

# 27:25-5

## LEGISLATIVE HISTORY CHECKLIST

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**LAWS OF:** 2004            **CHAPTER:** 1  
**NJSA:** 27:25-5            (Permits NJ Transit to establish wholly-owned insurance subsidiary)  
**BILL NO:** A2370            (Substituted for S1138)  
**SPONSOR(S):** Wisniewski and Bodine  
**DATE INTRODUCED:** February 19, 2004  
**COMMITTEE:**            **ASSEMBLY:** Transportation  
   **SENATE:** ----  
**AMENDED DURING PASSAGE:** Yes  
**DATE OF PASSAGE:**            **ASSEMBLY:** March 15, 2004  
   **SENATE:** March 22, 2004  
**DATE OF APPROVAL:** March 26, 2004

**FOLLOWING ARE ATTACHED IF AVAILABLE:**

[FINAL TEXT OF BILL](#) (1<sup>st</sup> reprint enacted)

(Amendments during

passage denoted by asterisks)

**A2370**

[SPONSOR'S STATEMENT:](#) (Begins on page 6 of original bill)            [Yes](#)

**COMMITTEE STATEMENT:**            [ASSEMBLY:](#)            [Yes](#)

**SENATE:**            No

**FLOOR AMENDMENT STATEMENT:**            No

**LEGISLATIVE FISCAL ESTIMATE:**            No

**S1138**

[SPONSOR'S STATEMENT:](#) (Begins on page 6 of original bill)            [Yes](#)

Bill and Sponsors Statement identical to A2370

**COMMITTEE STATEMENT:**            **ASSEMBLY:**            No

**SENATE:**            [Yes](#)  
Identical to Assembly Statement to A2370

**FLOOR AMENDMENT STATEMENT:**            No

**LEGISLATIVE FISCAL ESTIMATE:**            No

**VETO MESSAGE:**            No

**GOVERNOR'S PRESS RELEASE ON SIGNING:**            No

**FOLLOWING WERE PRINTED:**

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**REPORTS:**

No

**HEARINGS:**

No

**NEWSPAPER ARTICLES:**

No

P.L. 2004, CHAPTER 1, *approved March 26, 2004*  
Assembly, No. 2370 (*First Reprint*)

1 AN ACT concerning the New Jersey Transit Corporation and amending  
2 P.L.1979, c.150 <sup>1</sup>and P.L.1968, c.234<sup>1</sup>.

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

6  
7 1. Section 5 of P.L.1979, c.150 (C.27:25-5) is amended to read as  
8 follows:

9 5. In addition to the powers and duties conferred upon it elsewhere  
10 in this act, the corporation may do all acts necessary and reasonably  
11 incident to carrying out the objectives of this act, including but not in  
12 limitation thereof the following:

13 a. Sue and be sued;

14 b. Have an official seal and alter the same at pleasure;

15 c. Make and alter bylaws for its organization and internal  
16 management and for the conduct of its affairs and business;

17 d. Maintain an office at such place or places within the State as it  
18 may determine;

19 e. Adopt, amend and repeal such rules and regulations as it may  
20 deem necessary to effectuate the purposes of this act, which shall have  
21 the force and effect of law; it shall publish the same and file them in  
22 accordance with the "Administrative Procedure Act," P.L.1968, c.410  
23 (C.52:14B-1 et seq.) with the Director of the Office of Administrative  
24 Law;

25 f. Call to its assistance and avail itself of the service of such  
26 employees of any federal, State, county or municipal department or  
27 agency as it may require and as may be available to it for said purpose;

28 g. Apply for, accept and expend money from any federal, State,  
29 county or municipal agency or instrumentality and from any private  
30 source; comply with federal statutes, rules and regulations, and qualify  
31 for and receive all forms of financial assistance available under federal  
32 law to assure the continuance of, or for the support or improvement  
33 of public transportation and as may be necessary for that purpose to  
34 enter into agreements, including federally required labor protective  
35 agreements;

36 h. Plan, design, construct, equip, operate, improve and maintain,  
37 either directly or by contract with any public or private entity, public  
38 transportation services, capital equipment and facilities or any parts or  
39 functions thereof, and other transportation projects, or any parts or  
40 functions thereof, which may be funded under section 3 of the federal

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

**Matter underlined thus is new matter.**

**Matter enclosed in superscript numerals has been adopted as follows:**

<sup>1</sup> Assembly ATR committee amendments adopted February 19, 2004.

