

27:1B-22.2

LEGISLATIVE HISTORY CHECKLIST

Compiled by the NJ State Law Library

LAWS OF: 2006 **CHAPTER:** 3

NJSA: 27:1B-22.2 (Changes various provisions of "New Jersey Transportation Trust Fund Authority Act")

BILL NO: A2813 (Substituted for S1470)

SPONSOR(S) Wisniewski and others

DATE INTRODUCED: March 6, 2006

COMMITTEE: **ASSEMBLY:** Transportation and Public Works; Appropriations

SENATE:

AMENDED DURING PASSAGE: Yes

DATE OF PASSAGE: **ASSEMBLY:** March 16, 2006

SENATE: March 20, 2006

DATE OF APPROVAL: March 23, 2006

FOLLOWING ARE ATTACHED IF AVAILABLE:

[FINAL TEXT OF BILL](#) (2nd reprint enacted)

A2813

[SPONSOR'S STATEMENT:](#) (Begins on page 19 of original bill) [Yes](#)

COMMITTEE STATEMENT: **ASSEMBLY:** Yes [3-9-2006 \(Transport.\)](#)
 [3-13-2006 \(App\)](#)

SENATE: No

FLOOR AMENDMENT STATEMENT: No

[LEGISLATIVE FISCAL ESTIMATE:](#) [Yes](#)

S1470

[SPONSOR'S STATEMENT:](#) (Begins on page 13 of original bill) [Yes](#)

COMMITTEE STATEMENT: **ASSEMBLY:** No

[SENATE:](#) [Yes](#)

[FLOOR AMENDMENT STATEMENT:](#) [Yes](#)

[LEGISLATIVE FISCAL ESTIMATE:](#) [Yes](#)

(continued)

VETO MESSAGE: No

GOVERNOR'S PRESS RELEASE ON SIGNING: No

FOLLOWING WERE PRINTED:

To check for circulating copies, contact New Jersey State Government Publications at the State Library [\(609\) 278-2640 ext. 145](tel:6092782640) or <mailto:refdesk@njstatelib.org>

REPORTS: No

HEARINGS: No

NEWSPAPER ARTICLES: Yes

"Corzine signs \$8B transit measure," 3-24-2006 Star Ledger, p. 26

"Corzine's bailout of transportation fund becomes law," 3-24-2006 Philadelphia Inquirer, p. B06

"Governor approves borrowing to save transit fund," 3-24-2006 The Record, p. A03

LAW

§6 - .
C.27:1B-22.2
§9 - C.27:1B-22.3
§10 - Repealer

[CORRECTED COPY]
P.L. 2006, CHAPTER 3, *approved March 23, 2006*
Assembly, No. 2813 (*Second Reprint*)

1 **AN ACT** concerning the New Jersey Transportation Trust Fund
2 Authority and amending and supplementing P.L.1984, c.73 and
3 amending P.L.1987, c.460.

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

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

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

30 b. Except as may be otherwise expressly provided in the act or
31 by the authority, every issue of bonds or notes shall be general
32 obligations payable out of any revenues or funds of the authority,
33 subject only to any agreements with the holders of particular bonds
34 or notes pledging any particular revenues or funds. The authority
35 may provide the security and payment provisions for its bonds or
36 notes as it may determine, including (without limiting the generality
37 of the foregoing) bonds or notes as to which the principal and
38 interest are payable from and secured by all or any portion of the of

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:

¹Assembly ATR committee amendments adopted March 9, 2006.

²Assembly AAP committee amendments adopted March 13, 2006.

1 payments to the authority, and other moneys or funds as the
2 authority shall determine. In addition, the authority may, in
3 anticipation of the issuance of the bonds or the receipt of
4 appropriations, grants, reimbursements or other funds, including
5 without limitation grants from the federal government for federal
6 aid highways or public transportation systems, issue notes, the
7 principal of or interest on which, or both, shall be payable out of the
8 proceeds of notes, bonds or other obligations of the authority or
9 appropriations, grants, reimbursements or other funds or revenues
10 of the authority. The authority may also enter into bank loan
11 agreements, lines of credit and other security agreements as
12 authorized pursuant to subsection h. of section 6 of P.L.1984, c.73
13 (C.27:1B-6) and obtain for or on its behalf letters of credit in each
14 case for the purpose of securing its bonds, notes or other obligations
15 or to provide direct payment of any costs which the authority is
16 authorized to pay by this act and to secure repayment of any
17 borrowings under the loan agreement, line of credit, letter of credit
18 or other security agreement by its bonds, notes or other obligations
19 or the proceeds thereof or by any or all of the revenues of and
20 payments to the authority or by any appropriation, grant or
21 reimbursement to be received by the authority and other moneys or
22 funds as the authority shall determine.

23 c. Whether or not the bonds and notes are of the form and
24 character as to be negotiable instruments under the terms of Title
25 12A, Commercial Transactions, New Jersey Statutes, the bonds and
26 notes are hereby made negotiable instruments within the meaning of
27 and for all the purposes of said Title 12A.

28 d. Bonds or notes of the authority shall be authorized by a
29 resolution or resolutions of the authority and may be issued in one
30 or more series and shall bear the date, or dates, mature at the time
31 or times, bear interest at the rate or rates of interest per annum, be
32 in the denomination or denominations, be in the form, carry the
33 conversion or registration privileges, have the rank or priority, be
34 executed in the manner, be payable from the sources, in the medium
35 of payment, at the place or places within or without the State, and
36 be subject to the terms of redemption (with or without premium) as
37 the resolution or resolutions may provide. Bonds or notes may be
38 further secured by a trust indenture between the authority and a
39 corporate trustee within or without the State. All other obligations
40 of the authority shall be authorized by resolution containing terms
41 and conditions as the authority shall determine.

42 e. Bonds, notes or other obligations of the authority may be sold
43 at public or private sale at a price or prices and in a manner as the
44 authority shall determine, either on a negotiated or on a competitive
45 basis. Every bond, or refunding bond, issued on or after [the
46 effective date of P.L.1995, c.108 (C.27:1B-25.1 et al.)] the
47 effective date of P.L. , c. (C.) (pending before the Legislature
48 as this bill) shall mature and be paid no later than [21] 31 years
49 from the date of the issuance of that bond or refunding bond.

1 f. Bonds or notes may be issued and other obligations incurred
2 under the provisions of the act without obtaining the consent of any
3 department, division, commission, board, bureau or agency of the
4 State, other than the approval as required by subsection a. of this
5 section, and without any other proceedings or the happening of any
6 other conditions or other things than those proceedings, conditions
7 or things which are specifically required by the act.

8 g. Bonds, notes and other obligations of the authority issued or
9 incurred under the provisions of the act shall not be in any way a
10 debt or liability of the State or of any political subdivision thereof
11 other than the authority and shall not create or constitute any
12 indebtedness, liability or obligation of the State or of any political
13 subdivision or be or constitute a pledge of the faith and credit of the
14 State or of any political subdivision but all bonds, notes and
15 obligations, unless funded or refunded by bonds, notes or other
16 obligations of the authority, shall be payable solely from revenues
17 or funds pledged or available for their payment as authorized in the
18 act. Each bond, note or other obligation shall contain on its face a
19 statement to the effect that the authority is obligated to pay the
20 principal thereof or the interest thereon only from revenues or funds
21 of the authority and that neither the State nor any political
22 subdivision thereof is obligated to pay the principal or interest and
23 that neither the faith and credit nor the taxing power of the State or
24 any political subdivision thereof is pledged to the payment of the
25 principal of or the interest on the bonds, notes or other obligations.
26 For the purposes of this subsection, political subdivision does not
27 include the authority.

28 h. All expenses incurred in carrying out the provisions of the act
29 shall be payable solely from the revenues or funds provided or to be
30 provided under or pursuant to the provisions of the act and nothing
31 in the act shall be construed to authorize the authority to incur any
32 indebtedness or liability on behalf of or payable by the State or any
33 political subdivision thereof.

34 i. The authority shall minimize debt incurrence by first relying
35 on appropriations and other revenues available to the authority
36 before incurring debt secured by State revenues to meet its statutory
37 purposes. Commencing **【**on the 90th day following the date of
38 enactment of this 1995 amendatory and supplementary act**】** with the
39 fiscal year beginning July 1, 1995 and ending within the fiscal year
40 beginning July 1, 2005, the authority shall not incur debt in any
41 fiscal year in excess of \$650,000,000, except that if that permitted
42 amount of debt, or any portion thereof, is not incurred in a fiscal
43 year it may be incurred in a subsequent fiscal year. Commencing
44 with the fiscal year beginning July 1, 2006 and ending with the
45 fiscal year beginning on July 1, 2010, the authority shall not incur
46 debt for any fiscal year in excess of \$1,600,000,000, reduced in
47 each of those fiscal years by the amount by which the appropriation
48 of State funds to the Transportation Trust Fund Account for that
49 fiscal year shall exceed \$895,000,000; provided, however, that if a

1 portion of that permitted amount of debt, less any reduction as
2 provided above, is not incurred in a fiscal year, an amount not
3 greater than the unused portion may be incurred in a subsequent
4 fiscal year in addition to the amount otherwise permitted subject to
5 the approval of the Joint Budget Oversight Committee. Debt
6 permitted for the fiscal year beginning July 1, 2006 may be incurred
7 prior to July 1, 2006. Any increase in this limitation shall only
8 occur if so provided for by law. In computing the foregoing
9 limitation as to the amount of debt the authority may incur, the
10 authority may exclude any bonds, notes or other obligations,
11 including subordinated obligations of the authority, issued for
12 refunding purposes.

13 j. Upon the decision by the authority to issue refunding bonds
14 pursuant to this section, and prior to the sale of those bonds, the
15 authority shall transmit to the Joint Budget Oversight Committee, or
16 its successor, a report that a decision has been made, reciting the
17 basis on which the decision was made, including an estimate of the
18 debt service savings to be achieved and the calculations upon which
19 the authority relied when making the decision to issue refunding
20 bonds. The report shall also disclose the intent of the authority to
21 issue and sell the refunding bonds at public or private sale and the
22 reasons therefor.

23 k. The Joint Budget Oversight Committee, or its successor, shall
24 have authority to approve or disapprove the sale of refunding bonds
25 as included in each report submitted in accordance with subsection
26 j. of this section. The committee shall approve or disapprove the
27 sale of refunding bonds within 10 business days after physical
28 receipt of the report. The committee shall notify the authority in
29 writing of the approval or disapproval as expeditiously as possible.

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

34 m. Within 30 days after the sale of the refunding bonds, the
35 authority shall notify the Joint Budget Oversight Committee, or its
36 successor, of the result of that sale, including the prices and terms,
37 conditions and regulations concerning the refunding bonds, and the
38 actual amount of debt service savings to be realized as a result of
39 the sale of refunding bonds.

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

45 o. No refunding bonds shall be issued unless the authority shall
46 first determine that the present value of the aggregate principal of
47 and interest on the refunding bonds is less than the present value of
48 the aggregate principal of and interest on the outstanding bonds to
49 be refinanced, except that, for the purposes of this limitation,

1 present value shall be computed using a discount rate equal to the
2 yield of those refunding bonds, and yield shall be computed using
3 an actuarial method based upon a 360-day year with semiannual
4 compounding and upon the prices paid to the authority by the initial
5 purchasers of those refunding bonds.

