be at least 34 years (reflected in the OLS estimate) but potentially longer, depending upon the timing of bond sales.

The TTFA renewal bill maintains the size of the State portion of the annual transportation capital program through FY 2016 at a level equal to the \$1.6 billion that has been appropriated each year going back to FY 2007. The program permits an amount of bonding authority that starts at \$1.247 billion in FY 2013 and decreases to \$626.8 million in FY 2016. This gradual decrease results from the increase of “pay-as-you-go” funding or non-bonded amounts that are supported through current revenues. The level of this pay-as-you-go funding is assumed to increase over the period of the renewal from \$0 in FY 2013 to \$605.2 million in FY 2016.

In measuring the fiscal impact of this bill, OLS is not including the cost of the actual appropriation for the annual capital program. The Legislature already has unfettered authority to

appropriate funds for this purpose. What this bill does provide is the ability for the authority to issue additional bonds; thus the principal and interest expense of this bonding activity is included as the cost. It is possible that other events could occur such as a choice not to bond these amounts. In the event that this bonding authority is not used, an amount equivalent to the principal of the bond amounts not issued would be replaced by other sources or reallocated from other areas of the budget each year, or the amount of money appropriated for transportation capital projects would be reduced accordingly.

The OLS estimate assumes that over the four years of this program, the authority will issue bonds to the maximum extent permitted at an average annual interest rate of 5 percent. The interest rate is reflective of the current interest rate environment and the current bond rating of the authority, but could possibly be higher or lower. The estimate also assumes the bonds will be structured with level annual debt service payments, since the Executive branch has publicly stated a preference for that form of bonding. The debt service schedule under those conditions would be:



As an offset to these costs, the State will realize an indeterminate revenue benefit from the infrastructure spending included in this bill as infrastructure spending generates additional jobs, and the purchase of equipment and materials. There are also likely to be second order benefits derived from improvements to our transportation system that allow a more efficient movement of people and goods. The amount of these benefits that will be realized in the form of increased State revenue cannot be known at this time and will depend on factors such as the number of employees and materials sourced from within the State rather than outside of the State; the efficiency gains that can be realized from the improvements to the transportation system; and the nature of the improvements themselves, as transit improvements have generally been shown to have a greater economic multiplier effect than highway improvements.

*Section: Authorities, Utilities, Transportation and Communications*

*Analyst: Patrick Brennan  
Assistant Fiscal Analyst II*

*Approved: David J. Rosen  
Legislative Budget and Finance Officer*

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

**SENATE, No. 2020**

**STATE OF NEW JERSEY**  
**215th LEGISLATURE**

INTRODUCED MAY 31, 2012

**Sponsored by:**

**Senator JAMES W. HOLZAPFEL**

**District 10 (Ocean)**

**Senator ROBERT W. SINGER**

**District 30 (Monmouth and Ocean)**

**Co-Sponsored by:**

**Senators Connors, Thompson and Pennacchio**

**SYNOPSIS**

Changes various provisions of “New Jersey Transportation Trust Fund Authority Act.”

**CURRENT VERSION OF TEXT**

As introduced.



1 AN ACT concerning the New Jersey Transportation Trust Fund  
2 Authority, amending various parts of the statutory law, and  
3 repealing section 23 of P.L.2000, c.73.

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

7  
8 1. Section 3 of P.L.1984, c.73 (C.27:1B-3) is amended to read  
9 as follows:

10 3. The following words or terms as used in this act shall have  
11 the following meaning unless a different meaning clearly appears  
12 from the context:

13 a. "Act" means this New Jersey Transportation Trust Fund  
14 Authority Act of 1984 as amended and supplemented.

15 b. "Authority" means the New Jersey Transportation Trust  
16 Fund Authority created by section 4 of this act.

17 c. "Bonds" means bonds issued by the authority pursuant to the  
18 act and includes prior bonds and transportation program bonds.

19 d. "Commissioner" means the Commissioner of Transportation.

20 e. "Department" means the Department of Transportation.

21 f. "Federal aid highway" means any highway within the State  
22 in connection with which the State receives payment or  
23 reimbursement from the federal government under the terms of  
24 Title 23, United States Code or any amendment, successor, or  
25 replacement thereof, for the purposes contained in the act.

26 g. "Federal government" means the United States of America,  
27 and any officer, department, board, commission, bureau, division,  
28 corporation, agency or instrumentality thereof.

29 h. "South Jersey Transportation Authority" means the public  
30 corporation created by section 4 of P.L.1991, c.252 (C.27:25A-4) or  
31 its successor.

32 i. "New Jersey Highway Authority" means the public  
33 corporation created by section 4 of P.L.1952, c.16 (C.27:12B-4) or  
34 its successor.

35 j. "New Jersey Turnpike Authority" means the public  
36 corporation created by section 3 of P.L.1948, c.454 (C.27:23-3) or  
37 its successor.

38 k. "Notes" means the notes issued by the authority pursuant to  
39 the act.

40 l. "Public highways" means public roads, streets, expressways,  
41 freeways, parkways, motorways and boulevards, including bridges,  
42 tunnels, overpasses, underpasses, interchanges, rest areas, express  
43 bus roadways, bus pullouts and turnarounds, park-ride facilities,  
44 traffic circles, grade separations, traffic control devices, the  
45 elimination or improvement of crossings of railroads and highways,

**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.**

1 whether at grade or not at grade, bicycle and pedestrian pathways  
2 and pedestrian and bicycle bridges traversing public highways and  
3 any facilities, equipment, property, rights of way, easements and  
4 interests therein needed for the construction, improvement and  
5 maintenance of highways.

6 m. "Public transportation project" means, in connection with  
7 public transportation service, passenger stations, shelters and  
8 terminals, automobile parking facilities, ferries and ferry facilities,  
9 including capital projects for ferry terminals, approach roadways,  
10 pedestrian accommodations, parking, docks, and other necessary  
11 land-side improvements, ramps, track connections, signal systems,  
12 power systems, information and communication systems, roadbeds,  
13 transit lanes or rights of way, equipment storage, pedestrian  
14 walkways and bridges connecting to passenger stations and  
15 servicing facilities, bridges, grade crossings, rail cars, locomotives,  
16 motorbuses and other motor vehicles, maintenance and garage  
17 facilities, revenue handling equipment and any other equipment,  
18 facility or property useful for or related to the provision of public  
19 transportation service.

20 n. "State agency" means any officers, department, board,  
21 commission, bureau, division, agency or instrumentality of the  
22 State.

23 o. "Toll road authorities" means and includes the New Jersey  
24 Turnpike Authority, the New Jersey Highway Authority and the  
25 South Jersey Transportation Authority.

26 p. "Transportation project" means, in addition to public  
27 highways and public transportation projects, any equipment, facility  
28 or property useful or related to the provision of any ground,  
29 waterborne or air transportation for the movement of people and  
30 goods including rail freight infrastructure, which equipment,  
31 facility, or property may be acquired by purchase or lease.

32 q. "Transportation system" means public highways, public  
33 transportation projects, other transportation projects, and all other  
34 surface, airborne and waterborne methods of transportation for the  
35 movement of people and goods.

36 r. "Permitted maintenance" means, in relation to public  
37 transportation projects, direct costs of work necessary for  
38 preserving or maintaining the useful life of public transportation  
39 projects, provided the work performed is associated with the  
40 acquisition, installation and rehabilitation of components which are  
41 not included in the normal operating maintenance of equipment and  
42 facilities or replaced on a scheduled basis. The work shall ensure  
43 the useful life of the project for not less than five years and shall not  
44 include routine maintenance or inspection of equipment and  
45 facilities that is conducted on a scheduled basis. This definition  
46 shall not apply to the term "maintenance" as used in subsection l. of  
47 this section. For purposes of this subsection, "permitted  
48 maintenance" means, in relation to public highways, the direct costs

1 of work necessary for preserving or maintaining the useful life of  
2 public highways, provided the work is not associated with the  
3 regular and routine maintenance of public highways and their  
4 components. The work shall ensure the useful life of the project for  
5 not less than five years. Notwithstanding any other law, rule, or  
6 regulation to the contrary, permitted maintenance shall also include  
7 the trimming, pruning, and removal of trees, branches, and other  
8 vegetation which impede or intrude upon a transportation project,  
9 but such trimming, pruning, and removal of vegetation shall not be  
10 funded by the authority from the proceeds of bonds.