1 Urban Mass Transportation Act of 1964, Pub.L.88-365 (49 U.S.C.  
2 s.1602), or any successor or additional federal act having substantially  
3 the same or similar purposes or functions; the operation of the  
4 facilities of the corporation, by the corporation or any public or private  
5 entity, may include appropriate and reasonable limitations on  
6 competition in order that maximum service may be provided most  
7 efficiently to the public;

8 i. Apply for and accept, from appropriate regulatory bodies,  
9 authority to operate public transportation services where necessary;

10 j. Purchase, lease as lessee, or otherwise acquire, own, hold,  
11 improve, use and otherwise deal in and with real or personal property,  
12 or any interest therein, from any public or private entity, wherever  
13 situated;

14 k. Lease as lessor, sell or otherwise dispose of on terms which the  
15 corporation may prescribe, real and personal property, including  
16 tangible or intangible property and consumable goods, or any interest  
17 therein, to any public or private entity, in the exercise of its powers  
18 and the performance of its duties under this act. In order to provide  
19 or encourage adequate and efficient public transportation service, the  
20 corporation may lease or otherwise permit the use or occupancy of  
21 property without cost or at a nominal rental;

22 l. Restrict the rights of persons to enter upon or construct any  
23 works in or upon any property owned or leased by the corporation,  
24 except under such terms as the corporation may prescribe; perform or  
25 contract for the performance of all acts necessary for the management,  
26 maintenance and repair of real or personal property leased or  
27 otherwise used or occupied pursuant to this act;

28 m. Establish one or more operating divisions as deemed necessary.  
29 Upon the establishment of an operating division, there shall be  
30 established a geographically coincident advisory committee to be  
31 appointed by the Governor with the advice and consent of the Senate.  
32 The committee shall consist of county and municipal government  
33 representatives and concerned citizens, in the number and for such  
34 terms as may be fixed by the corporation, and shall advise the  
35 corporation as to the public transportation service provided in the  
36 operating division. At least two members of each advisory committee  
37 shall be public transportation riders, including but not limited to urban  
38 transit users and suburban commuters as appropriate. One public  
39 member from the board of the corporation shall serve as a liaison to  
40 each advisory committee;

41 n. Set and collect fares and determine levels of service for service  
42 provided by the corporation either directly or by contract including,  
43 but not limited to, such reduced fare programs as deemed appropriate  
44 by the corporation; revenues derived from such service may be  
45 collected by the corporation and shall be available to the corporation  
46 for use in furtherance of any of the purposes of this act;

- 1 o. Set and collect rentals, fees, charges or other payments from the  
2 lease, use, occupancy or disposition of properties owned or leased by  
3 the corporation; such revenues shall be available to the corporation for  
4 use in furtherance of any of the purposes of this act;
- 5 p. Deposit corporate revenues in interest bearing accounts or in the  
6 State of New Jersey Cash Management Fund established pursuant to  
7 section 1 of P.L.1977, c.281 (C.52:18A-90.4);
- 8 q. Delegate to subordinate officers of the corporation such powers  
9 and duties as the corporation shall deem necessary and proper to carry  
10 out the purposes of this act;
- 11 r. Procure and enter into contracts for any type of insurance and  
12 indemnify against loss or damage to property from any cause,  
13 including loss of use and occupancy, against death or injury of any  
14 person, against employees' liability, against any act of any member,  
15 officer, employee or servant of the corporation, whether part-time,  
16 full-time, compensated or noncompensated, in the performance of the  
17 duties of his office or employment or any other insurable risk. In  
18 addition, the corporation may carry its own liability insurance and may  
19 also establish and utilize a <sup>1</sup>[wholly owned]wholly-owned<sup>1</sup> insurance  
20 <sup>1</sup>[entity]<sup>1</sup> subsidiary or captive <sup>1</sup>provided the subsidiary or captive is  
21 domiciled in the United States in a state which is accredited by the  
22 National Association of Insurance Commissioners and which licenses  
23 and regulates wholly-owned insurance subsidiaries or captives<sup>1</sup> ;
- 24 s. Promote the use of public transportation services, coordinate  
25 ticket sales and passenger information and sell, lease or otherwise  
26 contract for advertising in or on the equipment or facilities of the  
27 corporation;
- 28 t. Adopt and maintain employee benefit programs for employees of  
29 the corporation including, but not limited to, pension, deferred  
30 compensation, medical disability, and death benefits, and which  
31 programs may utilize insurance contracts, trust funds, and any other  
32 appropriate means of providing the stipulated benefits, and may  
33 involve new plans or the continuation of plans previously established  
34 by entities acquired by the corporation;
- 35 u. Own, vote, and exercise all other rights incidental to the  
36 ownership of shares of the capital stock of any incorporated entity  
37 acquired by the corporation pursuant to the powers granted by this  
38 act;
- 39 v. Enter into any and all agreements or contracts, execute any and  
40 all instruments, and do and perform any and all acts or things  
41 necessary, convenient or desirable for the purposes of the corporation,  
42 or to carry out any power expressly or implicitly given in this act;
- 43 w. Notwithstanding the provisions of section 17 of P.L.1979, c.150  
44 (C.27:25-17) or any other law to the contrary, (1) issue operating  
45 grant anticipation notes which shall be secured and retired from  
46 operating assistance grants authorized under section 9 of the federal