6 (cf: P.L.2001, c.258, s.1)

7
8 2. Section 21 of P.L.1984, c. 73 (C.27:1B-21) is amended to
9 read as follows:

10 21. a. There is hereby established a separate fund entitled
11 "Special Transportation Fund." This fund shall be maintained by the
12 State Treasurer and may be held in depositories as may be selected
13 by the treasurer and invested and reinvested as other funds in the
14 custody of the treasurer, in the manner provided by law. The
15 commissioner may from time to time (but not more frequently than
16 monthly) certify to the authority an amount necessary to fund
17 payments made, or anticipated to be made by or on behalf of the
18 department, from appropriations established for or made to the
19 department from revenues or other funds of the authority. The
20 commissioner's certification shall be deemed conclusive for
21 purposes of the act. The authority shall, within 15 days of receipt
22 of the certificate, transfer from available funds of the authority to
23 the treasurer for deposit in the Special Transportation Fund the
24 amount certified by the commissioner, provided that all funds
25 transferred shall only be expended by the department by project
26 pursuant to appropriations made from time to time by the
27 Legislature for the purposes of the act.

28 b. The department shall not expend any money except as
29 appropriated by law. Commencing with appropriations for the
30 fiscal years beginning on July 1, 1988, the department shall not
31 expend any funds except as are appropriated by specific projects
32 identified by a description of the projects, the county or counties
33 within which they are located, and amounts to be expended on each
34 project, in the annual appropriations act.

35 c. No funds appropriated, authorized or expended pursuant to
36 this act shall be used to finance the resurfacing of highways by
37 department personnel, where that resurfacing would require the use
38 of more than 100,000 tons of bituminous concrete for that purpose
39 in any calendar year, except that the commissioner may waive this
40 provision when he determines the existence of emergency
41 conditions requiring the use of department personnel for the
42 resurfacing of highways, after the department has effectively
43 reached the 100,000 ton limit.

44 d. In order to provide the department with flexibility in
45 administering the specific appropriations by project identified in the
46 annual appropriations act, the commissioner may transfer a part of
47 any item to any other item subject to the approval of the Director of
48 the Division of Budget and Accounting and of the Joint Budget
49 Oversight Committee or its successor. Upon approval of the

1 director and the committee, the transfer shall take effect.

2 e. Any federal funds which become available to the State for
3 transportation projects which have not been appropriated to the
4 department in the annual appropriations act, shall be deemed
5 appropriated to the department and may, subject to approval by the
6 Joint Budget Oversight Committee and the State Treasurer, be
7 expended for any purpose for which such funds are qualified.

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

15 g. To the extent that salaries or overhead of the department or
16 the New Jersey Transit Corporation are charged to transportation
17 projects, each agency shall keep adequate and truthful personnel
18 records, and time charts to adequately justify each such charge and
19 shall make those records available to the external auditor to the
20 authority.

21 h. The commissioner shall annually, on or before January 1 of
22 each fiscal year, report to the Governor and the Legislature how
23 much money was expended in the previous fiscal year for salaries
24 and overhead of the department and the New Jersey Transit
25 Corporation. However, the amount expended from the revenues
26 and other funds of the authority for salaries and overhead of the
27 department and the New Jersey Transit Corporation for the fiscal
28 ¹years beginning July 1, 2001, July 1, 2002 and July 1, 2003 year
29 beginning July 1, 2006 and each fiscal year thereafter¹ shall not
30 exceed 13 percent of the total funds appropriated from the revenues
31 and other nonfederal funds of the authority for those fiscal years.

32 i. No revenues or other funds of the authority shall be expended
33 for emergency response operations, the review of applications for
34 access permits under the State highway access management code
35 and membership fees or other fees connected with membership in
36 TRANSCOM, the Transportation Operations Coordinating
37 Committee.

38 ²j. In furtherance of smart growth principles, the department
39 shall limit the funds programmed for major highway capacity
40 expansion in any fiscal year to no more than an average of four
41 percent over five years of the total Annual Transportation Capital
42 Program. For purposes of this subsection, "major highway capacity
43 expansion" means construction of a new section of roadway or the
44 addition of through travel lanes to an existing State highway where
45 such lanes are designed primarily to increase the car carrying
46 capacity of a State highway for more than one mile. Major highway
47 capacity expansion shall not include any projects that are being
48 performed on a bridge or roadway that has been determined by the
49 department to be structurally deficient and functionally obsolete or

1 is part of a project that has been deemed consistent with the
2 department's Master Plan submitted pursuant to section 5 of
3 P.L.1966, c.301 (C.27:1A-5) and consistent with section 22 of
4 P.L.1984, c.73 (C.27:1B-22) ¹, as amended by section 22 of
5 P.L.2000, c.73 and other law¹ .²
6 (cf: P.L.2000, c.73, s.20)

7
8 3. Section 20 of P.L.1984, c.73 (C.27:1B-20) is amended to read
9 as follows:

10 20. There is hereby established in the General Fund an account
11 entitled "Transportation Trust Fund Account." During the fiscal
12 year beginning July 1, 1984 and during each succeeding fiscal year
13 in which the authority has bonds, notes or other obligations
14 outstanding, the treasurer shall credit to this account:

15 a. An amount equivalent to the revenue derived from ~~[\$0.09]~~
16 \$0.105 per gallon from the tax imposed on the sale of motor fuels
17 pursuant to chapter 39 of Title 54 of the Revised Statutes, as
18 provided in Article VIII, Section II, paragraph 4 of the State
19 Constitution, provided, however, such amount during any fiscal
20 year shall not be less than ~~[\$405,000,000]~~ \$483,000,000;

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

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

27 The treasurer shall also credit to this account, in accordance with
28 a contract between the treasurer and the authority, an amount
29 equivalent to the sum of the revenues due from the increase of fees
30 for motor vehicle registrations collected pursuant to the amendment
31 to R.S.39:3-20 made by this act and from the increase in the tax on
32 diesel fuels imposed pursuant to the amendment to R.S.54:39-27
33 made by this act and by P.L.1987, c.460, provided that the total
34 amount credited during the fiscal year beginning July 1, 1984 shall
35 not be less than \$20,000,000.00 and that the total amount credited
36 during the fiscal year beginning July 1, 1985 and during every fiscal
37 year thereafter shall not be less than \$30,000,000.00.

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

47 d. ~~After approval by the voters of the constitutional amendment~~
48 ~~proposed in Senate Committee Substitute for Senate Concurrent~~

1 Resolution No. 1 of 2000 or Assembly Concurrent Resolution No.
2 116 of 2000, in] In addition to the amount credited in subsection a.
3 of this section, beginning January 1 following approval by the
4 voters an amount equivalent to the revenue derived from the tax
5 imposed on the sale of petroleum products pursuant to P.L.1990,
6 c.42 (C.54:15B-1 et seq.), provided, however, such amount shall not
7 be less than \$100,000,000 in the period January 1 through June 30
8 following approval by the voters and shall not be less than
9 \$200,000,000 in any fiscal year thereafter and for the fiscal year
10 commencing July 1, 2001 and for each fiscal year thereafter an
11 amount equivalent to the revenue derived from the tax imposed
12 under the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et
13 seq.) on the sale of new motor vehicles, provided, however, that
14 such amount shall not be less than **[\$80,000,000 for the fiscal year**
15 **commencing July 1, 2001, not less than \$140,000,000 for the fiscal**
16 **year commencing July 1, 2002, and not less than]** \$200,000,000 for
17 the fiscal year commencing July 1, 2003 and for each fiscal year
18 thereafter, as provided in Article VIII, Section II, paragraph 4 of the
19 State 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 Trust Fund Account, provided that
24 the payments to the authority shall be subject to and dependent
25 upon appropriations being made from time to time by the
26 Legislature of the amounts thereof for the purposes of the act.
27 (cf: P.L.2000, c.73, s.19)

28

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

31 8. a. **[Commencing with the report of the commissioner, as may**
32 **be amended, required to be submitted pursuant to section 22 of**
33 **P.L.1984, c.73 (C.27:1B-22) on or before March 1, 2000 for the**
34 **fiscal year commencing July 1, 2000 the amount reported by the**
35 **commissioner for proposed projects to be financed shall not exceed**
36 **\$900,000,000 and for the fiscal year beginning July 1, 2001 through**
37 **the fiscal year beginning July 1, 2003 the annual amounts shall not**
38 **exceed \$950,000,000, all amounts exclusive of federal funds.]**
39 Commencing with the report of the commissioner, as may be
40 amended, required to be submitted pursuant to section 22 of
41 P.L.1984, c.73 (C.27:1B-22) on or before March 1, 2006 and on
42 each succeeding March 1 thereafter through March 1, 2010, the
43 annual amount so reported by the commissioner for proposed
44 projects shall not exceed \$1,600,000,000 exclusive of federal funds.

45 b. For the fiscal year beginning on July 1, **[2000]** 2006 and for
46 each fiscal year thereafter through the fiscal year beginning on July
47 1, 2010, the total annual amount authorized to be appropriated from
48 the revenues and other nonfederal funds of the New Jersey

1 Transportation Trust Fund Authority for the projects listed in the
 2 appropriations act pursuant to section 21 of P.L.1984, c.73
 3 (C.27:1B-21) shall not exceed ~~[\$900,000,000 and for the fiscal year~~
 4 ~~beginning July 1, 2001 through the fiscal year beginning July 1,~~
 5 ~~2003 the annual amounts shall not exceed \$950,000,000]~~
 6 \$1,600,000,000, all amounts exclusive of federal funds.

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

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

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

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

30 (cf: P.L.2000, c.73, s.21)

31

32 5. Section 22 of P.L.1984, c.73 (C.27:1B-22) is amended to read
 33 as follows:

34 22. The commissioner shall prepare and submit the following
 35 reports to the Governor, the Legislature, and the Financial Policy
 36 Review Committee, established pursuant to section 6 of
 37 P.L. , c. (C.) (pending before the Legislature as this bill)
 38 under the terms set forth below: a Transportation Master Plan, a
 39 Statewide Capital Investment Strategy, an Annual Transportation
 40 Capital Program, a Transportation Trust Fund Authority Financial
 41 Plan, and a Five-Year Capital Plan.

42 a. To the end that the transportation system of the State shall be
 43 planned in an orderly and efficient manner and that the Legislature
 44 shall be advised of the nature and extent of public highways, public
 45 transportation projects and other transportation projects
 46 contemplated to be financed under this act, the department shall
 47 submit a master plan, as provided in subsection (a) of section 5 of
 48 P.L.1966, c.301 (C.27:1A-5). Notwithstanding the provisions of
 49 that act, the plan shall be for a period of five years and shall be

1 submitted to the Commission on Capital Budgeting and Planning,
2 the Chairman of the Senate Transportation Committee and the
3 Chairman of the Assembly Transportation and Communications
4 Committee, or their successors, and the Legislative Budget and
5 Finance Officer, and the metropolitan planning organizations, on or
6 before March 1, 2001, and at five-year intervals thereafter. The
7 master plan shall set the direction for the department's overall
8 Capital Investment Strategy and subsequent annual Transportation
9 Capital Programs submitted to the Legislature for approval pursuant
10 to this section. This master plan shall, to the extent practicable,
11 conform to all federal requirements for statewide transportation
12 planning.