11 s. "Circle of Mobility" means an essential group of related  
12 transit projects that include (1) the New Jersey Urban Core Project,  
13 as defined in section 3031 of the "Intermodal Surface  
14 Transportation Efficiency Act of 1991," Pub.L.102-240, and  
15 consisting of the following elements: Secaucus Transfer, Kearny  
16 Connection, Waterfront Connection, Northeast Corridor Signal  
17 System, Hudson River Waterfront Transportation System, Newark-  
18 Newark International Airport-Elizabeth Transit Link, a rail  
19 connection between Penn Station Newark and Broad Street Station,  
20 Newark, New York Penn Station Concourse, and the equipment  
21 needed to operate revenue service associated with improvements  
22 made by the project, and (2) the modification and reconstruction of  
23 the West Shore Line in Bergen County connected to Allied  
24 Junction/Secaucus Transfer Meadowlands Rail Center; the  
25 construction of a rail station and associated components at the  
26 Meadowlands Sports Complex; the modification and reconstruction  
27 of the Susquehanna and Western Railway, as defined and provided  
28 in section 3035 (a) of the "Intermodal Surface Transportation  
29 Efficiency Act of 1991"; the modification and reconstruction of the  
30 Lackawanna Cutoff Commuter Rail Line connecting Morris, Sussex  
31 and Warren Counties to the North Jersey Transportation Rail  
32 Centers; and commuter rail service in the central New Jersey region  
33 terminating at the proposed Lakewood Transportation Center in  
34 Ocean County or other location, as determined by the Board of the  
35 New Jersey Transit Corporation, pursuant to a resolution of the  
36 board providing for the achievement of a consensus among the  
37 interested parties as to the direction of the proposed rail line;  
38 provided, however, that this 2000 amendatory act shall not be  
39 construed as affecting any priorities which may have been assigned  
40 to any other project in the Circle of Mobility.

41 t. "Prior bonds" means bonds issued pursuant to the  
42 authorization contained in P.L.1995, c.108 and P.L.2006, c.3 and  
43 any bonds issued to refund such prior bonds.

44 u. "Transportation program bonds" means bonds issued  
45 pursuant to the authorization contained in P.L. , c. (C. )  
46 (pending before the Legislature as this bill), and any bonds issued to  
47 refund such transportation program bonds.

48 (cf: P.L.2000, c.73, s.15)

1       2. Section 7 of P.L.1984, c.73 (C.27:1B-7) is amended to read  
2 as follows:

3       7. The authority shall have the power to accept and use any  
4 funds appropriated and paid by the State to the authority, including,  
5 without limitation, appropriations and payments from the  
6 Transportation Trust Fund Account established pursuant to the act,  
7 for the purposes for which the appropriations and payments are  
8 made, provided that only those revenues which are dedicated  
9 pursuant to the New Jersey Constitution, including Article VIII,  
10 Section II, paragraph 4, may be used to pay debt service on the  
11 transportation program bonds and any agreement securing the  
12 repayment of the transportation program bonds. Debt service on  
13 prior bonds shall be paid for solely from amounts on deposit in the  
14 “Transportation Trust Fund Account – Subaccount for Debt Service  
15 for Prior Bonds,” and debt service on transportation program bonds  
16 and any agreement securing the repayment of the transportation  
17 program bonds shall be paid for solely from amounts on deposit in  
18 the “Transportation Trust Fund Account – Subaccount for Debt  
19 Service for Transportation Program Bonds”.  
20 (cf: P.L.1984, c.73, s.7)

21  
22       3. Section 9 of P.L.1984, c.73 (C.27:1B-9) is amended to read  
23 as follows:

24       9. a. The authority shall have the power and is hereby  
25 authorized after November 15, 1984 and from time to time  
26 thereafter to issue its bonds, notes or other obligations in principal  
27 amounts as in the opinion of the authority shall be necessary to  
28 provide for any of its corporate purposes, including the payment,  
29 funding or refunding of the principal of, or interest or redemption  
30 premiums on, any bonds, notes or other obligations issued by it,  
31 whether the bonds, notes, obligations or interest to be funded or  
32 refunded have or have not become due; and to provide for the  
33 security thereof and for the establishment or increase of reserves to  
34 secure or to pay the bonds, notes or other obligations or interest  
35 thereon and all other reserves and all costs or expenses of the  
36 authority incident to and necessary or convenient to carry out its  
37 corporate purposes and powers; and in addition to its bonds, notes  
38 and other obligations, the authority shall have the power to issue  
39 subordinated indebtedness, which shall be subordinate in lien to the  
40 lien of any or all of its bonds or notes. No resolution or other action  
41 of the authority providing for the issuance of bonds, refunding  
42 bonds, notes, or other obligations shall be adopted or otherwise  
43 made effective by the authority without the prior approval in  
44 writing of the Governor and the State Treasurer.

45       b. Except as may be otherwise expressly provided in the act or  
46 by the authority **【, every】** :

47       (1) Every issue of bonds or notes shall be general obligations  
48 payable out of any revenues or funds of the authority, subject only

1 to any agreements with the holders of particular bonds or notes  
2 pledging any particular revenues or funds. The authority may  
3 provide the security and payment provisions for its bonds or notes  
4 as it may determine, including (without limiting the generality of  
5 the foregoing) bonds or notes as to which the principal and interest  
6 are payable from and secured by all or any portion of the revenues  
7 of and payments to the authority, and other moneys or funds as the  
8 authority shall determine **[. In]**, provided that for transportation  
9 program bonds or notes issued in anticipation of such transportation  
10 program bonds, only revenues dedicated pursuant to the New Jersey  
11 Constitution, including Article VIII, Section II, paragraph 4, and  
12 deposited into the “Transportation Trust Fund Account –  
13 Subaccount for Debt Service for Transportation Program Bonds,”  
14 may be used for such payment;

15 (2) In addition, the authority may issue notes, in anticipation of  
16 the issuance of the bonds **[or]** , provided that the issuance of such  
17 notes shall be subject to the bonding limitations as provided in  
18 subsection i. of this section, and the payment of such notes if issued  
19 in anticipation of the issuance of transportation program bonds shall  
20 be paid solely from revenues dedicated pursuant to the New Jersey  
21 Constitution, including Article VIII, Section II, paragraph 4, and  
22 deposited into the “Transportation Trust Fund Account –  
23 Subaccount for Debt Service for Transportation Program Bonds.”  
24 The authority may also issue notes in anticipation of the receipt of  
25 appropriations, grants, reimbursements or other funds, including  
26 without limitation grants from the federal government for federal  
27 aid highways or public transportation systems, **[issue notes,]** the  
28 principal of or interest on which, or both, shall be payable out of the  
29 proceeds of **[notes, bonds or other obligations of the authority or]**  
30 appropriations, grants, reimbursements or other funds **[or revenues**  
31 of the authority.] , including without limitation grants from the  
32 federal government for federal aid highways or public  
33 transportation systems. Such notes shall not be subject to the  
34 bonding limitations as provided in subsection i. of this section; and

35 (3) The authority may also enter into bank loan agreements,  
36 lines of credit and other security agreements as authorized pursuant  
37 to subsection h. of section 6 of P.L.1984, c.73 (C.27:1B-6) and  
38 obtain for or on its behalf letters of credit in each case for the  
39 purpose of securing its bonds, notes or other obligations or to  
40 provide direct payment of any costs which the authority is  
41 authorized to pay by this act and to secure repayment of any  
42 borrowings under the loan agreement, line of credit, letter of credit  
43 or other security agreement by its bonds, notes or other obligations  
44 or the proceeds thereof or by any or all of the revenues of and  
45 payments to the authority or by any appropriation, grant or  
46 reimbursement to be received by the authority and other moneys or  
47 funds as the authority shall determine, provided that for any such

1 agreements entered into in connection with transportation program  
2 bonds issued pursuant to the authorization contained in subsection i.  
3 of this section, or notes issued in anticipation of such transportation  
4 program bonds, only revenues dedicated pursuant to the New Jersey  
5 Constitution, including Article VIII, Section II, paragraph 4, and  
6 deposited into the “Transportation Trust Fund Account –  
7 Subaccount for Debt Service for Transportation Program Bonds,”  
8 may be used for such payment.

9 c. Whether or not the bonds and notes are of the form and  
10 character as to be negotiable instruments under the terms of Title  
11 12A, Commercial Transactions, New Jersey Statutes, the bonds and  
12 notes are hereby made negotiable instruments within the meaning of  
13 and for all the purposes of **[said]** Title 12A of the New Jersey  
14 Statutes.

15 d. Bonds or notes of the authority shall be authorized by a  
16 resolution or resolutions of the authority and may be issued in one  
17 or more series and shall bear the date, or dates, mature at the time  
18 or times, bear interest at the rate or rates of interest per annum, be  
19 in the denomination or denominations, be in the form, carry the  
20 conversion or registration privileges, have the rank or priority, be  
21 executed in the manner, be payable from the sources, in the medium  
22 of payment, at the place or places within or without the State, and  
23 be subject to the terms of redemption (with or without premium) as  
24 the resolution or resolutions may provide. Bonds or notes may be  
25 further secured by a trust indenture between the authority and a  
26 corporate trustee within or without the State. All other obligations  
27 of the authority shall be authorized by resolution containing terms  
28 and conditions as the authority shall determine.

29 e. Bonds, notes or other obligations of the authority may be  
30 sold at public or private sale at a price or prices and in a manner as  
31 the authority shall determine, either on a negotiated or on a  
32 competitive basis. Every bond, or refunding bond, issued on or  
33 after the effective date of P.L.2006, c.3 (C.27:1B-22.2 et al.) shall  
34 mature and be paid no later than 31 years from the date of the  
35 issuance of that bond or refunding bond.

36 f. Bonds or notes may be issued and other obligations incurred  
37 under the provisions of the act without obtaining the consent of any  
38 department, division, commission, board, bureau or agency of the  
39 State, other than the approval as required by subsection a. of this  
40 section, and without any other proceedings or the happening of any  
41 other conditions or other things than those proceedings, conditions  
42 or things which are specifically required by the act.