1 Urban Mass Transportation Act of 1964, Pub.L.88-365 (49 U.S.C.  
2 s.1602), or any successor or additional federal act having substantially  
3 the same or similar purposes or functions and (2) issue capital grant  
4 anticipation notes which shall be secured and retired from capital  
5 assistance grants authorized under section 3 or section 9 of the federal  
6 Urban Mass Transportation Act of 1964, Pub.L.88-365 (49 U.S.C.  
7 s.1602), or any successor or additional federal act having substantially  
8 the same or similar purposes or functions. As used in this subsection,  
9 "operating grant anticipation notes" or "capital grant anticipation  
10 notes" (hereinafter referred to as "notes") means credit obligations  
11 issued in anticipation of these grants. The notes shall be authorized by  
12 a resolution or resolutions of the corporation, and may be issued in  
13 one or more series and shall bear the date, or dates, bear interest at the  
14 rate or rates of interest per annum, be in the denomination or  
15 denominations, be in the form, carry the conversion or registration  
16 privileges, have the rank or priority, be executed in such manner as the  
17 resolution or resolutions require. The notes may be sold at public or  
18 private sale at the price or prices and in the manner that the  
19 corporation determines. The notes of the corporation, the sale or  
20 transfer thereof, and the income derived therefrom by the purchasers  
21 of the notes, shall, at all times, be free from taxation for State or local  
22 purposes, under any law of the State or any political subdivision  
23 thereof. Notes may be issued under the provisions of P.L.1979, c.150  
24 (C.27:25-1 et seq.) without obtaining the consent of any department,  
25 division, commission, board, bureau or agency of the State, and  
26 without any other proceedings, conditions, or things which are  
27 specifically required by P.L.1979, c.150 (C.27:25-1 et seq.). The  
28 notes issued pursuant to P.L.1979, c.150 (C.27:25-1 et seq.) shall not  
29 in any way create or constitute any indebtedness, liability or obligation  
30 of the State or of any political subdivision thereof or of the  
31 corporation, except as provided herein.

32 The notes shall be payable solely from (1) note proceeds, to the  
33 extent not disbursed to the corporation, (2) grant payments if, as, and  
34 when received from the federal government, and (3) investment  
35 earnings on note proceeds, to the extent not disbursed to the  
36 corporation. Each note shall contain on its face a statement to the  
37 effect that the corporation is obligated to pay the principal thereof or  
38 the interest thereon only from these grants to the corporation and from  
39 the proceeds of the notes and investment earnings on the proceeds of  
40 the notes, to the extent not disbursed to the corporation, and that  
41 neither the faith and credit nor the taxing power of the State or of any  
42 political subdivision thereof or of the corporation is pledged to the  
43 payment of the principal and interest on these notes. Neither the  
44 members of the corporation's board nor any person executing the  
45 transactions are personally liable on those notes nor are they otherwise  
46 liable for their actions; and

1 x. Enter into agreements with a public or private entity or consortia  
2 thereof to provide for the development of demonstration projects  
3 through the use of public-private partnerships pursuant to sections 1  
4 through 9 of P.L.1997, c.136 (C.27:1D-1 through C.27:1D-9).  
5 (cf: P.L.1997, c.136, s.12)

6  
7 <sup>1</sup>2. Section 6 of P.L. 1968, c.234 (C.17:32-21) is amended to read  
8 as follows:

9 6. The provisions of this act shall not be construed to apply to:

10 (a) The investigation, settlement or litigation of claims under an  
11 policy of insurance of any kind lawful when written in this State, or  
12 liquidation of the assets and liabilities of an insurer (other than the  
13 collection of new premiums) resulting from the operations of an  
14 insurer within this State which were lawful when conducted;

15 (b) Transactions involving any policy of insurance of any kind,  
16 subsequent to the issuance thereof, covering only subjects of insurance  
17 not resident, located or expressly to be performed in this State at the  
18 time of issuance, and lawfully solicited, written and delivered outside  
19 this State;

20 (c) The continuation and servicing of life insurance or accident or  
21 health insurance policies or annuity contracts remaining in force as to  
22 residents of this State when the insurer has withdrawn from this State  
23 and is not collecting new premiums within or from this State;

24 (d) The lawful transaction of contracts of reinsurance by insurers

25 (e) Transactions involving group life insurance, group or blanket  
26 accident and health insurance, and group annuities where the master  
27 policy for such groups was lawfully issued and delivered in a State in  
28 which the insurer is duly admitted, and such policy conforms to the  
29 laws of the State in which it is delivered;

30 (f) Any life insurance company organized and operated without  
31 profit to any private shareholder or individual and exclusively for the  
32 purpose of aiding educational or scientific institutions organized and  
33 operated without profit to any private shareholder or individual, which  
34 issues residents of this State directly from its home office without  
35 agents, representatives or other field operations in this State, contracts  
36 of insurance and annuity contracts only to or for the benefit of such  
37 institutions and to individuals engaged in the service of such  
38 institutions; nor shall this subsection apply to any life, accident and  
39 health or annuity contracts issued by such life insurance company,  
40 provided that any such life insurance company shall: (1) furnish to the  
41 commissioner a copy of any policy or contract form issued to residents  
42 of this State; (2) furnish to the commissioner a copy of its annual  
43 statement prepared pursuant to the laws of the State of domicile of  
44 such life insurance company, as well as such other reports, documents  
45 and financial material as may be requested by the commissioner; and  
46 (3) designate the commissioner as its true and lawful attorney upon