13 b. The Department of Transportation, in conjunction with the
14 New Jersey Transit Corporation, the New Jersey Turnpike
15 Authority, and the South Jersey Transportation Authority, shall
16 prepare a "Statewide Capital Investment Strategy" for at least a
17 five-year period which shall contain, at a minimum, a statement of
18 the goals of the department **[and]**, the corporation, and the toll road
19 authorities in major selected policy areas and the means by which
20 the goals are to be attained during that period, using quantitative
21 measures where appropriate. The Statewide Capital Investment
22 Strategy may be updated and submitted no later than March 1 of
23 each year. The Statewide Capital Investment Strategy shall provide
24 for a multi-modal, intermodal, seamless **[and]** , technologically
25 advanced, and secure transportation system. It shall recommend
26 investment for major program categories, set overall goals for
27 investment in the State's infrastructure, and develop program targets
28 and performance measures. It may rely on infrastructure
29 management systems as developed by the department to assess
30 bridge conditions, pavement conditions, bridge, traffic and
31 pedestrian safety, traffic congestion and public transit facilities.
32 With respect to pavement conditions, the department shall set as a
33 priority the utilization of efficient cost-effective materials and
34 treatments as stated in section 9 of P.L.2000, c.73 (C.27:1B-21.22).
35 In the event that there exist appropriate circumstances for the use of
36 micro-surfacing and cold-in-place recycling, the department shall
37 establish as a special priority the use of these materials and surface
38 treatments. The goals of the Capital Investment Strategy shall
39 include, but not be limited to, reduction of vehicular and pedestrian
40 accidents, reduction in the backlog of projects, including one-half
41 of the structurally deficient bridge repair projects and pavement
42 deficiencies, and an increase in lane miles of bicycle paths, with a
43 goal of constructing an additional 1,000 lane miles of bicycle paths
44 in five years to reduce traffic congestion and for recreational uses.
45 The construction of bicycle and pedestrian lanes, paths and facilities
46 shall be subject to no stricter environmental requirements than are
47 provided pursuant to federal law and regulations for such lanes,
48 paths and facilities, notwithstanding the provisions to the contrary
49 of State law and regulations, including State Executive Order No.

1 215 of 1989. With respect to the New Jersey Transit Corporation,
2 the [plan] Statewide Capital Investment Strategy shall deal with the
3 corporation's [goals] overall goal to keep the public transportation
4 system in a state of good repair and, more specifically, in the area
5 of bus transportation [and] , present a strategy and a preliminary
6 timetable for the replacement of the current diesel bus fleet with a
7 fleet of buses which have reduced emission of air pollutants. The
8 corporation shall consider the feasibility of buses with improved
9 pollution controls and that reduce particulate emissions and buses
10 powered by fuel other than conventional diesel fuel, such as
11 compressed natural gas vehicles, hybrid vehicles, fuel cell vehicles,
12 biodiesel vehicles, vehicles operated on ultra low sulfur fuel,
13 vehicles operated on any other bus fuel approved by the United
14 States Environmental Protection Agency, and the like. The
15 corporation may consider as part of its strategy, cooperative efforts
16 with bus manufacturers, and the solicitation of federal support, in
17 developing a "clean bus" with air pollution controls superior to
18 currently available technology. For the fiscal year beginning July 1,
19 2007 and each fiscal year thereafter, all buses purchased by the
20 New Jersey Transit Corporation shall be buses with improved
21 pollution controls and that reduce particulate emissions or buses
22 powered by fuel other than conventional diesel fuel, such as
23 compressed natural gas vehicles, hybrid vehicles, fuel cell vehicles,
24 biodiesel vehicles, vehicles operated on ultra low sulfur fuel,
25 vehicles operated on any other bus fuel approved by the United
26 States Environmental Protection Agency, and the like. In the event
27 that the corporation is not able to meet the bus purchase
28 requirements set forth in this section with respect to any fiscal year,
29 prior to the commencement of the fiscal year the board of the
30 corporation shall by resolution submit a report to the Legislature
31 detailing its inability to meet the requirements and the reasons
32 therefor and shall submit the report to the Senate and General
33 Assembly when both houses are in session, including therein a
34 request to be exempted from the bus purchase requirements of this
35 section with regard to the fiscal year in question. The President of
36 the Senate and the Speaker of the General Assembly shall cause the
37 date of submission to be entered upon the Senate Journal and the
38 Minutes of the General Assembly. If a joint resolution approving
39 the exemption is passed by the Legislature and signed by the
40 Governor prior to the commencement of the fiscal year in question,
41 the corporation shall be exempt from the requirements for that fiscal
42 year.

43 In the fiscal year beginning on July 1, 2007 and in each fiscal
44 year thereafter, in the year prior to the year in which final
45 engineering is anticipated to start on any project which extends the
46 reach of the New Jersey Transit rail or light rail system, the New
47 Jersey Transit Corporation shall be required to identify and include
48 in the annual Statewide Capital Investment Strategy the required
49 State financial assistance to support operation of the incremental

1 service for the first three years and the projected fare box recovery
2 ratio at the commencement of the fourth year of operation of each
3 project.

4 The **[plan]** Statewide Capital Investment Strategy shall also
5 detail the planned investment of capital funds for public
6 transportation projects of companies other than the New Jersey
7 Transit Corporation engaged in the business of providing motor bus
8 transportation. The **[plan]** Statewide Capital Investment Strategy
9 shall demonstrate that such investment adequately addresses the
10 finding in section 2 of P.L.1979, c.150 (C.27:25-2) that in the
11 provision of public transportation services it is desirable to
12 encourage to the maximum extent feasible the participation of
13 private enterprise.

14 c. On or before March 1 of each year, the commissioner shall
15 submit a report of general project categories and proposed projects
16 thereunder to be financed in the ensuing fiscal year, including
17 therewith a description of the projects, the county or counties within
18 which they are to be located, a distinction between State and local
19 projects, and the amount estimated to be expended on each project.
20 This report shall be known as the "Annual Transportation Capital
21 Program" for the upcoming fiscal year. It shall include proposed
22 projects of both the Department of Transportation and the New
23 Jersey Transit Corporation. The program shall be consistent with,
24 and reflective of, the goals and priorities of the Capital Investment
25 Strategy and the program shall include an explanation which
26 demonstrates how it is consistent with, and reflective of, the goals
27 and priorities.

28 d. On or before March 1 of each year, the commissioner shall
29 also submit a "Transportation Trust Fund Authority Financial Plan"
30 designed to implement the financing of the proposed projects. The
31 financial plan shall contain an enumeration of the bonds, notes or
32 other obligations of the authority which the authority intends to
33 issue, including the amounts thereof and the conditions therefor.
34 The financial plan shall set forth a complete operating and financial
35 statement covering the authority's proposed operations during the
36 ensuing fiscal year, including amounts of income from all sources,
37 including but not limited to the proceeds of bonds, notes or other
38 obligations to be issued, as well as interest earned. In addition, the
39 plan shall contain proposed amounts to be appropriated and
40 expended, as well as amounts for which the department anticipates
41 to obligate during the ensuing fiscal year for any future
42 expenditures.

43 e. The Statewide Capital Investment Strategy, the Annual
44 Transportation Capital Program, and the Transportation Trust Fund
45 Authority Financial Plan shall be submitted to the Senate and
46 General Assembly. Within **[30]** 45 days of the receipt thereof, the
47 Senate or the General Assembly may object in writing to the
48 commissioner in regard to any project or projects in the Annual
49 Transportation Capital Program it disapproves or which it is of the

1 opinion should be modified or added to or any additional or
2 alternative projects considered or in regard to any element of the
3 financial plan. The commissioner shall consider the objections and
4 recommendations and resubmit the report within 10 days,
5 containing therein any modifications based upon the commissioner's
6 consideration of the objections or recommendations.

7 f. In order that the Legislature shall be advised of the nature and
8 extent of public highways, public transportation projects, and other
9 transportation projects contemplated to be financed under this act,
10 the commissioner shall submit annually, together with the Annual
11 Transportation Capital Program, a Five-Year Capital Plan, which
12 shall set forth projects and programs anticipated to be funded over
13 the five-year period. The Five-Year Capital Plan shall, to the extent
14 practicable, conform to all federal requirements for statewide
15 transportation capital programming.

16 (cf: P.L.2000, c.73 s.22)

17
18 6. (New section) There is hereby created in the Executive
19 Branch of the State Government, a body corporate and politic, with
20 corporate succession, to be known as the Financial Policy Review
21 Board. For the purpose of complying with the provisions of Article
22 V, Section IV, paragraph 1 of the New Jersey Constitution, the
23 board is hereby allocated within the Department of Transportation,
24 but, notwithstanding that allocation, the board shall be independent
25 of any supervision or control by the department or by any body or
26 officer thereof. The board is hereby constituted as an
27 instrumentality of the State exercising public and essential
28 governmental functions, and the exercise by the board of the powers
29 conferred by this act shall be deemed and held to be an essential
30 governmental function of the State.

31 The board shall be comprised of five public members with
32 experience in transportation finance and policy. The Governor shall
33 appoint three of the members with the advice and consent of the
34 Senate. The remaining members shall be appointed by the
35 Governor as follows: one upon the joint recommendation of the
36 President of the Senate and the Minority Leader of the Senate, and
37 one upon the joint recommendation of the Speaker of the General
38 Assembly and the Minority leader of the General Assembly. Each
39 member shall serve for a four-year term and shall serve until the
40 member's successor is appointed and qualified; provided, however,
41 that in order to achieve non-concurrent terms, of the members first
42 appointed pursuant to this section, two members appointed by the
43 Governor shall serve for four years; while the two members
44 appointed upon the joint recommendation of the President of the
45 Senate and the Minority Leader of the Senate and upon the joint
46 recommendation of the Speaker of the General Assembly and the
47 Minority Leader of the General Assembly shall serve for three years
48 each, and the remaining member appointed by the Governor shall
49 serve for two years. The Financial Policy Review Board shall be

1 deemed to be constituted immediately upon appointment and
2 qualification in the manner provided in this section of at least three
3 members.

4 The purpose of the board is to assure fiscal discipline through
5 evaluating the financing of transportation and preparing an annual
6 State of Condition of Transportation Financing certification. The
7 certification shall ensure that the financing and expenditures of the
8 New Jersey Transportation Trust Fund Authority (the "authority")
9 adhere to certain standards. The standards are: a. The bonding
10 limitation as provided in subsection i. of section 9 of P.L.1984, c.73
11 (C.27:1B-9). b. For the fiscal year commencing July 1, 2007, the
12 amount expended from the revenues and other funds of the
13 authority for permitted maintenance shall not exceed the amount
14 expended for permitted maintenance in the fiscal year commencing
15 July 1, 2006. c. The total amount authorized to be appropriated
16 from the revenues and other funds of the authority for project costs
17 shall not exceed \$1,600,000,000 annually.