43 g. Bonds, notes and other obligations of the authority issued or  
44 incurred under the provisions of the act shall not be in any way a  
45 debt or liability of the State or of any political subdivision thereof  
46 other than the authority and shall not create or constitute any  
47 indebtedness, liability or obligation of the State or of any political  
48 subdivision or be or constitute a pledge of the faith and credit of the

1 State or of any political subdivision, but all bonds, notes and  
2 obligations, unless funded or refunded by bonds, notes or other  
3 obligations of the authority, shall be payable solely from revenues  
4 or funds pledged or available for their payment as authorized in the  
5 act. Each bond, note or other obligation shall contain on its face a  
6 statement to the effect that the authority is obligated to pay the  
7 principal thereof or the interest thereon only from revenues or funds  
8 of the authority, and for transportation program bonds and  
9 agreements securing such transportation program bonds only from  
10 revenues dedicated pursuant to the New Jersey Constitution,  
11 including Article VIII, Section II, paragraph 4, and deposited into  
12 the “Transportation Trust Fund Account – Subaccount for Debt  
13 Service for Transportation Program Bonds,” and that neither the  
14 State nor any political subdivision thereof is obligated to pay the  
15 principal or interest and that neither the faith and credit nor the  
16 taxing power of the State or any political subdivision thereof is  
17 pledged to the payment of the principal of or the interest on the  
18 bonds, notes or other obligations. For the purposes of this  
19 subsection, political subdivision does not include the authority.

20 h. All expenses incurred in carrying out the provisions of the  
21 act shall be payable solely from the revenues or funds provided or  
22 to be provided under or pursuant to the provisions of the act and  
23 nothing in the act shall be construed to authorize the authority to  
24 incur any indebtedness or liability on behalf of or payable by the  
25 State or any political subdivision thereof.

26 i. The authority shall minimize debt incurrence by first relying  
27 on appropriations and other revenues available to the authority  
28 before incurring debt secured by State revenues to meet its statutory  
29 purposes. Commencing with the fiscal year beginning July 1, 1995  
30 and ending within the fiscal year beginning July 1, 2005, the  
31 authority shall not incur debt in any fiscal year in excess of  
32 \$650,000,000, except that if that permitted amount of debt, or any  
33 portion thereof, is not incurred in a fiscal year it may be incurred in  
34 a subsequent fiscal year. Commencing with the fiscal year  
35 beginning July 1, 2006 and ending with the fiscal year beginning on  
36 July 1, 2010, the authority shall not incur debt for any fiscal year in  
37 excess of \$1,600,000,000, reduced in each of those fiscal years by  
38 the amount by which the appropriation of State funds to the  
39 Transportation Trust Fund Account for that fiscal year shall exceed  
40 \$895,000,000; provided, however, that if a portion of that permitted  
41 amount of debt, less any reduction as provided above, is not  
42 incurred in a fiscal year, an amount not greater than the unused  
43 portion may be incurred in a subsequent fiscal year in addition to  
44 the amount otherwise permitted [subject to the approval of the Joint  
45 Budget Oversight Committee]. Debt permitted for the fiscal year  
46 beginning July 1, 2006 may be incurred prior to July 1, 2006. The  
47 authority shall not issue transportation program bonds in excess of  
48 \$1,247,000,000 for the fiscal year beginning July 1, 2012, in excess

1 of \$849,200,000 for the fiscal year beginning July 1, 2013, in  
2 excess of \$735,300,000 for the fiscal year beginning July 1, 2014,  
3 and in excess of \$626,800,000 for the fiscal year beginning July 1,  
4 2015, except that (1) if that permitted amount of transportation  
5 program bonds, or any portion thereof, is not incurred in a fiscal  
6 year, it may be issued in a subsequent fiscal year and (2) 30 percent  
7 of the permitted amount of transportation program bonds for a fiscal  
8 year may be issued in the fiscal year preceding such fiscal year  
9 provided that any transportation program bonds issued pursuant to  
10 this paragraph shall be deducted from the authorization for the  
11 fiscal year from which it was taken. Transportation program bonds  
12 authorized to be issued for the fiscal year beginning July 1, 2012  
13 may be issued prior to July 1, 2012. Any increase in this limitation  
14 shall only occur if so provided for by law. In computing the  
15 foregoing limitation as to the amount of [debt] bonds the authority  
16 may [incur] issue, the authority may exclude any bonds, notes or  
17 other obligations, including subordinated obligations of the  
18 authority, issued for refunding purposes. The payment of debt  
19 service on transportation program bonds and any agreements issued  
20 in connection with such transportation program bonds shall be paid  
21 solely from revenues dedicated pursuant to the New Jersey  
22 Constitution, including Article VIII, Section II, paragraph 4, and  
23 deposited into the "Transportation Trust Fund Account –  
24 Subaccount for Debt Service for Transportation Program Bonds."

25 j. Upon the decision by the authority to issue refunding bonds  
26 pursuant to this section, and prior to the sale of those bonds, the  
27 authority shall transmit to the Joint Budget Oversight Committee, or  
28 its successor, a report that a decision has been made, reciting the  
29 basis on which the decision was made, including an estimate of the  
30 debt service savings to be achieved and the calculations upon which  
31 the authority relied when making the decision to issue refunding  
32 bonds. The report shall also disclose the intent of the authority to  
33 issue and sell the refunding bonds at public or private sale and the  
34 reasons therefor.

35 k. The Joint Budget Oversight Committee, or its successor,  
36 shall have authority to approve or disapprove the sale of refunding  
37 bonds as included in each report submitted in accordance with  
38 subsection j. of this section. The committee shall [approve or  
39 disapprove the sale of refunding bonds within 10 business days  
40 after physical receipt of the report. The committee shall] notify the  
41 authority in writing of the approval or disapproval [as expeditiously  
42 as possible] within 30 days after physical receipt of the report.  
43 Should the committee not act within 30 days of receipt of the  
44 report, the authority may proceed with the sale of the refunding  
45 bonds.

46 l. No refunding bonds shall be issued unless the report has  
47 been submitted to and approved by the Joint Budget Oversight

1 Committee, or its successor, as set forth in subsection k. of this  
2 section.

3 m. Within 30 days after the sale of the refunding bonds, the  
4 authority shall notify the Joint Budget Oversight Committee, or its  
5 successor, of the result of that sale, including the prices and terms,  
6 conditions and regulations concerning the refunding bonds, and the  
7 actual amount of debt service savings to be realized as a result of  
8 the sale of refunding bonds.

9 n. The Joint Budget Oversight Committee, or its successor,  
10 shall, however, review all information and reports submitted in  
11 accordance with this section and may, on its own initiative, make  
12 observations and recommendations to the authority or to the  
13 Legislature, or both, as it deems appropriate.

14 o. No refunding bonds shall be issued unless the authority shall  
15 first determine that the present value of the aggregate principal of  
16 and interest on the refunding bonds is less than the present value of  
17 the aggregate principal of and interest on the outstanding bonds to  
18 be refinanced, except that, for the purposes of this limitation,  
19 present value shall be computed using a discount rate equal to the  
20 yield of those refunding bonds, and yield shall be computed using  
21 an actuarial method based upon a 360-day year with semiannual  
22 compounding and upon the prices paid to the authority by the initial  
23 purchasers of those refunding bonds.

24 (cf: P.L.2006, c.3, s.1)

25

26 4. Section 10 of P.L.1984, c.73 (C.27:1B-10) is amended to  
27 read as follows:

28 10. In any resolution of the authority authorizing or relating to  
29 the issuance of any bonds, notes or other obligations or in any  
30 indenture securing the bonds, notes or other obligations, the  
31 authority, in order to secure the payment of the bonds, notes or  
32 other obligations and in addition to its other powers, shall have the  
33 power by provisions therein, which shall constitute covenants by  
34 the authority and contracts with the holders of the bonds, notes or  
35 other obligations, provided that in any such resolution authorizing  
36 the issuance of transportation program bonds or in any indenture or  
37 agreement securing such transportation program bonds, the payment  
38 of such transportation program bonds or any agreement securing  
39 such transportation program bonds shall be made solely from  
40 revenues dedicated pursuant to the New Jersey Constitution, Article  
41 VIII, Section II, paragraph 4, and deposited into the "Transportation  
42 Trust Fund Account – Subaccount for Debt Service for  
43 Transportation Program Bonds":

44 a. To pledge all or any part of its revenues or receipts to which  
45 its right then exists or may thereafter come into existence and other  
46 moneys or funds as the authority shall determine and the moneys  
47 derived therefrom, and the proceeds of any bonds, notes or other  
48 obligations;