1 whom may be served all lawful process in any action or proceeding  
2 against such life insurance company arising under any contract of  
3 insurance or annuity contract it has issued to, or which is held by, a  
4 resident of this State and process so served against such life insurance  
5 company shall have the same force and validity as if served upon said  
6 life insurance company; and provided further that the commissioner  
7 may, if in his judgment the interest of the public so requires,  
8 promulgate regulations affecting the contracts, investments, or other  
9 aspects of the operations of companies covered by this subparagraph  
10 (f), which shall be not more restrictive than the laws and regulations  
11 applicable to admitted life insurance companies;

12 (g) Insurance of vessels, crafts or hulls, cargoes, marine builder  
13 risks, marine protection and indemnity or other risks including strike  
14 and war risks commonly insured under ocean or wet marine forms of  
15 policy;

16 (h) Any wholly-owned insurance subsidiary or captive established  
17 by New Jersey Transit Corporation pursuant to subsection r. of section  
18 5 of P.L.1979, c.150 (C.27:25-5).<sup>1</sup>

19 (cf: P.L.1968,c.234,s.6)

20

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

22

23

24

25

26 \_\_\_\_\_  
26 Permits NJ Transit to establish wholly-owned insurance subsidiary or  
27 "captive."



# ASSEMBLY, No. 2370

## STATE OF NEW JERSEY 211th LEGISLATURE

INTRODUCED FEBRUARY 19, 2004

**Sponsored by:**

**Assemblyman JOHN S. WISNIEWSKI**

**District 19 (Middlesex)**

**Assemblyman FRANCIS L. BODINE**

**District 8 (Burlington)**

**SYNOPSIS**

Permits NJ Transit to establish wholly owned insurance entity, subsidiary or "captive."

**CURRENT VERSION OF TEXT**

As introduced.



A2370 WISNIEWSKI, BODINE

2

1 AN ACT concerning the New Jersey Transit Corporation and amending  
2 P.L.1979, c.150.

3

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

6

7 1. Section 5 of P.L.1979, c.150 (C.27:25-5) is amended to read as  
8 follows:

9 5. In addition to the powers and duties conferred upon it elsewhere  
10 in this act, the corporation may do all acts necessary and reasonably  
11 incident to carrying out the objectives of this act, including but not in  
12 limitation thereof the following:

13 a. Sue and be sued;

14 b. Have an official seal and alter the same at pleasure;

15 c. Make and alter bylaws for its organization and internal  
16 management and for the conduct of its affairs and business;

17 d. Maintain an office at such place or places within the State as it  
18 may determine;

19 e. Adopt, amend and repeal such rules and regulations as it may  
20 deem necessary to effectuate the purposes of this act, which shall have  
21 the force and effect of law; it shall publish the same and file them in  
22 accordance with the "Administrative Procedure Act," P.L.1968, c.410  
23 (C.52:14B-1 et seq.) with the Director of the Office of Administrative  
24 Law;

25 f. Call to its assistance and avail itself of the service of such  
26 employees of any federal, State, county or municipal department or  
27 agency as it may require and as may be available to it for said purpose;

28 g. Apply for, accept and expend money from any federal, State,  
29 county or municipal agency or instrumentality and from any private  
30 source; comply with federal statutes, rules and regulations, and qualify  
31 for and receive all forms of financial assistance available under federal  
32 law to assure the continuance of, or for the support or improvement  
33 of public transportation and as may be necessary for that purpose to  
34 enter into agreements, including federally required labor protective  
35 agreements;

36 h. Plan, design, construct, equip, operate, improve and maintain,  
37 either directly or by contract with any public or private entity, public  
38 transportation services, capital equipment and facilities or any parts or  
39 functions thereof, and other transportation projects, or any parts or  
40 functions thereof, which may be funded under section 3 of the federal  
41 Urban Mass Transportation Act of 1964, Pub.L.88-365 (49 U.S.C.  
42 s.1602), or any successor or additional federal act having substantially  
43 the same or similar purposes or functions; the operation of the

**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 facilities of the corporation, by the corporation or any public or private  
2 entity, may include appropriate and reasonable limitations on  
3 competition in order that maximum service may be provided most  
4 efficiently to the public;

5 i. Apply for and accept, from appropriate regulatory bodies,  
6 authority to operate public transportation services where necessary;

7 j. Purchase, lease as lessee, or otherwise acquire, own, hold,  
8 improve, use and otherwise deal in and with real or personal property,  
9 or any interest therein, from any public or private entity, wherever  
10 situated;