18 Commencing with the fiscal year beginning July 1, 2007, the
19 board shall submit to the Governor, the Legislature, and the
20 commissioner on an annual basis the State of Condition of
21 Transportation Financing certification as to the requirements of
22 subsection a. of this section referencing therein a certification with
23 regard to subsections b. and c. of this section to the extent feasible,
24 given the other provisions of this section. The certifications shall
25 be based on the board's review of the State's fiscal year final
26 expenditures from the preceding fiscal year ¹[ending July 30 of
27 each year]¹, including bonding and expenditures from the annual
28 independent audit of the authority, and the amount of authority
29 funds programmed ¹[from] for¹ permitted maintenance. If the
30 capital program and its financing are found to be in compliance, the
31 first annual certification required by this paragraph shall be
32 submitted by February 1, 2008, after the certification is concurred
33 with by the members of the authority, and by February 1 of each
34 year thereafter. The board shall advise the commissioner ¹and the
35 authority¹ on February 1, 2008 and on each succeeding February 1,
36 if the board finds that the ¹[department] authority¹ is not in
37 compliance with the bonding requirements as provided in
38 subsection a. of the section, and that a corrective action plan is
39 needed. The ¹[department] authority¹ shall submit a corrective
40 action plan that would reduce its future bond sales to offset the
41 amount of excess bonding or to reduce future debt service
42 payments, or both, as the case may be. Upon approval of the
43 corrective action plan by the board, the certification shall be issued
44 with certain conditions. The Annual Transportation Capital
45 Program submitted to the Legislature for the forthcoming year shall
46 be in compliance with the provisions of the corrective action plan.
47 If the board does not approve the corrective action plan, the
48 authority shall submit a financial plan showing bonding only for

1 existing projects, noting that no bonds shall be issued for new
2 projects shown in the department's Annual Transportation Capital
3 Program. The board shall advise the commissioner on February 1,
4 2008 and on each succeeding February 1, if the board finds that the
5 Department of Transportation has exceeded the limitation for the
6 amount of authority funds spent on permitted maintenance pursuant
7 to subsection b. of this section, or for the amount authorized to be
8 appropriated for project costs pursuant to subsection c. of this
9 section and that a corrective action plan is needed. The department
10 shall submit a corrective action plan that would offset the excess
11 amount spent, or the excess amount appropriated, in the prior year
12 with less funding for permitted maintenance or for projects, as the
13 case may be, in the proposed capital budget request. Upon approval
14 of the corrective action plan by the board, a certification as to these
15 matters shall be issued with certain conditions. The Annual
16 Transportation Capital Program submitted to the Legislature for the
17 forthcoming year shall be in compliance with the provisions of the
18 corrective action plan. If the board does not approve the corrective
19 action plan, the authority shall submit a financial plan showing
20 bonding only for existing projects, noting that no bonds shall be
21 issued for new projects shown in the department's Annual
22 Transportation Capital Program.

23

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

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

1 of federal aid for the federal aid urban system program and that any
 2 federal aid for the federal aid urban system program attributable to
 3 the area will be programmed by the Department of Transportation
 4 for projects of regional significance. In any year in which
 5 insufficient funds have been appropriated to meet the minimum
 6 county allocations established in this section, or if no appropriation
 7 is provided, the commissioner shall determine on a prorated basis
 8 the amount of the deficiency for each county having a minimum
 9 allocation and allocate from funds available under the federal aid
 10 urban system program sufficient funds to meet the minimum
 11 allocations.

12 b. The commissioner shall, pursuant to appropriations or
 13 authorizations being made from time to time by the Legislature
 14 according to law ~~and pursuant to the provisions of subsection d. of~~
 15 ~~this section~~, allocate at his discretion State aid to counties and
 16 municipalities for ~~public highways under their jurisdiction and for~~
 17 ~~emergency~~ transportation projects, except that the amount to be
 18 appropriated for this program shall be ~~15%~~ 10% of the total
 19 amount appropriated ~~pursuant to the provisions of paragraph (2) of~~
 20 ~~subsection d. of this section~~ for the total county and municipal aid
 21 programs. This State aid shall be set aside prior to any formula
 22 allocations provided for in subsections c., d., and e. of this section.

23 c. The commissioner shall, pursuant to appropriations or
 24 authorizations being made from time to time by the Legislature
 25 according to law and pursuant to the provisions of ~~subsection~~
 26 subsections b. and d. of this section, allocate State aid to
 27 municipalities for public highways under their jurisdiction~~,~~ except
 28 that the amount to be appropriated for this purpose shall be 85% of
 29 the amount appropriated pursuant to the provisions of paragraph (2)
 30 of subsection d. of this section]. The amount to be appropriated
 31 shall be allocated on the basis of the following distribution factor:

$$32 \qquad \qquad \qquad P_c \qquad \qquad C_m$$

$$33 \qquad \qquad \qquad DF = \frac{\quad}{\quad} + \frac{\quad}{\quad}$$

$$34 \qquad \qquad \qquad P_s \qquad \qquad S_m$$

35 where, DF equals the distribution factor

36 Pc equals county population

37 Ps equals State population

38 Cm equals municipal road mileage within the county

39 Sm equals municipal road mileage within the State.

40 After the amount of aid has been allocated based on the above
 41 formula, the commissioner shall determine priority for the funding
 42 of municipal projects within each county, based upon criteria
 43
 44
 45
 46
 47
 48

1 relating to volume of traffic, safety considerations, growth
2 potential, readiness to obligate funds and local taxing capacity. In
3 addition to the above criteria used in determining priority of
4 funding of municipal projects in each county, the commissioner
5 shall consider whether a project is intended to remedy hazardous
6 conditions as identified for the purposes of providing transportation
7 pursuant to N.J.S.18A:39-1.2 for school pupils or to improve
8 pedestrian safety.

9 For the purposes of this subsection, (1) "population" means the
10 official population count as reported by the New Jersey Department
11 of Labor; and (2) "municipal road mileage" means that road mileage
12 under the jurisdiction of municipalities, as determined by the
13 department.

14 d. There shall be appropriated at least **[\$30,000,000.00 in]**
15 \$175,000,000 for the fiscal year commencing July 1, 2006 and for
16 each fiscal year thereafter, for the purposes provided herein and in
17 subsections b. **[and]** c. and e. of this section. (1) Of that
18 appropriation, the commissioner shall allocate \$5,000,000.00 as
19 State aid to any municipality qualifying for aid pursuant to the
20 provisions of P.L.1978, c.14 (C.52:27D-178 et seq.). The
21 commissioner shall allocate the aid to each municipality in the same
22 proportion that the municipality receives aid under P.L.1978, c.14.
23 (2) The remaining amount of the appropriation shall be allocated
24 pursuant to the provisions of **[subsections b. and]** subsection c. of
25 this section.

26 e. The commissioner may, pursuant to appropriations or
27 authorizations being made from time to time by the Legislature
28 according to law, allocate additional funding to the Local County
29 Aid Program for public highway projects, in accordance with a
30 formula similar to that provided for in subsection c. of this section,
31 except that Cm equals road mileage under county jurisdiction and
32 Sm equals total county road mileage within the State.

33 (cf: P.L.2005, c.158, s.4)

34

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

37 9. **[State aid]** Aid to counties and municipalities **[pursuant to**
38 **section 25 of P.L.1984, c.73 (C.27:1B-25),]** administered by the
39 department may, at the discretion of the commissioner, be disbursed
40 to any individual county or municipality on a grant basis or on a
41 cost reimbursement basis. Distribution of the portion of the grant
42 provided initially to a county or municipality may be contingent on
43 its performance in spending prior grants.

44 (cf: P.L.1995, c.108, s.9)

45

46 9. (New section) The Department of Transportation shall report
47 to the Governor and the Legislature on September 1, 2008 and on
48 September 1, 2010 on the amount of revenues and other funds of

1 the authority which have been expended on permitted maintenance
2 and on salaries and overhead of the department and the corporation
3 in the previous two fiscal years respectively. In the reports the
4 department shall provide reasons as to why the reported expenditure
5 levels are appropriate and in the public interest. In addition, the
6 department shall detail steps that have been undertaken to reduce
7 expenditures for these purposes after June 30, 2006.

8

9 10. Section 27 of P.L.2000, c.73 (C.27:1B-21.31) is repealed.

10

11 11. This act shall take effect immediately.

12

13

14

15

16 Changes various provisions of "New Jersey Transportation Trust
17 Fund Authority Act."

ASSEMBLY, No. 2813

STATE OF NEW JERSEY 212th LEGISLATURE

INTRODUCED MARCH 6, 2006

Sponsored by:

Assemblyman JOHN S. WISNIEWSKI

District 19 (Middlesex)

Assemblyman VINCENT PRIETO

District 32 (Bergen and Hudson)

SYNOPSIS

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

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 3/10/2006)

1 AN ACT concerning the New Jersey Transportation Trust Fund
2 Authority and amending and supplementing P.L.1984, c.73 and
3 amending P.L.1987, c.460.

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

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

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

30 b. Except as may be otherwise expressly provided in the act or
31 by the authority, every issue of bonds or notes shall be general
32 obligations payable out of any revenues or funds of the authority,
33 subject only to any agreements with the holders of particular bonds
34 or notes pledging any particular revenues or funds. The authority
35 may provide the security and payment provisions for its bonds or
36 notes as it may determine, including (without limiting the generality
37 of the foregoing) bonds or notes as to which the principal and
38 interest are payable from and secured by all or any portion of the
39 revenues of and payments to the authority, and other moneys or
40 funds as the authority shall determine. In addition, the authority
41 may, in anticipation of the issuance of the bonds or the receipt of
42 appropriations, grants, reimbursements or other funds, including
43 without limitation grants from the federal government for federal
44 aid highways or public transportation systems, issue notes, the
45 principal of or interest on which, or both, shall be payable out 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 proceeds of notes, bonds or other obligations of the authority or
2 appropriations, grants, reimbursements or other funds or revenues
3 of the authority. The authority may also enter into bank loan
4 agreements, lines of credit and other security agreements as
5 authorized pursuant to subsection h. of section 6 of P.L.1984, c.73
6 (C.27:1B-6) and obtain for or on its behalf letters of credit in each
7 case for the purpose of securing its bonds, notes or other obligations
8 or to provide direct payment of any costs which the authority is
9 authorized to pay by this act and to secure repayment of any
10 borrowings under the loan agreement, line of credit, letter of credit
11 or other security agreement by its bonds, notes or other obligations
12 or the proceeds thereof or by any or all of the revenues of and
13 payments to the authority or by any appropriation, grant or
14 reimbursement to be received by the authority and other moneys or
15 funds as the authority shall determine.

16 c. Whether or not the bonds and notes are of the form and
17 character as to be negotiable instruments under the terms of Title
18 12A, Commercial Transactions, New Jersey Statutes, the bonds and
19 notes are hereby made negotiable instruments within the meaning of
20 and for all the purposes of said Title 12A.

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

35 e. Bonds, notes or other obligations of the authority may be
36 sold at public or private sale at a price or prices and in a manner as
37 the authority shall determine, either on a negotiated or on a
38 competitive basis. Every bond, or refunding bond, issued on or
39 after **the effective date of P.L.1995, c.108 (C.27:1B-25.1 et al.)**
40 the effective date of P.L. , c. (C.) (pending before the
41 Legislature as this bill) shall mature and be paid no later than **[21]**
42 31 years from the date of the issuance of that bond or refunding
43 bond.

44 f. Bonds or notes may be issued and other obligations incurred
45 under the provisions of the act without obtaining the consent of any
46 department, division, commission, board, bureau or agency of the
47 State, other than the approval as required by subsection a. of this
48 section, and without any other proceedings or the happening of any

1 other conditions or other things than those proceedings, conditions
2 or things which are specifically required by the act.

3 g. Bonds, notes and other obligations of the authority issued or
4 incurred under the provisions of the act shall not be in any way a
5 debt or liability of the State or of any political subdivision thereof
6 other than the authority and shall not create or constitute any
7 indebtedness, liability or obligation of the State or of any political
8 subdivision or be or constitute a pledge of the faith and credit of the
9 State or of any political subdivision but all bonds, notes and
10 obligations, unless funded or refunded by bonds, notes or other
11 obligations of the authority, shall be payable solely from revenues
12 or funds pledged or available for their payment as authorized in the
13 act. Each bond, note or other obligation shall contain on its face a
14 statement to the effect that the authority is obligated to pay the
15 principal thereof or the interest thereon only from revenues or funds
16 of the authority and that neither the State nor any political
17 subdivision thereof is obligated to pay the principal or interest and
18 that neither the faith and credit nor the taxing power of the State or
19 any political subdivision thereof is pledged to the payment of the
20 principal of or the interest on the bonds, notes or other obligations.
21 For the purposes of this subsection, political subdivision does not
22 include the authority.