- 1       b. To pledge any agreement, including, without limitation, the  
2 contract or contracts referred to in section 23 of the act~~[,]~~ ;  
3 contracts with the toll road authorities or other State agencies,  
4 except that any contracts with the toll road authorities or other State  
5 agencies may not be pledged to the payment of the transportation  
6 program bonds or to any agreement securing such transportation  
7 program bonds; and any grant, contract, or agreement with the  
8 federal government or the revenues or payments thereunder and the  
9 proceeds thereof;
- 10       c. To covenant against pledging all or any part of its revenues  
11 or receipts or its agreements and the revenues derived thereunder or  
12 the proceeds thereof and other moneys or funds as the authority  
13 shall determine and the moneys derived therefrom or against  
14 permitting or suffering any lien on any of the foregoing;
- 15       d. To covenant with respect to limitations on any right to sell,  
16 lease or otherwise dispose of any property of any kind;
- 17       e. To covenant as to any bonds, notes and other obligations to  
18 be issued and the limitations thereof and the terms and conditions  
19 thereof and as to the custody, application, investment, and  
20 disposition of the proceeds thereof;
- 21       f. To covenant as to the issuance of additional bonds, or notes  
22 or other obligations or as to limitations on the issuance of additional  
23 bonds, notes or other obligations and on the incurring of other debts  
24 by it;
- 25       g. To covenant as to the payment of the principal of or interest  
26 on the bonds, notes, or other obligations, as to the sources and  
27 methods of payment, as to the rank or priority of any bonds, notes  
28 or obligations with respect to any lien or security or as to the  
29 acceleration of the maturity of any bonds, notes or obligations;
- 30       h. To provide for the replacement of lost, stolen, destroyed or  
31 mutilated bonds, notes or other obligations;
- 32       i. To covenant against extending the time for the payment of  
33 bonds, notes or other obligations or interest thereon;
- 34       j. To covenant as to the redemption of bonds, notes or other  
35 obligations and privileges of exchange thereof for other bonds,  
36 notes or other obligations of the authority;
- 37       k. Subject to the rights and security interests of the holders  
38 from time to time of bonds, notes or other obligations heretofore or  
39 hereafter issued by each of the toll road authorities or other State  
40 agencies, to covenant as to the enforcement of any term in any  
41 agreement entered into pursuant to the act, to which the authority is  
42 a party or an assignee, fixing amounts of funds of the toll road  
43 authorities or other State agencies to be paid over to and received  
44 by the authority in each year or other period of time, including any  
45 term concerning the fixing of tolls and other charges by the toll road  
46 authorities or other State agencies, at rates as shall be necessary to  
47 provide the amounts of funds;

- 1       l. To covenant to create or authorize the creation of special  
2 funds or moneys to be held in pledge or otherwise for payment or  
3 redemption of bonds, notes, or other obligations, reserves or other  
4 purposes and as to the use, investment, and disposition of the  
5 moneys held in the funds;
- 6       m. To establish the procedure, if any, by which the terms of any  
7 contract or covenant with or for the benefit of the holders of bonds,  
8 notes or other obligations may be amended or abrogated, the  
9 amount of bonds, notes or other obligations the holders of which  
10 must consent thereto, and the manner in which the consent may be  
11 given;
- 12       n. To provide for the release of property, agreements, or  
13 revenues and receipts from any pledge and to reserve rights and  
14 powers in, or the right to dispose of, property which is subject to a  
15 pledge;
- 16       o. To provide for the rights and liabilities, powers and duties  
17 arising upon the breach of any covenant, condition or obligation and  
18 to prescribe the events of default and the terms and conditions upon  
19 which any or all of the bonds, notes or other obligations of the  
20 authority shall become or may be declared due and payable before  
21 maturity and the terms and conditions upon which any declaration  
22 and its consequences may be waived;
- 23       p. To vest in a trustee or trustees within or without the State  
24 such property, rights, powers and duties in trust as the authority  
25 may determine, and to limit the rights, duties and powers of such  
26 trustee;
- 27       q. To execute all bills of sale, conveyances, deeds of trust and  
28 other instruments necessary or convenient in the exercise of its  
29 powers or in the performance of its covenants or duties;
- 30       r. To pay the costs or expenses incident to the enforcement of  
31 the bonds, notes or other obligations or of the provisions of the  
32 resolution or of any covenant or agreement of the authority with the  
33 holders of its bonds, notes or other obligations;
- 34       s. To limit the rights of the holders of any bonds, notes or other  
35 obligations to enforce any pledge or covenant securing the bonds,  
36 notes or other obligations; and
- 37       t. To make covenants, in addition to the covenants herein  
38 expressly authorized, of like or different character, and to make  
39 covenants to do or refrain from doing acts and things as may be  
40 necessary, or convenient and desirable, in order to better secure  
41 bonds, notes or other obligations or which in the absolute discretion  
42 of the authority will tend to make bonds, notes or other obligations  
43 more marketable, notwithstanding that the covenants, acts or things  
44 may not be enumerated herein.
- 45 (cf: P.L.1984, c.73, s.10)
- 46
- 47       5. Section 20 of P.L.1984, c.73 (C.27:1B-20) is amended to  
48 read as follows:

1       20. There is hereby established in the General Fund an account  
2 entitled "Transportation Trust Fund Account **["]** ," which shall  
3 consist of two subaccounts entitled: "Transportation Trust Fund  
4 Account – Subaccount for Debt Service for Prior Bonds" and  
5 "Transportation Trust Fund Account – Subaccount for Debt Service  
6 for Transportation Program Bonds." During the fiscal year  
7 beginning July 1, 1984 and during each succeeding fiscal year in  
8 which the authority has bonds, notes or other obligations  
9 outstanding, the treasurer shall credit to **["this account"]** the  
10 "Transportation Trust Fund Account – Subaccount for Debt Service  
11 for Prior Bonds" a portion of the revenues derived from the  
12 following, as determined by the treasurer, and to the  
13 "Transportation Trust Fund Account – Subaccount for Debt Service  
14 for Transportation Program Bonds" only revenues derived under  
15 subsection a. of this section and from the petroleum and sales tax as  
16 set forth in subsection d. of this section:

17       a. An amount equivalent to the revenue derived from \$0.105  
18 per gallon from the tax imposed on the sale of motor fuels pursuant  
19 to chapter 39 of Title 54 of the Revised Statutes, as provided in  
20 Article VIII, Section II, paragraph 4 of the State Constitution,  
21 provided, however, such amount during any fiscal year shall not be  
22 less than \$483,000,000;

23       b. (Deleted by amendment, P.L.2000, c.73).

24       c. An amount equivalent to moneys received by the State in  
25 accordance with contracts entered into with toll road authorities or  
26 other State agencies, provided that effective with the fiscal year  
27 beginning July 1, 1988 the amount so credited shall not be less than  
28 \$24,500,000.00 in any fiscal year.

29       The treasurer shall also credit to **["this account,"]** the  
30 "Transportation Trust Fund Account – Subaccount for Debt Service  
31 for Prior Bonds," in accordance with a contract between the  
32 treasurer and the authority, an amount equivalent to the sum of the  
33 revenues due from the increase of fees for motor vehicle  
34 registrations collected pursuant to the amendment to R.S.39:3-20  
35 made by **["this act"]** section 32 of P.L.1984, c.73 and from the  
36 increase in the tax on diesel fuels imposed pursuant to the  
37 amendment to R.S.54:39-27 made by **["this act"]** section 35 of  
38 P.L.1984, c.73 and by P.L.1987, c.460, and as amended by section  
39 18 of P.L.1992, c.23, and repealed by section 56 of P.L.2010, c.22  
40 and now imposed pursuant to R.S.54:39-103, provided that the total  
41 amount credited during the fiscal year beginning July 1, 1984 shall  
42 not be less than \$20,000,000.00 and that the total amount credited  
43 during the fiscal year beginning July 1, 1985 and during every fiscal  
44 year thereafter shall not be less than \$30,000,000.00.

45       In addition to the amounts credited to the account by this section,  
46 commencing with the fiscal year beginning July 1, 1995 and every  
47 fiscal year thereafter, there shall be appropriated from the General

1 Fund such additional amounts as are necessary to carry out the  
2 provisions of this act and beginning July 1, 2000 the fees collected  
3 pursuant to subsection a. of section 68 of P.L.1990, c.8 (C.17:33B-  
4 63) shall be credited to the account for the purposes of this act,  
5 provided, however, the amount credited from such fees during any  
6 fiscal year shall not be less than \$60,000,000.

7 d. In addition to the amount credited in subsection a. of this  
8 section, beginning January 1 following approval by the voters an  
9 amount equivalent to the revenue derived from the tax imposed on  
10 the sale of petroleum products pursuant to P.L.1990, c.42  
11 (C.54:15B-1 et seq.), provided, however, such amount shall not be  
12 less than \$100,000,000 in the period January 1 through June 30  
13 following approval by the voters and shall not be less than  
14 \$200,000,000 in any fiscal year thereafter and for the fiscal year  
15 commencing July 1, 2001 and for each fiscal year thereafter an  
16 amount equivalent to the revenue derived from the tax imposed  
17 under the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et  
18 seq.) on the sale of new motor vehicles, provided, however, that  
19 such amount shall not be less than \$200,000,000 for the fiscal year  
20 commencing July 1, 2003 and for each fiscal year thereafter, as  
21 provided in Article VIII, Section II, paragraph 4 of the State  
22 Constitution.