11 k. Lease as lessor, sell or otherwise dispose of on terms which the  
12 corporation may prescribe, real and personal property, including  
13 tangible or intangible property and consumable goods, or any interest  
14 therein, to any public or private entity, in the exercise of its powers  
15 and the performance of its duties under this act. In order to provide  
16 or encourage adequate and efficient public transportation service, the  
17 corporation may lease or otherwise permit the use or occupancy of  
18 property without cost or at a nominal rental;

19 l. Restrict the rights of persons to enter upon or construct any  
20 works in or upon any property owned or leased by the corporation,  
21 except under such terms as the corporation may prescribe; perform or  
22 contract for the performance of all acts necessary for the management,  
23 maintenance and repair of real or personal property leased or  
24 otherwise used or occupied pursuant to this act;

25 m. Establish one or more operating divisions as deemed necessary.  
26 Upon the establishment of an operating division, there shall be  
27 established a geographically coincident advisory committee to be  
28 appointed by the Governor with the advice and consent of the Senate.  
29 The committee shall consist of county and municipal government  
30 representatives and concerned citizens, in the number and for such  
31 terms as may be fixed by the corporation, and shall advise the  
32 corporation as to the public transportation service provided in the  
33 operating division. At least two members of each advisory committee  
34 shall be public transportation riders, including but not limited to urban  
35 transit users and suburban commuters as appropriate. One public  
36 member from the board of the corporation shall serve as a liaison to  
37 each advisory committee;

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42 collected by the corporation and shall be available to the corporation  
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44 o. Set and collect rentals, fees, charges or other payments from the  
45 lease, use, occupancy or disposition of properties owned or leased by  
46 the corporation; such revenues shall be available to the corporation for

- 1 use in furtherance of any of the purposes of this act;
- 2 p. Deposit corporate revenues in interest bearing accounts or in the  
3 State of New Jersey Cash Management Fund established pursuant to  
4 section 1 of P.L.1977, c.281 (C.52:18A-90.4);
- 5 q. Delegate to subordinate officers of the corporation such powers  
6 and duties as the corporation shall deem necessary and proper to carry  
7 out the purposes of this act;
- 8 r. Procure and enter into contracts for any type of insurance and  
9 indemnify against loss or damage to property from any cause,  
10 including loss of use and occupancy, against death or injury of any  
11 person, against employees' liability, against any act of any member,  
12 officer, employee or servant of the corporation, whether part-time,  
13 full-time, compensated or noncompensated, in the performance of the  
14 duties of his office or employment or any other insurable risk. In  
15 addition, the corporation may carry its own liability insurance and may  
16 also establish and utilize a wholly owned insurance entity, subsidiary  
17 or captive;
- 18 s. Promote the use of public transportation services, coordinate  
19 ticket sales and passenger information and sell, lease or otherwise  
20 contract for advertising in or on the equipment or facilities of the  
21 corporation;
- 22 t. Adopt and maintain employee benefit programs for employees of  
23 the corporation including, but not limited to, pension, deferred  
24 compensation, medical disability, and death benefits, and which  
25 programs may utilize insurance contracts, trust funds, and any other  
26 appropriate means of providing the stipulated benefits, and may  
27 involve new plans or the continuation of plans previously established  
28 by entities acquired by the corporation;
- 29 u. Own, vote, and exercise all other rights incidental to the  
30 ownership of shares of the capital stock of any incorporated entity  
31 acquired by the corporation pursuant to the powers granted by this  
32 act;
- 33 v. Enter into any and all agreements or contracts, execute any and  
34 all instruments, and do and perform any and all acts or things  
35 necessary, convenient or desirable for the purposes of the corporation,  
36 or to carry out any power expressly or implicitly given in this act;
- 37 w. Notwithstanding the provisions of section 17 of P.L.1979, c.150  
38 (C.27:25-17) or any other law to the contrary, (1) issue operating  
39 grant anticipation notes which shall be secured and retired from  
40 operating assistance grants authorized under section 9 of the federal  
41 Urban Mass Transportation Act of 1964, Pub.L.88-365 (49 U.S.C.  
42 s.1602), or any successor or additional federal act having substantially  
43 the same or similar purposes or functions and (2) issue capital grant  
44 anticipation notes which shall be secured and retired from capital  
45 assistance grants authorized under section 3 or section 9 of the federal  
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1 s.1602), or any successor or additional federal act having substantially  
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4 notes" (hereinafter referred to as "notes") means credit obligations  
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11 resolution or resolutions require. The notes may be sold at public or  
12 private sale at the price or prices and in the manner that the  
13 corporation determines. The notes of the corporation, the sale or  
14 transfer thereof, and the income derived therefrom by the purchasers  
15 of the notes, shall, at all times, be free from taxation for State or local  
16 purposes, under any law of the State or any political subdivision  
17 thereof. Notes may be issued under the provisions of P.L.1979, c.150  
18 (C.27:25-1 et seq.) without obtaining the consent of any department,  
19 division, commission, board, bureau or agency of the State, and  
20 without any other proceedings, conditions, or things which are  
21 specifically required by P.L.1979, c.150 (C.27:25-1 et seq.). The  
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26 The notes shall be payable solely from (1) note proceeds, to the  
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31 effect that the corporation is obligated to pay the principal thereof or  
32 the interest thereon only from these grants to the corporation and from  
33 the proceeds of the notes and investment earnings on the proceeds of  
34 the notes, to the extent not disbursed to the corporation, and that  
35 neither the faith and credit nor the taxing power of the State or of any  
36 political subdivision thereof or of the corporation is pledged to the  
37 payment of the principal and interest on these notes. Neither the  
38 members of the corporation's board nor any person executing the  
39 transactions are personally liable on those notes nor are they otherwise  
40 liable for their actions; and