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

29 i. The authority shall minimize debt incurrence by first relying
30 on appropriations and other revenues available to the authority
31 before incurring debt secured by State revenues to meet its statutory
32 purposes. Commencing **【**on the 90th day following the date of
33 enactment of this 1995 amendatory and supplementary act**】** with the
34 fiscal year beginning July 1, 1995 and ending within the fiscal year
35 beginning July 1, 2005, the authority shall not incur debt in any
36 fiscal year in excess of \$650,000,000, except that if that permitted
37 amount of debt, or any portion thereof, is not incurred in a fiscal
38 year it may be incurred in a subsequent fiscal year. Commencing
39 with the fiscal year beginning July 1, 2006 and ending with the
40 fiscal year beginning on July 1, 2010, the authority shall not incur
41 debt for any fiscal year in excess of \$1,600,000,000, reduced in
42 each of those fiscal years by the amount by which the appropriation
43 of State funds to the Transportation Trust Fund Account for that
44 fiscal year shall exceed \$895,000,000; provided, however, that if a
45 portion of that permitted amount of debt, less any reduction as
46 provided above, is not incurred in a fiscal year, an amount not
47 greater than the unused portion may be incurred in a subsequent
48 fiscal year in addition to the amount otherwise permitted subject to
49 the approval of the Joint Budget Oversight Committee. Debt

1 permitted for the fiscal year beginning July 1, 2006 may be incurred
2 prior to July 1, 2006. Any increase in this limitation shall only
3 occur if so provided for by law. In computing the foregoing
4 limitation as to the amount of debt the authority may incur, the
5 authority may exclude any bonds, notes or other obligations,
6 including subordinated obligations of the authority, issued for
7 refunding purposes.

8 j. Upon the decision by the authority to issue refunding bonds
9 pursuant to this section, and prior to the sale of those bonds, the
10 authority shall transmit to the Joint Budget Oversight Committee, or
11 its successor, a report that a decision has been made, reciting the
12 basis on which the decision was made, including an estimate of the
13 debt service savings to be achieved and the calculations upon which
14 the authority relied when making the decision to issue refunding
15 bonds. The report shall also disclose the intent of the authority to
16 issue and sell the refunding bonds at public or private sale and the
17 reasons therefor.

18 k. The Joint Budget Oversight Committee, or its successor,
19 shall have authority to approve or disapprove the sale of refunding
20 bonds as included in each report submitted in accordance with
21 subsection j. of this section. The committee shall approve or
22 disapprove the sale of refunding bonds within 10 business days
23 after physical receipt of the report. The committee shall notify the
24 authority in writing of the approval or disapproval as expeditiously
25 as possible.

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

30 m. Within 30 days after the sale of the refunding bonds, the
31 authority shall notify the Joint Budget Oversight Committee, or its
32 successor, of the result of that sale, including the prices and terms,
33 conditions and regulations concerning the refunding bonds, and the
34 actual amount of debt service savings to be realized as a result of
35 the sale of refunding bonds.

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

41 o. No refunding bonds shall be issued unless the authority shall
42 first determine that the present value of the aggregate principal of
43 and interest on the refunding bonds is less than the present value of
44 the aggregate principal of and interest on the outstanding bonds to
45 be refinanced, except that, for the purposes of this limitation,
46 present value shall be computed using a discount rate equal to the
47 yield of those refunding bonds, and yield shall be computed using
48 an actuarial method based upon a 360-day year with semiannual

1 compounding and upon the prices paid to the authority by the initial
2 purchasers of those refunding bonds.

3 (cf: P.L.2001, c.258, s.1)

4

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

7 21. a. There is hereby established a separate fund entitled
8 "Special Transportation Fund." This fund shall be maintained by the
9 State Treasurer and may be held in depositories as may be selected
10 by the treasurer and invested and reinvested as other funds in the
11 custody of the treasurer, in the manner provided by law. The
12 commissioner may from time to time (but not more frequently than
13 monthly) certify to the authority an amount necessary to fund
14 payments made, or anticipated to be made by or on behalf of the
15 department, from appropriations established for or made to the
16 department from revenues or other funds of the authority. The
17 commissioner's certification shall be deemed conclusive for
18 purposes of the act. The authority shall, within 15 days of receipt
19 of the certificate, transfer from available funds of the authority to
20 the treasurer for deposit in the Special Transportation Fund the
21 amount certified by the commissioner, provided that all funds
22 transferred shall only be expended by the department by project
23 pursuant to appropriations made from time to time by the
24 Legislature for the purposes of the act.

25 b. The department shall not expend any money except as
26 appropriated by law. Commencing with appropriations for the
27 fiscal years beginning on July 1, 1988, the department shall not
28 expend any funds except as are appropriated by specific projects
29 identified by a description of the projects, the county or counties
30 within which they are located, and amounts to be expended on each
31 project, in the annual appropriations act.

32 c. No funds appropriated, authorized or expended pursuant to
33 this act shall be used to finance the resurfacing of highways by
34 department personnel, where that resurfacing would require the use
35 of more than 100,000 tons of bituminous concrete for that purpose
36 in any calendar year, except that the commissioner may waive this
37 provision when he determines the existence of emergency
38 conditions requiring the use of department personnel for the
39 resurfacing of highways, after the department has effectively
40 reached the 100,000 ton limit.

41 d. In order to provide the department with flexibility in
42 administering the specific appropriations by project identified in the
43 annual appropriations act, the commissioner may transfer a part of
44 any item to any other item subject to the approval of the Director of
45 the Division of Budget and Accounting and of the Joint Budget
46 Oversight Committee or its successor. Upon approval of the
47 director and the committee, the transfer shall take effect.

48 e. Any federal funds which become available to the State for
49 transportation projects which have not been appropriated to the

1 department in the annual appropriations act, shall be deemed
2 appropriated to the department and may, subject to approval by the
3 Joint Budget Oversight Committee and the State Treasurer, be
4 expended for any purpose for which such funds are qualified.

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

12 g. To the extent that salaries or overhead of the department or
13 the New Jersey Transit Corporation are charged to transportation
14 projects, each agency shall keep adequate and truthful personnel
15 records, and time charts to adequately justify each such charge and
16 shall make those records available to the external auditor to the
17 authority.

18 h. The commissioner shall annually, on or before January 1 of
19 each fiscal year, report to the Governor and the Legislature how
20 much money was expended in the previous fiscal year for salaries
21 and overhead of the department and the New Jersey Transit
22 Corporation. However, the amount expended from the revenues
23 and other funds of the authority for salaries and overhead of the
24 department and the New Jersey Transit Corporation for the fiscal
25 years beginning July 1, 2001, July 1, 2002 and July 1, 2003 shall
26 not exceed 13 percent of the total funds appropriated from the
27 revenues and other nonfederal funds of the authority for those fiscal
28 years.

29 i. No revenues or other funds of the authority shall be expended
30 for emergency response operations, the review of applications for
31 access permits under the State highway access management code
32 and membership fees or other fees connected with membership in
33 TRANSCOM, the Transportation Operations Coordinating
34 Committee.

35 j. In furtherance of smart growth principles, the department shall
36 limit the funds programmed for major highway capacity expansion
37 in any fiscal year to no more than an average of four percent over
38 five years of the total Annual Transportation Capital Program. For
39 purposes of this subsection, "major highway capacity expansion"
40 means construction of a new section of roadway or the addition of
41 through travel lanes to an existing State highway where such lanes
42 are designed primarily to increase the car carrying capacity of a
43 State highway for more than one mile. Major highway capacity
44 expansion shall not include any projects that are being performed
45 on a bridge or roadway that has been determined by the department
46 to be structurally deficient and functionally obsolete or is part of a
47 project that has been deemed consistent with the department's
48 Master Plan submitted pursuant to section 5 of P.L. 1966,c. 301

1 (C.27:1A-5) and consistent with section 22 of P.L. 1984,c. 73
2 (C.27: 1B-22).

3 (cf: P.L.2000, c.73, s.20)

4

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

7 20. There is hereby established in the General Fund an account
8 entitled "Transportation Trust Fund Account." During the fiscal
9 year beginning July 1, 1984 and during each succeeding fiscal year
10 in which the authority has bonds, notes or other obligations
11 outstanding, the treasurer shall credit to this account:

12 a. An amount equivalent to the revenue derived from **[\$0.09]**
13 \$0.105 per gallon from the tax imposed on the sale of motor fuels
14 pursuant to chapter 39 of Title 54 of the Revised Statutes, as
15 provided in Article VIII, Section II, paragraph 4 of the State
16 Constitution, provided, however, such amount during any fiscal
17 year shall not be less than **[\$405,000,000]** \$483,000,000;

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

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

24 The treasurer shall also credit to this account, in accordance with
25 a contract between the treasurer and the authority, an amount
26 equivalent to the sum of the revenues due from the increase of fees
27 for motor vehicle registrations collected pursuant to the amendment
28 to R.S.39:3-20 made by this act and from the increase in the tax on
29 diesel fuels imposed pursuant to the amendment to R.S.54:39-27
30 made by this act and by P.L.1987, c.460, provided that the total
31 amount credited during the fiscal year beginning July 1, 1984 shall
32 not be less than \$20,000,000.00 and that the total amount credited
33 during the fiscal year beginning July 1, 1985 and during every fiscal
34 year thereafter shall not be less than \$30,000,000.00.

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

44 d. **[After approval by the voters of the constitutional**
45 **amendment proposed in Senate Committee Substitute for Senate**
46 **Concurrent Resolution No. 1 of 2000 or Assembly Concurrent**
47 **Resolution No. 116 of 2000, in]** In addition to the amount credited
48 in subsection a. of this section, beginning January 1 following

1 approval by the voters an amount equivalent to the revenue derived
2 from the tax imposed on the sale of petroleum products pursuant to
3 P.L.1990, c.42 (C.54:15B-1 et seq.), provided, however, such
4 amount shall not be less than \$100,000,000 in the period January 1
5 through June 30 following approval by the voters and shall not be
6 less than \$200,000,000 in any fiscal year thereafter and for the
7 fiscal year commencing July 1, 2001 and for each fiscal year
8 thereafter an amount equivalent to the revenue derived from the tax
9 imposed under the "Sales and Use Tax Act," P.L.1966, c.30
10 (C.54:32B-1 et seq.) on the sale of new motor vehicles, provided,
11 however, that such amount shall not be less than **[\$80,000,000 for**
12 **the fiscal year commencing July 1, 2001, not less than**
13 **\$140,000,000 for the fiscal year commencing July 1, 2002, and not**
14 **less than]** \$200,000,000 for the fiscal year commencing July 1,
15 2003 and for each fiscal year thereafter, as provided in Article VIII,
16 Section II, paragraph 4 of the State 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 Trust Fund Account, provided that
21 the payments to the authority shall be subject to and dependent
22 upon appropriations being made from time to time by the
23 Legislature of the amounts thereof for the purposes of the act.

24 (cf: P.L.2000, c.73, s.19)

25

26 4. 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, 2000 for the**
31 **fiscal year commencing July 1, 2000 the amount reported by the**
32 **commissioner for proposed projects to be financed shall not exceed**
33 **\$900,000,000 and for the fiscal year beginning July 1, 2001 through**
34 **the fiscal year beginning July 1, 2003 the annual amounts shall not**
35 **exceed \$950,000,000, all amounts exclusive of federal funds.]**
36 Commencing with the report of the commissioner, as may be
37 amended, required to be submitted pursuant to section 22 of
38 P.L.1984, c.73 (C.27:1B-22) on or before March 1, 2006 and on
39 each succeeding March 1 thereafter through March 1, 2010, the
40 annual amount so reported by the commissioner for proposed
41 projects shall not exceed \$1,600,000,000 exclusive of federal funds.