23 No later than the fifth business day of the month following the  
24 month in which a credit has been made, the treasurer shall pay to  
25 the authority, for its purposes as provided herein, the amounts then  
26 credited to the **【Transportation】** “Transportation Trust Fund  
27 Account **【,】** – Subaccount for Debt Service for Prior Bonds” and  
28 “Transportation Trust Fund Account – Subaccount for Debt Service  
29 for Transportation Program Bonds,” provided that the payments to  
30 the authority shall be subject to and dependent upon appropriations  
31 being made from time to time by the Legislature of the amounts  
32 thereof for the purposes of the act, and further provided that the  
33 revenues deposited into the “Transportation Trust Fund Account –  
34 Subaccount for Debt Service for Transportation Program Bonds”  
35 shall consist solely of revenues which are dedicated pursuant to the  
36 New Jersey Constitution, including Article VIII, Section II,  
37 paragraph 4, and subsections a. and d. of this section.  
38 (cf: P.L.2006, c.3, s.3)

39  
40 6. Section 21 of P.L.1984, c.73 (C.27:1B-21) is amended to  
41 read as follows:

42 21. a. There is hereby established a separate fund entitled  
43 "Special Transportation Fund." This fund shall be maintained by the  
44 State Treasurer and may be held in depositories as may be selected  
45 by the treasurer and invested and reinvested as other funds in the  
46 custody of the treasurer, in the manner provided by law. The  
47 commissioner may from time to time (but not more frequently than  
48 monthly) certify to the authority an amount necessary to fund

1 payments made, or anticipated to be made by or on behalf of the  
2 department, from appropriations established for or made to the  
3 department from revenues or other funds of the authority. The  
4 commissioner's certification shall be deemed conclusive for  
5 purposes of the act. The authority shall, within 15 days of receipt  
6 of the certificate, transfer from available funds of the authority to  
7 the treasurer for deposit in the Special Transportation Fund the  
8 amount certified by the commissioner, provided that all funds  
9 transferred shall only be expended by the department by project  
10 pursuant to appropriations made from time to time by the  
11 Legislature for the purposes of the act.

12 b. The department shall not expend any money except as  
13 appropriated by law. Commencing with appropriations for the  
14 fiscal years beginning on July 1, 1988, the department shall not  
15 expend any funds other than for permitted maintenance except as  
16 are appropriated by specific projects identified by a description of  
17 the projects, the county or counties within which they are located,  
18 and amounts to be expended on each project, in the annual  
19 appropriations act. Funds expended for permitted maintenance may  
20 be appropriated as one item of appropriation and subject to  
21 allocation at the commissioner's discretion.

22 c. No funds appropriated, authorized or expended pursuant to  
23 this act shall be used to finance the resurfacing of highways by  
24 department personnel, where that resurfacing would require the use  
25 of more than 100,000 tons of bituminous concrete for that purpose  
26 in any calendar year, except that the commissioner may waive this  
27 provision when he determines the existence of emergency  
28 conditions requiring the use of department personnel for the  
29 resurfacing of highways, after the department has effectively  
30 reached the 100,000 ton limit.

31 d. In order to provide the department with flexibility in  
32 administering the specific appropriations by project identified in the  
33 annual appropriations act, the commissioner may transfer a part of  
34 any item to any other item subject to the approval of the Director of  
35 the Division of Budget and Accounting and of the Joint Budget  
36 Oversight Committee or its successor. Upon approval of the  
37 director and the committee, the transfer shall take effect.

38 e. Any federal funds which become available to the State for  
39 transportation projects which have not been appropriated to the  
40 department in the annual appropriations act, shall be deemed  
41 appropriated to the department and may, subject to approval by the  
42 Joint Budget Oversight Committee and the State Treasurer, be  
43 expended for any purpose for which such funds are qualified.

44 f. There shall be no appropriations from the revenues and other  
45 funds of the authority for regular and routine maintenance of public  
46 highways and components thereof, or operational activities of the  
47 department unrelated to the implementation of, and indirect costs  
48 associated with, the capital program. The commissioner shall

1 include in his annual budget request sufficient funding to effectuate  
2 the purposes of P.L.2000, c.73 (C.27:1B-21.14 et al.).

3 g. To the extent that salaries or overhead of the department or  
4 the New Jersey Transit Corporation are charged to transportation  
5 projects, each agency shall keep adequate and truthful personnel  
6 records, and time charts to adequately justify each such charge and  
7 shall make those records available to the external auditor to the  
8 authority.

9 h. The commissioner shall annually, on or before January 1 of  
10 each fiscal year, report to the Governor and the Legislature how  
11 much money was expended in the previous fiscal year for salaries  
12 and overhead of the department and the New Jersey Transit  
13 Corporation. However, the amount expended from the revenues  
14 and other funds of the authority for salaries and overhead of the  
15 department and the New Jersey Transit Corporation for the fiscal  
16 year beginning July 1, 2006 and each fiscal year **【thereafter1】**  
17 thereafter shall not exceed **【13 percent】** \$208,000,000 of the total  
18 funds appropriated from the revenues and other nonfederal funds of  
19 the authority for those fiscal years.

20 i. No revenues or other funds of the authority shall be  
21 expended for emergency response operations, the review of  
22 applications for access permits under the State highway access  
23 management code and membership fees or other fees connected  
24 with membership in TRANSCOM, the Transportation Operations  
25 Coordinating Committee.

26 (cf: P.L.2006, c.3, s.2)

27

28 7. Section 8 of P.L.1987, c.460 (C.27:1B-21.1) is amended to  
29 read as follows:

30 8. a. Commencing with the report of the commissioner, as may  
31 be amended, required to be submitted pursuant to section 22 of  
32 P.L.1984, c.73 (C.27:1B-22) on or before March 1, 2006 and on  
33 each succeeding March 1 thereafter through March 1, **【2010】** 2015,  
34 the annual amount so reported by the commissioner for proposed  
35 projects shall not exceed \$1,600,000,000 exclusive of federal funds.

36 b. For the fiscal year beginning on July 1, 2006 and for each  
37 fiscal year thereafter through the fiscal year beginning on July 1,  
38 **【2010】** 2011, the total annual amount authorized to be appropriated  
39 from the revenues and other nonfederal funds of the New Jersey  
40 Transportation Trust Fund Authority for the projects listed in the  
41 appropriations act pursuant to section 21 of P.L.1984, c.73  
42 (C.27:1B-21) shall not exceed \$1,600,000,000, all amounts  
43 exclusive of federal funds. The total amount authorized to be  
44 appropriated from the revenues and other nonfederal funds of the  
45 New Jersey Transportation Trust Fund Authority for the projects  
46 listed in the appropriations act pursuant to section 21 of P.L.1984,  
47 c.73 (C.27:1B-21) shall not exceed: \$1,247,000,000 for the fiscal  
48 year beginning on July 1, 2012; \$1,224,000,000 for the fiscal year

1 beginning on July 1, 2013; \$1,225,000,000 for the fiscal year  
2 beginning on July 1, 2014; and \$1,247,000,000 for the fiscal year  
3 beginning on July 1, 2015.

4 c. (Deleted by amendment, P.L.1991, c.40.)

5 d. (Deleted by amendment, P.L.1992, c.10).

6 e. The State Auditor shall provide for a unified annual audit of  
7 expenditures from the Special Transportation Fund, established by  
8 section 21 of P.L.1984, c.73 (C.27:1B-21), in order to determine  
9 that these funds are expended for costs eligible for funding from the  
10 authority and in a manner consistent with appropriations made by  
11 the Legislature. The findings of such audits shall be transmitted to  
12 the presiding officer of each House of the Legislature, and to the  
13 Chair of the Senate Budget and Appropriations Committee, the  
14 Senate Transportation Committee, the Assembly Appropriations  
15 Committee, and the Assembly Transportation and Communications  
16 Committee or their successors.

17 f. The State Auditor shall review bond issuances of the  
18 authority and report to the Joint Budget Oversight Committee and  
19 to the members of the Senate Budget and Appropriations  
20 Committee and the Assembly Appropriations Committee, or their  
21 successors, on the status of the bonds of the authority and projects  
22 financed from the proceeds of the bonds. The report shall include  
23 the investment status of all unexpended bond proceeds and provide  
24 a description of any bond issues expected during a fiscal year,  
25 including type of issue, estimated amount of bonds to be issued and  
26 the expected month of sale.

27 (cf: P.L.2006, c.3, s.4)

28

29 8. Section 6 of P.L.2006, c.3 (C.27:1B-22.2) is amended to  
30 read as follows:

31 6. There is hereby created in the Executive Branch of the State  
32 Government, a body corporate and politic, with corporate  
33 succession, to be known as the Financial Policy Review Board. For  
34 the purpose of complying with the provisions of Article V, Section  
35 IV, paragraph 1 of the New Jersey Constitution, the board is hereby  
36 allocated within the Department of Transportation, but,  
37 notwithstanding that allocation, the board shall be independent of  
38 any supervision or control by the department or by any body or  
39 officer thereof. The board is hereby constituted as an  
40 instrumentality of the State exercising public and essential  
41 governmental functions, and the exercise by the board of the powers  
42 conferred by this act shall be deemed and held to be an essential  
43 governmental function of the State.

44 The board shall be comprised of five public members with  
45 experience in transportation finance and policy. The Governor shall  
46 appoint three of the members with the advice and consent of the  
47 Senate. The remaining members shall be appointed by the  
48 Governor as follows: one upon the joint recommendation of the

1 President of the Senate and the Minority Leader of the Senate, and  
2 one upon the joint recommendation of the Speaker of the General  
3 Assembly and the Minority leader of the General Assembly. Each  
4 member shall serve for a four-year term and shall serve until the  
5 member's successor is appointed and qualified; provided, however,  
6 that in order to achieve non-concurrent terms, of the members first  
7 appointed pursuant to this section, two members appointed by the  
8 Governor shall serve for four years; while the two members  
9 appointed upon the joint recommendation of the President of the  
10 Senate and the Minority Leader of the Senate and upon the joint  
11 recommendation of the Speaker of the General Assembly and the  
12 Minority Leader of the General Assembly shall serve for three years  
13 each, and the remaining member appointed by the Governor shall  
14 serve for two years. The Financial Policy Review Board shall be  
15 deemed to be constituted immediately upon appointment and  
16 qualification in the manner provided in this section of at least three  
17 members.