41 x. Enter into agreements with a public or private entity or consortia  
42 thereof to provide for the development of demonstration projects  
43 through the use of public-private partnerships pursuant to sections 1  
44 through 9 of P.L.1997,c.136 (C.27:1D-1 through C.27:1D-9).  
45 (cf: P.L.1997, c.136, s.12)

1       2. This act shall take effect immediately.

2

3

4

STATEMENT

5

6       This bill permits the New Jersey Transit Corporation to establish  
7 and utilize a wholly owned insurance entity, subsidiary or captive. It  
8 may also continue to carry its own liability insurance.

# ASSEMBLY TRANSPORTATION COMMITTEE

## STATEMENT TO

### **ASSEMBLY, No. 2370**

with committee amendments

# **STATE OF NEW JERSEY**

DATED: FEBRUARY 19, 2004

The Assembly Transportation Committee reports favorably and with committee amendments Assembly Bill No. 2370.

This amended bill permits the New Jersey Transit Corporation to establish and utilize a wholly-owned insurance subsidiary or captive provided the subsidiary or captive is domiciled in the United States in a state which is accredited by the National Association of Insurance Commissioners and which licenses and regulates wholly-owned insurance subsidiaries or captives.

The bill adds any wholly-owned insurance subsidiary or captive established by New Jersey Transit pursuant to this bill to the list of insurance matters which are exempted from the provisions of P.L.1968, c.234 (C.17:32-16 et seq.).

#### COMMITTEE AMENDMENTS

The amendments by the Committee add the provisions that any subsidiary or captive created pursuant to the bill must be domiciled in the United States in a state which is accredited by the National Association of Insurance Commissioners and which licenses and regulates wholly-owned insurance subsidiaries or captives.

The amendments also add any wholly-owned insurance subsidiary or captive established by New Jersey Transit pursuant to this bill to the list of insurance matters which are exempted from the provisions of P.L.1968, c.234.

**SENATE, No. 1138**

**STATE OF NEW JERSEY**  
**211th LEGISLATURE**

INTRODUCED FEBRUARY 23, 2004

**Sponsored by:**

**Senator NICHOLAS J. SACCO**  
**District 32 (Bergen and Hudson)**

**SYNOPSIS**

Permits NJ Transit to establish wholly owned insurance entity, subsidiary or "captive."

**CURRENT VERSION OF TEXT**

As introduced.





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2

1 AN ACT concerning the New Jersey Transit Corporation and amending  
2 P.L.1979, c.150.

3

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

6

7 1. Section 5 of P.L.1979, c.150 (C.27:25-5) is amended to read as  
8 follows:

9 5. In addition to the powers and duties conferred upon it elsewhere  
10 in this act, the corporation may do all acts necessary and reasonably  
11 incident to carrying out the objectives of this act, including but not in  
12 limitation thereof the following:

13 a. Sue and be sued;

14 b. Have an official seal and alter the same at pleasure;

15 c. Make and alter bylaws for its organization and internal  
16 management and for the conduct of its affairs and business;

17 d. Maintain an office at such place or places within the State as it  
18 may determine;

19 e. Adopt, amend and repeal such rules and regulations as it may  
20 deem necessary to effectuate the purposes of this act, which shall have  
21 the force and effect of law; it shall publish the same and file them in  
22 accordance with the "Administrative Procedure Act," P.L.1968, c.410  
23 (C.52:14B-1 et seq.) with the Director of the Office of Administrative  
24 Law;

25 f. Call to its assistance and avail itself of the service of such  
26 employees of any federal, State, county or municipal department or  
27 agency as it may require and as may be available to it for said purpose;

28 g. Apply for, accept and expend money from any federal, State,  
29 county or municipal agency or instrumentality and from any private  
30 source; comply with federal statutes, rules and regulations, and qualify  
31 for and receive all forms of financial assistance available under federal  
32 law to assure the continuance of, or for the support or improvement  
33 of public transportation and as may be necessary for that purpose to  
34 enter into agreements, including federally required labor protective  
35 agreements;