42 b. For the fiscal year beginning on July 1, **[2000]** 2006 and for
43 each fiscal year thereafter through the fiscal year beginning on July
44 1, 2010, the total annual amount authorized to be appropriated from
45 the revenues and other nonfederal funds of the New Jersey
46 Transportation Trust Fund Authority for the projects listed in the
47 appropriations act pursuant to section 21 of P.L.1984, c.73
48 (C.27:1B-21) shall not exceed **[\$900,000,000 and for the fiscal year**

1 beginning July 1, 2001 through the fiscal year beginning July 1,
2 2003 the annual amounts shall not exceed \$950,000,000]
3 \$1,600,000,000, all amounts exclusive of federal funds.

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.2000, c.73, s.21)

28

29 5. Section 22 of P.L.1984, c.73 (C.27:1B-22) is amended to read
30 as follows:

31 22. The commissioner shall prepare and submit the following
32 reports to the Governor, the Legislature, and the Financial Policy
33 Review Committee, established pursuant to section 6 of
34 P.L. , c. (C.) (pending before the Legislature as this bill)
35 under the terms set forth below: a Transportation Master Plan, a
36 Statewide Capital Investment Strategy, an Annual Transportation
37 Capital Program, a Transportation Trust Fund Authority Financial
38 Plan, and a Five-Year Capital Plan.

39 a. To the end that the transportation system of the State shall be
40 planned in an orderly and efficient manner and that the Legislature
41 shall be advised of the nature and extent of public highways, public
42 transportation projects and other transportation projects
43 contemplated to be financed under this act, the department shall
44 submit a master plan, as provided in subsection (a) of section 5 of
45 P.L.1966, c.301 (C.27:1A-5). Notwithstanding the provisions of
46 that act, the plan shall be for a period of five years and shall be
47 submitted to the Commission on Capital Budgeting and Planning,
48 the Chairman of the Senate Transportation Committee and the
49 Chairman of the Assembly Transportation and Communications

1 Committee, or their successors, and the Legislative Budget and
2 Finance Officer, and the metropolitan planning organizations, on or
3 before March 1, 2001, and at five-year intervals thereafter. The
4 master plan shall set the direction for the department's overall
5 Capital Investment Strategy and subsequent annual Transportation
6 Capital Programs submitted to the Legislature for approval pursuant
7 to this section. This master plan shall, to the extent practicable,
8 conform to all federal requirements for statewide transportation
9 planning.

10 b. The Department of Transportation, in conjunction with the
11 New Jersey Transit Corporation, the New Jersey Turnpike
12 Authority, and the South Jersey Transportation Authority, shall
13 prepare a "Statewide Capital Investment Strategy" for at least a
14 five-year period which shall contain, at a minimum, a statement of
15 the goals of the department **[and]**, the corporation, and the toll road
16 authorities in major selected policy areas and the means by which
17 the goals are to be attained during that period, using quantitative
18 measures where appropriate. The Statewide Capital Investment
19 Strategy may be updated and submitted no later than March 1 of
20 each year. The Statewide Capital Investment Strategy shall provide
21 for a multi-modal, intermodal, seamless **[and]** , technologically
22 advanced, and secure transportation system. It shall recommend
23 investment for major program categories, set overall goals for
24 investment in the State's infrastructure, and develop program targets
25 and performance measures. It may rely on infrastructure
26 management systems as developed by the department to assess
27 bridge conditions, pavement conditions, bridge, traffic and
28 pedestrian safety, traffic congestion and public transit facilities.
29 With respect to pavement conditions, the department shall set as a
30 priority the utilization of efficient cost-effective materials and
31 treatments as stated in section 9 of P.L.2000, c.73 (C.27:1B-21.22).
32 In the event that there exist appropriate circumstances for the use of
33 micro-surfacing and cold-in-place recycling, the department shall
34 establish as a special priority the use of these materials and surface
35 treatments. The goals of the Capital Investment Strategy shall
36 include, but not be limited to, reduction of vehicular and pedestrian
37 accidents, reduction in the backlog of projects, including one-half
38 of the structurally deficient bridge repair projects and pavement
39 deficiencies, and an increase in lane miles of bicycle paths, with a
40 goal of constructing an additional 1,000 lane miles of bicycle paths
41 in five years to reduce traffic congestion and for recreational uses.
42 The construction of bicycle and pedestrian lanes, paths and facilities
43 shall be subject to no stricter environmental requirements than are
44 provided pursuant to federal law and regulations for such lanes,
45 paths and facilities, notwithstanding the provisions to the contrary
46 of State law and regulations, including State Executive Order No.
47 215 of 1989. With respect to the New Jersey Transit Corporation,
48 the **[plan]** Statewide Capital Investment Strategy shall deal with the
49 corporation's **[goals]** overall goal to keep the public transportation

1 system in a state of good repair and, more specifically, in the area
2 of bus transportation [and] , present a strategy and a preliminary
3 timetable for the replacement of the current diesel bus fleet with a
4 fleet of buses which have reduced emission of air pollutants. The
5 corporation shall consider the feasibility of buses with improved
6 pollution controls and that reduce particulate emissions and buses
7 powered by fuel other than conventional diesel fuel, such as
8 compressed natural gas vehicles, hybrid vehicles, fuel cell vehicles,
9 biodiesel vehicles, vehicles operated on ultra low sulfur fuel,
10 vehicles operated on any other bus fuel approved by the United
11 States Environmental Protection Agency, and the like. The
12 corporation may consider as part of its strategy, cooperative efforts
13 with bus manufacturers, and the solicitation of federal support, in
14 developing a "clean bus" with air pollution controls superior to
15 currently available technology. For the fiscal year beginning July 1,
16 2007 and each fiscal year thereafter, all buses purchased by the
17 New Jersey Transit Corporation shall be buses with improved
18 pollution controls and that reduce particulate emissions or buses
19 powered by fuel other than conventional diesel fuel, such as
20 compressed natural gas vehicles, hybrid vehicles, fuel cell vehicles,
21 biodiesel vehicles, vehicles operated on ultra low sulfur fuel,
22 vehicles operated on any other bus fuel approved by the United
23 States Environmental Protection Agency, and the like. In the event
24 that the corporation is not able to meet the bus purchase
25 requirements set forth in this section with respect to any fiscal year,
26 prior to the commencement of the fiscal year the board of the
27 corporation shall by resolution submit a report to the Legislature
28 detailing its inability to meet the requirements and the reasons
29 therefor and shall submit the report to the Senate and General
30 Assembly when both houses are in session, including therein a
31 request to be exempted from the bus purchase requirements of this
32 section with regard to the fiscal year in question. The President of
33 the Senate and the Speaker of the General Assembly shall cause the
34 date of submission to be entered upon the Senate Journal and the
35 Minutes of the General Assembly. If a joint resolution approving
36 the exemption is passed by the Legislature and signed by the
37 Governor prior to the commencement of the fiscal year in question,
38 the corporation shall be exempt from the requirements for that fiscal
39 year.

40 In the fiscal year beginning on July 1, 2007 and in each fiscal
41 year thereafter, in the year prior to the year in which final
42 engineering is anticipated to start on any project which extends the
43 reach of the New Jersey Transit rail or light rail system, the New
44 Jersey Transit Corporation shall be required to identify and include
45 in the annual Statewide Capital Investment Strategy the required
46 State financial assistance to support operation of the incremental
47 service for the first three years and the projected fare box recovery
48 ratio at the commencement of the fourth year of operation of each
49 project.

1 The **[plan]** Statewide Capital Investment Strategy shall also
2 detail the planned investment of capital funds for public
3 transportation projects of companies other than the New Jersey
4 Transit Corporation engaged in the business of providing motor bus
5 transportation. The **[plan]** Statewide Capital Investment Strategy
6 shall demonstrate that such investment adequately addresses the
7 finding in section 2 of P.L.1979, c.150 (C.27:25-2) that in the
8 provision of public transportation services it is desirable to
9 encourage to the maximum extent feasible the participation of
10 private enterprise.

11 c. On or before March 1 of each year, the commissioner shall
12 submit a report of general project categories and proposed projects
13 thereunder to be financed in the ensuing fiscal year, including
14 therewith a description of the projects, the county or counties within
15 which they are to be located, a distinction between State and local
16 projects, and the amount estimated to be expended on each project.
17 This report shall be known as the "Annual Transportation Capital
18 Program" for the upcoming fiscal year. It shall include proposed
19 projects of both the Department of Transportation and the New
20 Jersey Transit Corporation. The program shall be consistent with,
21 and reflective of, the goals and priorities of the Capital Investment
22 Strategy and the program shall include an explanation which
23 demonstrates how it is consistent with, and reflective of, the goals
24 and priorities.

25 d. On or before March 1 of each year, the commissioner shall
26 also submit a "Transportation Trust Fund Authority Financial Plan"
27 designed to implement the financing of the proposed projects. The
28 financial plan shall contain an enumeration of the bonds, notes or
29 other obligations of the authority which the authority intends to
30 issue, including the amounts thereof and the conditions therefor.
31 The financial plan shall set forth a complete operating and financial
32 statement covering the authority's proposed operations during the
33 ensuing fiscal year, including amounts of income from all sources,
34 including but not limited to the proceeds of bonds, notes or other
35 obligations to be issued, as well as interest earned. In addition, the
36 plan shall contain proposed amounts to be appropriated and
37 expended, as well as amounts for which the department anticipates
38 to obligate during the ensuing fiscal year for any future
39 expenditures.

40 e. The Statewide Capital Investment Strategy, the Annual
41 Transportation Capital Program, and the Transportation Trust Fund
42 Authority Financial Plan shall be submitted to the Senate and
43 General Assembly. Within **[30]** 45 days of the receipt thereof, the
44 Senate or the General Assembly may object in writing to the
45 commissioner in regard to any project or projects in the Annual
46 Transportation Capital Program it disapproves or which it is of the
47 opinion should be modified or added to or any additional or
48 alternative projects considered or in regard to any element of the
49 financial plan. The commissioner shall consider the objections and

1 recommendations and resubmit the report within 10 days,
2 containing therein any modifications based upon the commissioner's
3 consideration of the objections or recommendations.

4 f. In order that the Legislature shall be advised of the nature and
5 extent of public highways, public transportation projects, and other
6 transportation projects contemplated to be financed under this act,
7 the commissioner shall submit annually, together with the Annual
8 Transportation Capital Program, a Five-Year Capital Plan, which
9 shall set forth projects and programs anticipated to be funded over
10 the five-year period. The Five-Year Capital Plan shall, to the extent
11 practicable, conform to all federal requirements for statewide
12 transportation capital programming.

13 (cf: P.L.2000, c.73 s.22)

14

15 6. (New section) There is hereby created in the Executive
16 Branch of the State Government, a body corporate and politic, with
17 corporate succession, to be known as the Financial Policy Review
18 Board. For the purpose of complying with the provisions of Article
19 V, Section IV, paragraph 1 of the New Jersey Constitution, the
20 board is hereby allocated within the Department of Transportation,
21 but, notwithstanding that allocation, the board shall be independent
22 of any supervision or control by the department or by any body or
23 officer thereof. The board is hereby constituted as an
24 instrumentality of the State exercising public and essential
25 governmental functions, and the exercise by the board of the powers
26 conferred by this act shall be deemed and held to be an essential
27 governmental function of the State.