18 The purpose of the board is to assure fiscal discipline through  
19 evaluating the financing of transportation and preparing an annual  
20 State of Condition of Transportation Financing certification. The  
21 certification shall ensure that the financing and expenditures of the  
22 New Jersey Transportation Trust Fund Authority (the "authority")  
23 adhere to **【certain standards. The standards are: a. The】** the  
24 bonding limitation as provided in subsection i. of section 9 of  
25 P.L.1984, c.73 (C.27:1B-9). **【b. For the fiscal year commencing**  
26 **July 1, 2007, the amount expended from the revenues and other**  
27 **funds of the authority for permitted maintenance shall not exceed**  
28 **the amount expended for permitted maintenance in the fiscal year**  
29 **commencing July 1, 2006. c. The total amount authorized to be**  
30 **appropriated from the revenues and other funds of the authority for**  
31 **project costs shall not exceed \$1,600,000,000 annually.】**

32 Commencing with the fiscal year beginning July 1, 2007, the  
33 board shall submit to the Governor, the Legislature, and the  
34 commissioner on an annual basis the State of Condition of  
35 Transportation Financing certification as to the requirements of  
36 **【subsection a. of】** this section referencing therein a certification  
37 with regard to **【subsections b. and c. of this section】** the bonding  
38 limitation as provided in subsection i. of section 9 of P.L.1984, c.73  
39 (C.27:1B-9) to the extent feasible, given the other provisions of this  
40 section. The certifications shall be based on the board's review of  
41 the State's fiscal year final expenditures from the preceding fiscal  
42 year, including bonding and expenditures from the annual  
43 independent audit of the authority, and the amount of authority  
44 funds programmed for permitted maintenance. If the **【capital**  
45 **program and its】** financing **【are】** is found to be in compliance, the  
46 first annual certification required by this paragraph shall be  
47 submitted by February 1, 2008, after the certification is concurred

1 with by the members of the authority, and by February 1 of each  
2 year thereafter. The board shall advise the commissioner and the  
3 authority on February 1, 2008 and on each succeeding February 1,  
4 if the board finds that the authority is not in compliance with the  
5 bonding requirements as provided in subsection a. of the section,  
6 and that a corrective action plan is needed. The authority shall  
7 submit a corrective action plan that would reduce its future bond  
8 sales to offset the amount of excess bonding or to reduce future debt  
9 service payments, or both, as the case may be. Upon approval of  
10 the corrective action plan by the board, the certification shall be  
11 issued with certain conditions. The Annual Transportation Capital  
12 Program submitted to the Legislature for the forthcoming year shall  
13 be in compliance with the provisions of the corrective action plan.  
14 If the board does not approve the corrective action plan, the  
15 authority shall submit a financial plan showing bonding only for  
16 existing projects, noting that no bonds shall be issued for new  
17 projects shown in the department's Annual Transportation Capital  
18 Program. The board shall advise the commissioner on February 1,  
19 2008 and on each succeeding February 1, if the board finds that the  
20 Department of Transportation has exceeded the [limitation for the  
21 amount of authority funds spent on permitted maintenance pursuant  
22 to subsection b. of this section, or for the] amount authorized to be  
23 appropriated for project costs [pursuant to subsection c. of this  
24 section] and that a corrective action plan is needed. The  
25 department shall submit a corrective action plan that would offset  
26 the excess amount spent, or the excess amount appropriated, in the  
27 prior year with less funding for permitted maintenance or for  
28 projects, as the case may be, in the proposed capital budget request.  
29 Upon approval of the corrective action plan by the board, a  
30 certification as to these matters shall be issued with certain  
31 conditions. The Annual Transportation Capital Program submitted  
32 to the Legislature for the forthcoming year shall be in compliance  
33 with the provisions of the corrective action plan. If the board does  
34 not approve the corrective action plan, the authority shall submit a  
35 financial plan showing bonding only for existing projects, noting  
36 that no bonds shall be issued for new projects shown in the  
37 department's Annual Transportation Capital Program.  
38 (cf: P.L.2006, c.3, s.6)

39

40 9. Section 23 of P.L.1984, c.73 (C.27:1B-23) is amended to  
41 read as follows:

42 23. In order to implement the arrangement provided for in the  
43 act, the treasurer, the commissioner and the authority are hereby  
44 authorized to enter into one or more contracts. The contracts shall  
45 commence with the fiscal year beginning July 1, 1984, and provide  
46 for the credit to the Transportation Trust Fund Account in the  
47 amounts provided for in section 20 of the act and for the payment to  
48 the authority of the amounts credited to the Transportation Trust

1 Fund Account in accordance with the provisions of section 20 of the  
2 act. The contracts shall also provide for the payment by the  
3 authority of the amounts provided for in section 21 of the act and  
4 for expenditures from the Special Transportation Fund, as provided  
5 in section 21 of the act. The contract or contracts shall be on terms  
6 and conditions as determined by the parties and may contain terms  
7 and conditions necessary and desirable to secure the bonds, notes  
8 and other obligations of the authority, provided, however, that the  
9 incurrence of any obligation by the State under the contract or  
10 contracts, including any payments to be made thereunder from the  
11 Transportation Trust Fund Account or the Special Transportation  
12 Fund, shall be subject to and dependent upon appropriations being  
13 made from time to time by the Legislature for the purposes of the  
14 act. Any contract providing for the payment of transportation  
15 program bonds and any agreements securing such transportation  
16 program bonds shall provide that such payment shall be made solely  
17 from revenues dedicated pursuant to the New Jersey Constitution,  
18 including Article VIII, Section II, paragraph 4, and deposited into  
19 the “Transportation Trust Fund Account – Subaccount for Debt  
20 Service for Transportation Program Bonds.”

21 (cf: P.L.1984, c.73, s.23)

22

23 10. Section 25 of P.L.1984, c.73 (C.27:1B-25) is amended to  
24 read as follows:

25 25. a. Notwithstanding the provisions of subtitle 4 of Title 27 of  
26 the Revised Statutes and P.L.1946, c.301 (C.27:15A-1 et seq.), the  
27 commissioner may, pursuant to appropriations or authorizations  
28 being made from time to time by the Legislature according to law,  
29 allocate to counties and municipalities funds for the planning,  
30 acquisition, engineering, construction, reconstruction, repair,  
31 resurfacing and rehabilitation of public highways and the planning,  
32 acquisition, engineering, construction, reconstruction, repair,  
33 maintenance and rehabilitation of public transportation projects and  
34 of other transportation projects which a county or municipality may  
35 be authorized by law to undertake. [In the case of a county or  
36 municipality for which an allocation has been made for the federal  
37 fiscal year beginning October 1, 1983, of an amount of federal aid  
38 for the federal aid urban system, as defined in 23 U.S.C. s.103, the  
39 amount of State aid allocated under this section in any fiscal year  
40 shall not be less than the amount of federal aid so allocated,  
41 together with the amount of matching funds required under federal  
42 law. No allocation shall be made to a county or municipality  
43 without certification by the commissioner: (1) that there exists with  
44 respect to that county or municipality a comprehensive plan, or  
45 plans, which he has approved, for the effective allocation,  
46 utilization and coordination of available federal and State  
47 transportation aid, and (2) that the county or municipality has  
48 agreed that State aid provided under this section is provided in lieu



1 mileage" means that road mileage under the jurisdiction of  
2 municipalities, as determined by the department.

3 d. There shall be appropriated at least \$175,000,000 for the  
4 fiscal year commencing July 1, 2006 and for each fiscal year  
5 thereafter, for the purposes provided herein and in subsections b., c.  
6 and e. of this section. (1) Of that appropriation, the commissioner  
7 shall allocate \$5,000,000.00 as State aid to any municipality  
8 qualifying for aid pursuant to the provisions of P.L.1978, c.14  
9 (C.52:27D-178 et seq.). The commissioner shall allocate the aid to  
10 each municipality in the same proportion that the municipality  
11 receives aid under P.L.1978, c.14. (2) The remaining amount of the  
12 appropriation shall be allocated pursuant to the provisions of  
13 subsection c. of this section.