36 h. Plan, design, construct, equip, operate, improve and maintain,  
37 either directly or by contract with any public or private entity, public  
38 transportation services, capital equipment and facilities or any parts or  
39 functions thereof, and other transportation projects, or any parts or  
40 functions thereof, which may be funded under section 3 of the federal  
41 Urban Mass Transportation Act of 1964, Pub.L.88-365 (49 U.S.C.  
42 s.1602), or any successor or additional federal act having substantially  
43 the same or similar purposes or functions; the operation of the

**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.**

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- 1 facilities of the corporation, by the corporation or any public or private  
2 entity, may include appropriate and reasonable limitations on  
3 competition in order that maximum service may be provided most  
4 efficiently to the public;
- 5 i. Apply for and accept, from appropriate regulatory bodies,  
6 authority to operate public transportation services where necessary;
- 7 j. Purchase, lease as lessee, or otherwise acquire, own, hold,  
8 improve, use and otherwise deal in and with real or personal property,  
9 or any interest therein, from any public or private entity, wherever  
10 situated;
- 11 k. Lease as lessor, sell or otherwise dispose of on terms which the  
12 corporation may prescribe, real and personal property, including  
13 tangible or intangible property and consumable goods, or any interest  
14 therein, to any public or private entity, in the exercise of its powers  
15 and the performance of its duties under this act. In order to provide  
16 or encourage adequate and efficient public transportation service, the  
17 corporation may lease or otherwise permit the use or occupancy of  
18 property without cost or at a nominal rental;
- 19 l. Restrict the rights of persons to enter upon or construct any  
20 works in or upon any property owned or leased by the corporation,  
21 except under such terms as the corporation may prescribe; perform or  
22 contract for the performance of all acts necessary for the management,  
23 maintenance and repair of real or personal property leased or  
24 otherwise used or occupied pursuant to this act;
- 25 m. Establish one or more operating divisions as deemed necessary.  
26 Upon the establishment of an operating division, there shall be  
27 established a geographically coincident advisory committee to be  
28 appointed by the Governor with the advice and consent of the Senate.  
29 The committee shall consist of county and municipal government  
30 representatives and concerned citizens, in the number and for such  
31 terms as may be fixed by the corporation, and shall advise the  
32 corporation as to the public transportation service provided in the  
33 operating division. At least two members of each advisory committee  
34 shall be public transportation riders, including but not limited to urban  
35 transit users and suburban commuters as appropriate. One public  
36 member from the board of the corporation shall serve as a liaison to  
37 each advisory committee;
- 38 n. Set and collect fares and determine levels of service for service  
39 provided by the corporation either directly or by contract including,  
40 but not limited to, such reduced fare programs as deemed appropriate  
41 by the corporation; revenues derived from such service may be  
42 collected by the corporation and shall be available to the corporation  
43 for use in furtherance of any of the purposes of this act;
- 44 o. Set and collect rentals, fees, charges or other payments from the  
45 lease, use, occupancy or disposition of properties owned or leased by  
46 the corporation; such revenues shall be available to the corporation for

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- 1 use in furtherance of any of the purposes of this act;
- 2 p. Deposit corporate revenues in interest bearing accounts or in the  
3 State of New Jersey Cash Management Fund established pursuant to  
4 section 1 of P.L.1977, c.281 (C.52:18A-90.4);
- 5 q. Delegate to subordinate officers of the corporation such powers  
6 and duties as the corporation shall deem necessary and proper to carry  
7 out the purposes of this act;
- 8 r. Procure and enter into contracts for any type of insurance and  
9 indemnify against loss or damage to property from any cause,  
10 including loss of use and occupancy, against death or injury of any  
11 person, against employees' liability, against any act of any member,  
12 officer, employee or servant of the corporation, whether part-time,  
13 full-time, compensated or noncompensated, in the performance of the  
14 duties of his office or employment or any other insurable risk. In  
15 addition, the corporation may carry its own liability insurance and may  
16 also establish and utilize a wholly owned insurance entity, subsidiary  
17 or captive;
- 18 s. Promote the use of public transportation services, coordinate  
19 ticket sales and passenger information and sell, lease or otherwise  
20 contract for advertising in or on the equipment or facilities of the  
21 corporation;
- 22 t. Adopt and maintain employee benefit programs for employees of  
23 the corporation including, but not limited to, pension, deferred  
24 compensation, medical disability, and death benefits, and which  
25 programs may utilize insurance contracts, trust funds, and any other  
26 appropriate means of providing the stipulated benefits, and may  
27 involve new plans or the continuation of plans previously established  
28 by entities acquired by the corporation;
- 29 u. Own, vote, and exercise all other rights incidental to the  
30 ownership of shares of the capital stock of any incorporated entity  
31 acquired by the corporation pursuant to the powers granted by this  
32 act;
- 33 v. Enter into any and all agreements or contracts, execute any and  
34 all instruments, and do and perform any and all acts or things  
35 necessary, convenient or desirable for the purposes of the corporation,  
36 or to carry out any power expressly or implicitly given in this act;
- 37 w. Notwithstanding the provisions of section 17 of P.L.1979, c.150  
38 (C.27:25-17) or any other law to the contrary, (1) issue operating  
39 grant anticipation notes which shall be secured and retired from  
40 operating assistance grants authorized under section 9 of the federal  
41 Urban Mass Transportation Act of 1964, Pub.L.88-365 (49 U.S.C.  
42 s.1602), or any successor or additional federal act having substantially  
43 the same or similar purposes or functions and (2) issue capital grant  
44 anticipation notes which shall be secured and retired from capital  
45 assistance grants authorized under section 3 or section 9 of the federal  
46 Urban Mass Transportation Act of 1964, Pub.L.88-365 (49 U.S.C.