28 The board shall be comprised of five public members with
29 experience in transportation finance and policy. The Governor shall
30 appoint three of the members with the advice and consent of the
31 Senate. The remaining members shall be appointed by the
32 Governor as follows: one upon the joint recommendation of the
33 President of the Senate and the Minority Leader of the Senate, and
34 one upon the joint recommendation of the Speaker of the General
35 Assembly and the Minority leader of the General Assembly. Each
36 member shall serve for a four-year term and shall serve until the
37 member's successor is appointed and qualified; provided, however,
38 that in order to achieve non-concurrent terms, of the members first
39 appointed pursuant to this section, two members appointed by the
40 Governor shall serve for four years; while the two members
41 appointed upon the joint recommendation of the President of the
42 Senate and the Minority Leader of the Senate and upon the joint
43 recommendation of the Speaker of the General Assembly and the
44 Minority Leader of the General Assembly shall serve for three years
45 each, and the remaining member appointed by the Governor shall
46 serve for two years . The Financial Policy Review Board shall be
47 deemed to be constituted immediately upon appointment and
48 qualification in the manner provided in this section of at least three
49 members.

1 The purpose of the board is to assure fiscal discipline through
2 evaluating the financing of transportation and preparing an annual
3 State of Condition of Transportation Financing certification. The
4 certification shall ensure that the financing and expenditures of the
5 New Jersey Transportation Trust Fund Authority (the “authority”)
6 adhere to certain standards. The standards are: a. The bonding
7 limitation as provided in subsection i. of section 9 of P.L.1984, c.73
8 (C.27:1B-9). b. For the fiscal year commencing July 1, 2007, the
9 amount expended from the revenues and other funds of the
10 authority for permitted maintenance shall not exceed the amount
11 expended for permitted maintenance in the fiscal year commencing
12 July 1, 2006. c. The total amount authorized to be appropriated
13 from the revenues and other funds of the authority for project costs
14 shall not exceed \$1,600,000,000 annually.

15 Commencing with the fiscal year beginning July 1, 2007, the
16 board shall submit to the Governor, the Legislature, and the
17 commissioner on an annual basis the State of Condition of
18 Transportation Financing certification as to the requirements of
19 subsection a. of this section referencing therein a certification with
20 regard to subsections b. and c. of this section to the extent feasible,
21 given the other provisions of this section. The certifications shall
22 be based on the board’s review of the State’s fiscal year final
23 expenditures from the preceding fiscal year ending July 30 of each
24 year, including bonding and expenditures from the annual
25 independent audit of the authority, and the amount of authority
26 funds programmed from permitted maintenance. If the capital
27 program and its financing are found to be in compliance, the first
28 annual certification required by this paragraph shall be submitted by
29 February 1, 2008, after the certification is concurred with by the
30 members of the authority, and by February 1 of each year thereafter.
31 The board shall advise the commissioner on February 1, 2008 and
32 on each succeeding February 1, if the board finds that the
33 department is not in compliance with the bonding requirements as
34 provided in subsection a. of the section, and that a corrective action
35 plan is needed. The department shall submit a corrective action
36 plan that would reduce its future bond sales to offset the amount of
37 excess bonding or to reduce future debt service payments, or both,
38 as the case may be. Upon approval of the corrective action plan by
39 the board, the certification shall be issued with certain conditions.
40 The Annual Transportation Capital Program submitted to the
41 Legislature for the forthcoming year shall be in compliance with the
42 provisions of the corrective action plan. If the board does not
43 approve the corrective action plan, the authority shall submit a
44 financial plan showing bonding only for existing projects, noting
45 that no bonds shall be issued for new projects shown in the
46 department’s Annual Transportation Capital Program. The board
47 shall advise the commissioner on February 1, 2008 and on each
48 succeeding February 1, if the board finds that the Department of
49 Transportation has exceeded the limitation for the amount of

1 authority funds spent on permitted maintenance pursuant to
2 subsection b. of this section, or for the amount authorized to be
3 appropriated for project costs pursuant to subsection c. of this
4 section and that a corrective action plan is needed. The department
5 shall submit a corrective action plan that would offset the excess
6 amount spent, or the excess amount appropriated, in the prior year
7 with less funding for permitted maintenance or for projects, as the
8 case may be, in the proposed capital budget request. Upon approval
9 of the corrective action plan by the board, a certification as to these
10 matters shall be issued with certain conditions. The Annual
11 Transportation Capital Program submitted to the Legislature for the
12 forthcoming year shall be in compliance with the provisions of the
13 corrective action plan. If the board does not approve the corrective
14 action plan, the authority shall submit a financial plan showing
15 bonding only for existing projects, noting that no bonds shall be
16 issued for new projects shown in the department's Annual
17 Transportation Capital Program.

18

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

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

1 county allocations established in this section, or if no appropriation
2 is provided, the commissioner shall determine on a prorated basis
3 the amount of the deficiency for each county having a minimum
4 allocation and allocate from funds available under the federal aid
5 urban system program sufficient funds to meet the minimum
6 allocations.

7 b. The commissioner shall, pursuant to appropriations or
8 authorizations being made from time to time by the Legislature
9 according to law [and pursuant to the provisions of subsection d. of
10 this section], allocate at his discretion State aid to counties and
11 municipalities for [public highways under their jurisdiction and for
12 emergency] transportation projects, except that the amount to be
13 appropriated for this program shall be [15%] 10% of the total
14 amount appropriated [pursuant to the provisions of paragraph (2) of
15 subsection d. of this section] for the total county and municipal aid
16 programs. This State aid shall be set aside prior to any formula
17 allocations provided for in subsections c., d., and e. of this section.

18 c. The commissioner shall, pursuant to appropriations or
19 authorizations being made from time to time by the Legislature
20 according to law and pursuant to the provisions of [subsection]
21 subsections b. and d. of this section, allocate State aid to
22 municipalities for public highways under their jurisdiction[, except
23 that the amount to be appropriated for this purpose shall be 85% of
24 the amount appropriated pursuant to the provisions of paragraph (2)
25 of subsection d. of this section]. The amount to be appropriated
26 shall be allocated on the basis of the following distribution factor:

27
$$DF = \frac{Pc}{Ps} + \frac{Cm}{Sm}$$

31 where, DF equals the distribution factor

33 Pc equals county population

35 Ps equals State population

37 Cm equals municipal road mileage within the county

39 Sm equals municipal road mileage within the State.

41 After the amount of aid has been allocated based on the above
42 formula, the commissioner shall determine priority for the funding
43 of municipal projects within each county, based upon criteria
44 relating to volume of traffic, safety considerations, growth
45 potential, readiness to obligate funds and local taxing capacity. In
46 addition to the above criteria used in determining priority of
47 funding of municipal projects in each county, the commissioner
48 shall consider whether a project is intended to remedy hazardous

1 conditions as identified for the purposes of providing transportation
2 pursuant to N.J.S.18A:39-1.2 for school pupils or to improve
3 pedestrian safety.

4 For the purposes of this subsection, (1) "population" means the
5 official population count as reported by the New Jersey Department
6 of Labor; and (2) "municipal road mileage" means that road mileage
7 under the jurisdiction of municipalities, as determined by the
8 department.

9 d. There shall be appropriated at least **[\$30,000,000.00 in]**
10 \$175,000,000 for the fiscal year commencing July 1, 2006 and for
11 each fiscal year thereafter, for the purposes provided herein and in
12 subsections b. **[and]** , c. and e. of this section. (1) Of that
13 appropriation, the commissioner shall allocate \$5,000,000.00 as
14 State aid to any municipality qualifying for aid pursuant to the
15 provisions of P.L.1978, c.14 (C.52:27D-178 et seq.). The
16 commissioner shall allocate the aid to each municipality in the same
17 proportion that the municipality receives aid under P.L.1978, c.14.
18 (2) The remaining amount of the appropriation shall be allocated
19 pursuant to the provisions of **[subsections b. and]** subsection c. of
20 this section.

21 e. The commissioner may, pursuant to appropriations or
22 authorizations being made from time to time by the Legislature
23 according to law, allocate additional funding to the Local County
24 Aid Program for public highway projects, in accordance with a
25 formula similar to that provided for in subsection c. of this section,
26 except that Cm equals road mileage under county jurisdiction and
27 Sm equals total county road mileage within the State.

28 (cf: P.L.2005, c.158, s.4)

29

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

32 9. **[State aid]** Aid to counties and municipalities [pursuant to
33 section 25 of P.L.1984, c.73 (C.27:1B-25),] administered by the
34 department may, at the discretion of the commissioner, be disbursed
35 to any individual county or municipality on a grant basis or on a
36 cost reimbursement basis. Distribution of the portion of the grant
37 provided initially to a county or municipality may be contingent on
38 its performance in spending prior grants.

39 (cf: P.L.1995, c.108, s.9)

40

41 9. (New section) The Department of Transportation shall report
42 to the Governor and the Legislature on September 1, 2008 and on
43 September 1, 2010 on the amount of revenues and other funds of
44 the authority which have been expended on permitted maintenance
45 and on salaries and overhead of the department and the corporation
46 in the previous two fiscal years respectively. In the reports the
47 department shall provide reasons as to why the reported expenditure
48 levels are appropriate and in the public interest. In addition, the

1 department shall detail steps that have been undertaken to reduce
2 expenditures for these purposes after June 30, 2006.

3

4 10. Section 27 of P.L.2000, c.73 (C.27:1B-21.31) is repealed.

5

6 11. This act shall take effect immediately.

7

8

9

STATEMENT

10

11 This bill amends and supplements the New Jersey Transportation
12 Trust Fund laws to:

13 (1) Permit the Transportation Trust Fund authority (TTFA) to
14 issue bonds and refunding bonds after the effective date of the bill
15 for a period of 31 years. The current maximum term is 21 years.

16 (2) Increase the TTFA's annual debt limit from \$650,000,000 to
17 \$1,600,000,000. The carryforward provisions and the exemption of
18 refunding debt from this limit are not affected by this change.

19 (3) Provide for the crediting of an amount equivalent to 10.5
20 cents from the motor fuels tax, rather than 9 cents of that tax, to the
21 Transportation Trust Fund Account.

22 (4) Provide that the annual amount of proposed TTFA projects
23 reported by the Commissioner of Transportation from March 1,
24 2006 and each March 1 thereafter shall not exceed \$1,600,000,000
25 and likewise to limit the amount to be appropriated for this purpose
26 from fiscal year 2007 and each fiscal year thereafter to
27 \$1,600,000,000 annually, exclusive of federal funds.

28 (5) Increase the statutory minimum amount of local aid under the
29 Trust Fund to \$175 million. The amount of \$150 million is
30 currently appropriated for this purpose.

31 (6) Create a Financial Policy Review Board to assure fiscal
32 discipline by evaluating TTFA practices and to submit an annual
33 State of Condition of Transportation Financing report.

34 These changes will permit the TTFA to issue bonds and
35 refunding bonds, and to receive additional revenues, sufficient to
36 provide a TTFA program of \$1.6 billion annually.

ASSEMBLY TRANSPORTATION AND PUBLIC WORKS
COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2813

with committee amendments

STATE OF NEW JERSEY

DATED: MARCH 9, 2006

The Assembly Transportation and Public Works Committee releases favorably and with amendments Assembly Bill No. 2813.

As amended, this bill amends and supplements the New Jersey Transportation Trust Fund Authority laws to:

(1) Permit the Transportation Trust Fund Authority (TTFA) to issue bonds and refunding bonds for a period of 31 years. The current maximum term is 21 years.