14 e. The commissioner may, pursuant to appropriations or  
15 authorizations being made from time to time by the Legislature  
16 according to law, allocate additional funding to the Local County  
17 Aid Program for public highway projects, in accordance with a  
18 formula similar to that provided for in subsection c. of this section,  
19 except that Cm equals road mileage under county jurisdiction and  
20 Sm equals total county road mileage within the State.  
21 (cf: P.L.2006, c.3, s.7)

22  
23 11. Section 9 of P.L.1995, c.108 (C.27:1B-25.1) is amended to  
24 read as follows:

25 9. Aid to counties and municipalities administered by the  
26 department may, at the discretion of the commissioner, be disbursed  
27 to any individual county or municipality on a grant basis or on a  
28 cost reimbursement basis. Distribution of the portion of the grant  
29 provided initially to a county or municipality may be contingent on  
30 its performance in spending prior grants. Failure to award  
31 construction or other approved contracts for 100 percent of a  
32 county's allotment within three years of notification by the  
33 department of that year's allotment shall result in the allotment  
34 being immediately rescinded or the funds returned to the  
35 department, as applicable, or in the event such funds are not  
36 immediately returned, deducted by the department from future  
37 allocations of aid to such county. Any such funds may be  
38 reallocated by the commissioner on a grant basis or a cost  
39 reimbursement basis to such other counties or municipalities as the  
40 commissioner shall so determine. Failure to award construction or  
41 other approved contracts for 100 percent of a municipality's  
42 allotment within two years of notification by the department of that  
43 year's allotment shall result in that year's allocation being  
44 immediately rescinded. Any such funds may be reallocated by the  
45 commissioner on a grant basis or a cost reimbursement basis to such  
46 other counties or municipalities as the commissioner shall  
47 determine.

48 (cf: P.L.2006, c.3, s.8)

1       12. Section 23 of P.L.2000, c.73 (C.27:1B-21.28) is repealed.

2

3       13. This act shall take effect immediately.

4

5

6

STATEMENT

7

8       This bill amends the “New Jersey Transportation Trust Fund  
9 Authority Act of 1984” to make changes necessary to support the  
10 State’s Capital Transportation Program for Fiscal Years 2012  
11 through 2016.

12       P.L.2006, c.3 provided a sufficient level of bonding  
13 authorization for the Transportation Trust Fund Authority  
14 (“authority”) to support the State’s capital transportation program  
15 for Fiscal Years 2006 through 2012. This bill will provide  
16 additional authorization to support the capital transportation  
17 program through Fiscal Year 2016, including authorizing the  
18 authority to bond for a total of \$3,458.3 million.

19       The bill provides that the payment of debt service on all bonds  
20 issued after the effective date of the bill, to be known as  
21 transportation program bonds, refunding bonds issued to refund  
22 transportation program bonds, and any agreements securing such  
23 bonds will be funded solely from revenues dedicated pursuant to the  
24 New Jersey Constitution, including Article VIII, Section II,  
25 paragraph 4. Because these bonds will be supported solely by  
26 already constitutionally dedicated revenues, voter approval for the  
27 issuance of transportation program bonds is not required.

28       The bill also provides the authority with greater flexibility in  
29 issuing bonds by allowing up to 30% of the transportation program  
30 bonds that are permitted to be issued in a given fiscal year to be  
31 issued in a preceding fiscal year. The bonding authorization in any  
32 fiscal year in which a portion of bonds for that fiscal year have  
33 already been issued would be reduced by the bonds previously  
34 issued.

35       The bill would streamline the Joint Budget Oversight Committee  
36 (“JBOC”) review of authority bonding by no longer requiring JBOC  
37 approval for statutorily authorized bonding that is carried forward  
38 to subsequent fiscal years pursuant to P.L.2006, c.3. The JBOC  
39 approval process regarding the issuance of refunding bonds would  
40 be revised to increase the amount of time JBOC has to review a  
41 refunding bond proposal to 30 days. JBOC would be required to  
42 notify the authority in writing of its approval or disapproval of the  
43 issuance of such bonds within 30 days of the physical receipt of an  
44 authority report to JBOC on proposed refunding issuance. The bill  
45 further provides, that should JBOC not act within 30 days of the  
46 receipt of the report, the authority may proceed with the sale of the  
47 refunding bonds. The bill also provides that any debt service

1 savings achieved by issuing refunding bonds will not be limited to  
2 funding transportation projects.

3 The bill continues to authorize an annual transportation capital  
4 program at a level not to exceed \$1.6 billion through Fiscal Year  
5 2016. The bill provides that the authority will provide a level of  
6 funding for the annual capital program, as follows: Fiscal Year  
7 2013: \$1,247.0 million; Fiscal Year 2014: \$1,224.0 million; Fiscal  
8 Year 2015: \$1,225.0 million; and Fiscal Year 2016: \$1,247.0  
9 million. The balance of the annual capital program will be  
10 supported by the Port Authority of New York and New Jersey.

11 The bill adjusts the role of the Financial Policy Review Board  
12 (“board”), an independent oversight body comprised of five public  
13 members, to provide that the board shall focus solely on ensuring  
14 that the authority adheres to the bonding limitations set forth in the  
15 bill.

16 The bill makes a number of changes to the annual capital  
17 program to reflect recent experience and to provide clarity  
18 regarding the use of pay-as-you-go capital program funds. The bill  
19 substitutes an annual dollar limit on salary and overhead costs  
20 incurred by the Department of Transportation and the New Jersey  
21 Transit Corporation to \$208 million, an amount that exactly  
22 matches the value that was established historically by the pre-  
23 existing limit of 13 percent of the total capital program  
24 authorization. The bill amends the definition of permitted  
25 maintenance to provide that it includes tree trimming and related  
26 activities to address public safety concerns, but provides that tree  
27 trimming and related activities can be funded solely through the  
28 pay-as-you-go portion of the authority’s funding. The bill also  
29 eliminates the existing spending cap on permitted maintenance  
30 work.

31 The Local Aid portion of the annual capital program would be  
32 continued and would provide for the automatic return of Local Aid  
33 grant funds that are not spent within a three year period by counties  
34 and within a two year period by municipalities. Also, with regard  
35 to Local Aid, the bill eliminates an existing provision authorizing  
36 localities to swap federal allocations provided under the Federal  
37 Aid to Urban Systems (FAUS) program for authority funds because  
38 the FAUS program is no longer is existence.

# SENATE BUDGET AND APPROPRIATIONS COMMITTEE

## STATEMENT TO

### **SENATE, No. 2020**

with committee amendments

# **STATE OF NEW JERSEY**

DATED: JUNE 18, 2012

The Senate Budget and Appropriations Committee reports favorably and with committee amendments Senate Bill No. 2020.

As reported, this bill amends the “New Jersey Transportation Trust Fund Authority Act of 1984” to make changes necessary to support the State’s Capital Transportation Program for Fiscal Years 2012 through 2016.

P.L.2006, c.3 provided a sufficient level of bonding authorization for the Transportation Trust Fund Authority (“authority”) to support the State’s capital transportation program for Fiscal Years 2006 through 2012. This bill will provide additional authorization to support the transportation capital program through Fiscal Year 2016, including authorizing the authority to bond for a total of \$3,458.3 million.

The bill provides that the payment of debt service on all bonds issued after the effective date of the bill, to be known as transportation program bonds, refunding bonds issued to refund transportation program bonds, and any agreements securing such bonds will be funded solely from revenues dedicated pursuant to the New Jersey Constitution, including Article VIII, Section II, paragraph 4.

The bill also provides the authority with greater flexibility in issuing bonds by allowing up to 30% of the transportation program bonds that are permitted to be issued in a given fiscal year to be issued in a preceding fiscal year. The bonding authorization for any fiscal year in which a portion of bonds for that fiscal year has already been issued would be reduced by the amount of those previously issued bonds.

The bill extends spending flexibility to the Commissioner of Transportation by explicitly authorizing the appropriation of funds for permitted maintenance as a single item of appropriation and the allocation of those funds at the commissioner’s discretion

The bill would streamline the Joint Budget Oversight Committee (“JBOC”) review of authority bonding by no longer requiring JBOC approval for statutorily authorized bonding that is carried forward to subsequent fiscal years pursuant to P.L.2006, c.3.

The bill continues to authorize an annual transportation capital program at a level not to exceed \$1.6 billion through Fiscal Year 2016.

The bill provides that the authority will provide a level of funding for the annual capital program, as follows: Fiscal Year 2013: \$1,247.0 million; Fiscal Year 2014: \$1,224.0 million; Fiscal Year 2015: \$1,225.0 million; and Fiscal Year 2016: \$1,247.0 million. The balance of the annual capital program will be supported by the Port Authority of New York and New Jersey.

The Local Aid portion of the annual capital program would be continued and would provide for the automatic return of Local Aid grant funds that are not spent within a three year period by counties and within a two year period by municipalities. Also, with regard to Local Aid, the bill eliminates an existing provision authorizing localities to swap federal allocations provided under the Federal Aid to Urban Systems (FAUS) program for authority funds because the FAUS program is no longer in existence.

#### COMMITTEE AMENDMENTS:

The committee amended the bill to remove changes to the definition of permitted maintenance that would permit trimming, pruning, and removal of trees as a permitted maintenance activity.

To the provision permitting the use of up to 30% of the bonding authority for a given fiscal year in the preceding fiscal year, the committee added a restriction that any money collected through such “early” bond issuance may not be expended until the fiscal year from which the authorization of that issuance was taken.

The committee restored an existing statutory provision, proposed to be eliminated under this bill as introduced, providing a 10-day period for JBOC to review the authority’s proposed issuance of refunding bonds, and eliminated a provision allowing the authority to go forward with a refunding bond if JBOC has not taken action within 30 days.

The committee deleted language changing the current statutory limit on annual amount of authority revenues that can be spent on salary and overhead from 13% to \$208 million.