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1 s.1602), or any successor or additional federal act having substantially  
2 the same or similar purposes or functions. As used in this subsection,  
3 "operating grant anticipation notes" or "capital grant anticipation  
4 notes" (hereinafter referred to as "notes") means credit obligations  
5 issued in anticipation of these grants. The notes shall be authorized by  
6 a resolution or resolutions of the corporation, and may be issued in  
7 one or more series and shall bear the date, or dates, bear interest at the  
8 rate or rates of interest per annum, be in the denomination or  
9 denominations, be in the form, carry the conversion or registration  
10 privileges, have the rank or priority, be executed in such manner as the  
11 resolution or resolutions require. The notes may be sold at public or  
12 private sale at the price or prices and in the manner that the  
13 corporation determines. The notes of the corporation, the sale or  
14 transfer thereof, and the income derived therefrom by the purchasers  
15 of the notes, shall, at all times, be free from taxation for State or local  
16 purposes, under any law of the State or any political subdivision  
17 thereof. Notes may be issued under the provisions of P.L.1979, c.150  
18 (C.27:25-1 et seq.) without obtaining the consent of any department,  
19 division, commission, board, bureau or agency of the State, and  
20 without any other proceedings, conditions, or things which are  
21 specifically required by P.L.1979, c.150 (C.27:25-1 et seq.). The  
22 notes issued pursuant to P.L.1979, c.150 (C.27:25-1 et seq.) shall not  
23 in any way create or constitute any indebtedness, liability or obligation  
24 of the State or of any political subdivision thereof or of the  
25 corporation, except as provided herein.

26 The notes shall be payable solely from (1) note proceeds, to the  
27 extent not disbursed to the corporation, (2) grant payments if, as, and  
28 when received from the federal government, and (3) investment  
29 earnings on note proceeds, to the extent not disbursed to the  
30 corporation. Each note shall contain on its face a statement to the  
31 effect that the corporation is obligated to pay the principal thereof or  
32 the interest thereon only from these grants to the corporation and from  
33 the proceeds of the notes and investment earnings on the proceeds of  
34 the notes, to the extent not disbursed to the corporation, and that  
35 neither the faith and credit nor the taxing power of the State or of any  
36 political subdivision thereof or of the corporation is pledged to the  
37 payment of the principal and interest on these notes. Neither the  
38 members of the corporation's board nor any person executing the  
39 transactions are personally liable on those notes nor are they otherwise  
40 liable for their actions; and

41 x. Enter into agreements with a public or private entity or consortia  
42 thereof to provide for the development of demonstration projects  
43 through the use of public-private partnerships pursuant to sections 1  
44 through 9 of P.L.1997,c.136 (C.27:1D-1 through C.27:1D-9).  
45 (cf: P.L.1997, c.136, s.12)

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1       2. This act shall take effect immediately.

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**STATEMENT**

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6       This bill permits the New Jersey Transit Corporation to establish

7 and utilize a wholly owned insurance entity, subsidiary or captive. It

8 may also continue to carry its own liability insurance.

# SENATE TRANSPORTATION COMMITTEE

## STATEMENT TO

### **SENATE, No. 1138**

with committee amendments

# **STATE OF NEW JERSEY**

DATED: FEBRUARY 24, 2004

The Senate Transportation Committee reports favorably and with amendments Senate Bill No. 1138.

This amended bill permits the New Jersey Transit Corporation to establish and utilize a wholly-owned insurance subsidiary or captive provided the subsidiary or captive is domiciled in the United States in a state which is accredited by the National Association of Insurance Commissioners and which licenses and regulates wholly-owned insurance subsidiaries or captives.

The bill adds any wholly-owned insurance subsidiary or captive established by New Jersey Transit pursuant to this bill to the list of insurance matters which are exempted from the provisions of P.L. 1968, c.234 (C.17:32-16 et seq.).

#### COMMITTEE AMENDMENTS

The amendments by the Committee add the provisions that any subsidiary or captive created pursuant to the bill must be domiciled in the United States in a state which is accredited by the National Association of Insurance Commissioners and which licenses and regulates wholly-owned insurance subsidiaries or captives.

The amendments also add any wholly-owned insurance subsidiary or captive established by New Jersey Transit pursuant to this bill to the list of insurance matters which are exempted from the provisions of P.L.1968, c.234.

With these amendments, the bill is identical to A-2370(1R).