The committee has also removed various proposed changes to the responsibilities of the financial policy review board.

The committee deleted the section that repealed section 23 of chapter 73 of P.L.2000. This section establishes that debt service savings resulting from refunding bonds by the authority can only be used to fund transportation projects.

Finally, the committee amended section 5 of the bill to make a technical change to a statutory citation.

#### FISCAL IMPACT:

The Office of Legislative Services (OLS) estimates that:

This bill will permit \$4.943 billion in appropriations to the Transportation Trust Fund Authority (TTFA) in Fiscal Years 2013 through 2016. After including contributions by the Port Authority of New York and New Jersey, \$1.6 billion per year is authorized to be

appropriated for transportation projects in New Jersey. This amount is consistent with the amount from the previous renewal of the act.

In order to fund these appropriations, the bill also permits \$3,458.3 million in additional bonding over the next 4 years. At an assumed average interest rate of 5% with level annual debt service payments, this will result in \$3,291 million in interest expenses over the 30 year repayment period of these bonds and \$6,749 million in total debt service.

The State will realize an indeterminate revenue benefit from the infrastructure spending included in this bill as infrastructure spending generates additional jobs, and the purchasing of equipment and materials. There are also likely to be second order benefits derived from improvements to our transportation system that allow a more efficient movement of people and goods. The amount of these benefits that will be realized in the form of increased State revenue cannot be known at this time.

The total fiscal impact is the \$6,749 million in debt service costs, less an indeterminate amount of State revenues from the economic activity generated by transportation system spending.

# LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

## SENATE, No. 2020 STATE OF NEW JERSEY 215th LEGISLATURE

DATED: AUGUST 3, 2012

### SUMMARY

- Synopsis:** Revises “New Jersey Transportation Trust Fund Authority Act.”
- Type of Impact:** Increased State expenditure
- Agencies Affected:** Department of Transportation, New Jersey Transit, independent transportation authorities, and local governments

#### Office of Legislative Services Estimate

<b>Fiscal Impact</b>	<b><u>Years 1-34</u></b>
<b>State Revenue</b>	Indeterminate Increase – See comments below
<b>State Cost</b>	\$6.749 billion

- This bill permits \$4.943 billion in appropriations to the Transportation Trust Fund Authority (TTFA) in Fiscal Years 2013 through 2016. After including contributions by the Port Authority of New York and New Jersey, \$1.6 billion per year is authorized to be appropriated for transportation projects in New Jersey. This amount is consistent with the amount from the previous renewal of the act.
- In order to fund these appropriations, the bill also permits \$3.4583 billion in additional bonding over the next 4 years. At an assumed average interest rate of 5% with level annual debt service payments, this will result in \$3.291 billion in interest expenses over the 30 year repayment period of these bonds and \$6.749 billion in total debt service.
- The State will realize an indeterminate revenue benefit from the infrastructure spending included in this bill as infrastructure spending generates additional jobs, and the purchasing of equipment and materials. There are also likely to be second order benefits derived from improvements to our transportation system that allow a more efficient movement of people and goods. The amount of these benefits that will be realized in the form of increased State revenue cannot be known at this time.

## **BILL DESCRIPTION**

Senate Bill No. 2020 (1R) of 2012 amends the “New Jersey Transportation Trust Fund Authority Act of 1984” to make changes necessary to support the State’s Transportation Capital Program for Fiscal Years 2013 through 2016.

The bill provides authorization for an annual transportation capital program to be funded at a level equal to \$1.6 billion per year, including contributions from the Port Authority of New York and New Jersey of between \$353 million and \$376 million per year. The bill also provides added bonding authority of \$3,458.3 million over the four years of the plan.

The bill creates a distinction between debt issued by the authority in years prior to this bill (prior bonds) and debt issued by the authority subsequent to this bill (transportation program bonds). The bill mandates that transportation program bond debt service can only be paid from sources dedicated pursuant to the New Jersey Constitution.

The bill also provides the authority with the ability to utilize up to 30% of the bond authorization for a given year in the preceding year, reducing the bonding authorization in that given year; however the proceeds of bonds issued in this manner can only be expended in the original year in which the authorization was granted. The bill also modifies the Joint Budget Oversight Committee’s review powers by eliminating the need for committee approval for the use of carry forward bonding authority.

Finally, the bill requires that local aid dollars provided to counties be expended within three years, and funding provided to municipalities be expended within two years, or the funds will be subject to rescission and redistribution to other localities.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

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

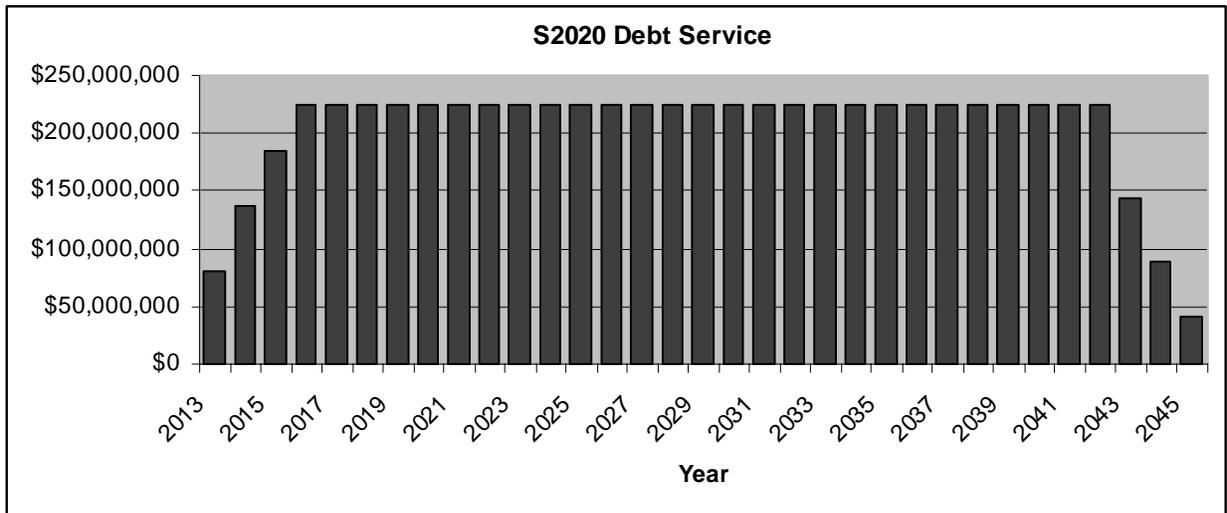
The Office of Legislative Services (OLS) estimates that this bill will have an overall cost to the State of \$6.749 billion in debt service payments to retire bonds issued by the Transportation Trust Fund Authority under this bill. This is the amount of principal and interest that will have to be paid on the \$3.4583 billion in new bonding authority granted. The total amount of interest that will have to be repaid by the State is \$3.291 billion. These costs will be incurred in annual amounts over the life of the bonds which would be at least 34 years (reflected in the OLS estimate) but potentially longer, depending upon the timing of bond sales.

The TTFA renewal bill maintains the size of the State portion of the annual transportation capital program through FY 2016 at a level equal to the \$1.6 billion that has been appropriated each year going back to FY 2007. The program permits an amount of bonding authority that starts at \$1.247 billion in FY 2013 and decreases to \$626.8 million in FY 2016. This gradual decrease results from the increase of “pay-as-you-go” funding or non-bonded amounts that are supported through current revenues. The level of this pay-as-you-go funding is assumed to increase over the period of the renewal from \$0 in FY 2013 to \$605.2 million in FY 2016.

In measuring the fiscal impact of this bill, OLS is not including the cost of the actual appropriation for the annual capital program. The Legislature already has unfettered authority to

appropriate funds for this purpose. What this bill does provide is the ability for the authority to issue additional bonds; thus the principal and interest expense of this bonding activity is included as the cost. It is possible that other events could occur such as a choice not to bond these amounts. In the event that this bonding authority is not used, an amount equivalent to the principal of the bond amounts not issued would be replaced by other sources or reallocated from other areas of the budget each year, or the amount of money appropriated for transportation capital projects would be reduced accordingly.

The OLS estimate assumes that over the four years of this program, the authority will issue bonds to the maximum extent permitted at an average annual interest rate of 5 percent. The interest rate is reflective of the current interest rate environment and the current bond rating of the authority, but could possibly be higher or lower. The estimate also assumes the bonds will be structured with level annual debt service payments, since the Executive branch has publicly stated a preference for that form of bonding. The debt service schedule under those conditions would be:



As an offset to these costs, the State will realize an indeterminate revenue benefit from the infrastructure spending included in this bill as infrastructure spending generates additional jobs, and the purchase of equipment and materials. There are also likely to be second order benefits derived from improvements to our transportation system that allow a more efficient movement of people and goods. The amount of these benefits that will be realized in the form of increased State revenue cannot be known at this time and will depend on factors such as the number of employees and materials sourced from within the State rather than outside of the State; the efficiency gains that can be realized from the improvements to the transportation system; and the nature of the improvements themselves, as transit improvements have generally been shown to have a greater economic multiplier effect than highway improvements.

*Section: Authorities, Utilities, Transportation and Communications*

*Analyst: Patrick Brennan  
Assistant Fiscal Analyst II*

*Approved: David J. Rosen  
Legislative Budget and Finance Officer*

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