(2) Increase the TTFA's annual debt limit from \$650,000,000 to \$1,600,000,000 for a period of five fiscal years, beginning in FY 2007. This limit would be reduced in any fiscal year in which the annual appropriation of State funds to the Transportation Trust Fund exceeds \$895,000,000 by the amount that the appropriation exceeds \$895,000,000. Additionally, any "unused" debt limitation may be carried forward into a subsequent fiscal year, subject to the approval of the Joint Budget Oversight Committee (JBOC).

(3) Provide that no refunding bonds shall be issued unless the TTFA first determines that such a refunding will result in a net present value "savings."

(4) Provide for the crediting of an amount equivalent to 10.5 cents per gallon from the motor fuels tax to the Transportation Trust Fund Account, an increase of 1.5 cents over the current 9 cents per gallon dedication.

(5) Reinstate the 13 percent cap, which expired on July 1, 2003, on the amount of Department of Transportation (DOT) and New Jersey Transit (NJT) salaries and overhead which may be charged to transportation projects. The cap applies to the revenues and other nonfederal funds of the authority appropriated in each fiscal year.

(6) Provide that the annual amount of proposed TTFA projects reported by the Commissioner of Transportation on March 1, 2006, and each March 1 thereafter through March 1, 2010, shall not exceed \$1,600,000,000 and likewise limit the amount to be appropriated for this purpose beginning in fiscal year 2007, and each fiscal year

thereafter through fiscal year 2011, to \$1,600,000,000 annually, exclusive of federal funds.

(7) Require the DOT to limit the funds programmed for major highway capacity expansion in any fiscal year to no more than an average of four percent over five years of the total Annual Transportation Capital Program. Major highway capacity expansion shall not include any project that is being performed on a bridge or roadway that has been determined by the department to be structurally deficient and functionally obsolete or is part of a project that has been deemed consistent with DOT's Master Plan. This provision would permit the DOT to undertake projects that protect health and safety in the furtherance of the interest of the State's motorists.

(8) Increase the statutory minimum amount of local aid under the Trust Fund to \$175 million. Currently, \$150 million is appropriated for this purpose.

(9) Create a Financial Policy Review Board to assure fiscal discipline through the evaluation of TTFA practices and submission of an annual State of Condition of Transportation Financing report.

(10) Require the Commissioner to submit to the Legislature and Governor, the following reports: a Transportation Master Plan, a Statewide Capital Investment Strategy, an Annual Transportation Capital Program, a TTFA Financial Plan, and a Five-Year Capital Plan. Additionally, in 2007 and 2009, the Commissioner is required to report on permitted maintenance and overhead expenditures.

These changes will permit the TTFA to issue bonds and refunding bonds, and to receive additional revenues, sufficient to provide a TTFA program of \$1.6 billion annually in each of the next five fiscal years, FY 2007 – FY 2011.

COMMITTEE AMENDMENTS:

The committee amended the bill to:

(1) Specify that reinstating the 13 percent cap on the amount of DOT and NJT salaries and overhead which may be charged to transportation projects commences with the fiscal year beginning July 1, 2006, and continues for each fiscal year thereafter.

(2) Clarify a statutory citation in section 2.

(3) Clarify in section 6 that the Financial Policy Review Board shall advise the TTFA, in addition to the Commissioner of Transportation, if it finds that the TTFA is not in compliance with the bonding requirements contained in this bill and require the TTFA to submit a corrective action plan. The committee also made various technical amendments of a grammatical nature in section 6.

MINORITY STATEMENT

By Assemblyman O'Toole, Assemblyman Kean and Assemblywoman
Beck

It is essential to provide for a strong program to fund transportation construction and improvements. At best, this bill would salvage the Transportation Trust Fund for a short period of time and sets our transportation program and the State budget on a road that ends in fiscal ruin.

This legislation seeks to establish an \$8 billion transportation spending program over the next five years – an increase of \$2 billion over current funding levels. However, the legislation identifies only one small, new revenue stream (the dedication of 1.5 cents in gas tax receipts) and no spending controls to support such a tremendous increase in the size of the program and the accompanying debt. Rather, the legislation proposes to pay for the spending by shifting current revenue streams and increasing overall debt by \$6 billion.

For the next 35 years, this legislation saddles taxpayers with an obligation to pay an additional \$19 billion in debt service– funds that may be better spent dealing with high property taxes, protecting and providing care for our most vulnerable children, replacing or repairing crumbling bridges, or any one of many other critical issues facing our State.

In what can only be described as spectacularly poor fiscal policy, the legislation proposes to issue debt with a 30-year payment schedule to pay for administrative salaries, capital maintenance, and projects with useful life span that is far less than 30 years. Projects that will be enjoyed by the current generation of State residents will continue to be paid for by our grandchildren. They will still be paying \$900 million annually 35 years from now for projects that will be rendered obsolete.

A fiscally responsible alternative has been proposed that would significantly increase pay-as-you-go funding for transportation projects by utilizing existing revenues collected from motorists through motor vehicle fees, tolls, and gasoline taxes. We support this alternative.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 2813

with Assembly committee amendments

STATE OF NEW JERSEY

DATED: MARCH 13, 2006

The Assembly Appropriations Committee reports favorably Assembly Bill No. 2813 (1R), with committee amendments.

Assembly Bill No. 2813 (1R), as amended, amends and supplements the New Jersey Transportation Trust Fund Authority laws to:

(1) Permit the Transportation Trust Fund Authority (TTFA) to issue bonds and refunding bonds for a period of 31 years. The current maximum term is 21 years.

(2) Increase the TTFA's annual debt limit from \$650,000,000 to \$1,600,000,000 for a period of five fiscal years, beginning in FY 2007. This limit would be reduced in any fiscal year in which the annual appropriation of State funds to the Transportation Trust Fund exceeds \$895,000,000 by the amount that the appropriation exceeds \$895,000,000. Additionally, any "unused" debt limitation may be carried forward into a subsequent fiscal year, subject to the approval of the Joint Budget Oversight Committee (JBOC).

(3) Provide that no refunding bonds shall be issued unless the TTFA first determines that such a refunding will result in a net present value "savings."

(4) Provide for the crediting of an amount equivalent to 10.5 cents per gallon from the motor fuels tax to the Transportation Trust Fund Account, an increase of 1.5 cents over the current 9 cents per gallon dedication.

(5) Reinstate the 13 percent cap, which expired on July 1, 2003, on the amount of Department of Transportation (DOT) and New Jersey Transit (NJT) salaries and overhead which may be charged to transportation projects. The cap applies to the revenues and other nonfederal funds of the authority appropriated in each fiscal year.

(6) Provide that the annual amount of proposed TTFA projects reported by the Commissioner of Transportation on March 1, 2006, and each March 1 thereafter through March 1, 2010, shall not exceed \$1,600,000,000 and likewise limit the amount to be appropriated for this purpose beginning in fiscal year 2007, and each fiscal year

thereafter through fiscal year 2011, to \$1,600,000,000 annually, exclusive of federal funds.

(7) Increase the statutory minimum amount of local aid under the Trust Fund to \$175 million. Currently, \$150 million is appropriated for this purpose.

(8) Create a Financial Policy Review Board to assure fiscal discipline through the evaluation of TTFA practices and submission of an annual State of Condition of Transportation Financing report.

(9) Require the Commissioner to submit to the Legislature and Governor, the following reports: a Transportation Master Plan, a Statewide Capital Investment Strategy, an Annual Transportation Capital Program, a TTFA Financial Plan, and a Five-Year Capital Plan. Additionally, in 2007 and 2009, the Commissioner is required to report on permitted maintenance and overhead expenditures.

These changes will permit the TTFA to issue bonds and refunding bonds, and to receive additional revenues, sufficient to provide a TTFA program of \$1.6 billion annually in each of the next five fiscal years, FY 2007 – FY 2011.

As reported by the committee, this bill is identical to Senate Bill No. 1470 (2R).

FISCAL IMPACT:

This bill increases the amount of motor fuels tax revenue that is statutorily dedicated to the Transportation Trust Fund Account by 1.5 cents per gallon to 10.5 cents per gallon. This change is expected to realize a \$78,000,000 increase (from \$405,000,000 currently to \$483,000,000) in the amount of motor fuels tax revenue dedicated to the TTF. As the bill does not change State revenues or the rates of tax imposed under the motor fuels tax, this proposal will result in a corresponding reduction in General Fund resources available for other purposes.

COMMITTEE AMENDMENTS:

The amendments delete a provision limiting expenditures for major highway capacity expansion.

Minority Statement

by

Assemblymen Pennachio, Merkt and Doherty and Assemblywoman

Karrow

This bill purports to provide a prudent funding source for transportation projects. It also has been labeled a reform measure. It is neither.

Instead, the legislation commits future generations to tens of billions of dollars of additional debt and debt service payments.

According to those supporting the measure, the ultimate cost has yet to be determined. The only available fiscal information has been gleaned from newspaper accounts and this despite the fact that specific information was requested well in advance of the committee's action on the bill. Thus the committee was asked to vote on this measure without knowing the ultimate cost.

The committee was told that the Administration had not yet figured out the costs. Members were told to vote yes and trust them; that they would be fiscally responsible. This is the same Administration that finds it fiscally responsible to issue \$6.4 billion of new Transportation Trust Fund debt over the next five years and incur approximately \$18 billion of new debt service payments.

Amendments were offered that proposed real reform and would have put the Transportation Trust Fund on a path toward financial solvency. They were defeated.

Without real reform, this measure should not go forward.

LEGISLATIVE FISCAL ESTIMATE

[Second Reprint]

ASSEMBLY, No. 2813

**STATE OF NEW JERSEY
212th LEGISLATURE**

DATED: APRIL 21, 2006

SUMMARY

- Synopsis:** Changes various provisions of “New Jersey Transportation Trust Fund Authority Act.”
- Type of Impact:** Increased annual appropriation from General Fund to Transportation Trust Fund Account; increased authorization for annual appropriations from Transportation Trust Fund Authority (TTFA); increase in TTFA borrowing.
- Agencies Affected:** Department of the Treasury, Department of Transportation, Transportation Trust Fund Authority.

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
Transportation Trust Fund Authority:			
Revenue:	\$78 million increase annually		
Capital Program:	\$1.6 billion annually		
Debt Service:	Indeterminate significant increase		

- The bill authorizes the Transportation Trust Fund Authority (TTFA) to incur \$1.6 billion in new debt annually for fiscal years 2007-2011, an increase of \$950 million per year and \$4.75 billion in total over current limits, and increases the maximum maturity of TTFA bonds by 10 years, from 21 to 31 years.
- The bill increases the annual amount of motor fuels tax dedicated to the TTFA by \$.015 per gallon, from \$.09 to \$.105, and increases the minimum dollar amount so dedicated by \$78 million, from \$405 million to \$483 million. Under recent annual appropriations acts, the revenue from the currently dedicated portion of the motor fuels tax (\$.09 per gallon) is split between the TTFA (\$405 million) and other transportation purposes (\$63 million).
- The bill establishes an annual limit of \$1.6 billion on TTFA nonfederal appropriations for fiscal years 2007-2011.

- This legislation does not increase or decrease State revenue.
- Given the significant increase in the level of annual TTFA spending and borrowing, relative to the increase in revenue annually dedicated to the TTFA, the bill will significantly increase total TTFA debt service costs for the ensuing 35-year period.

BILL DESCRIPTION

Assembly Bill No. 2813 (2R) of 2006 proposes to amend the New Jersey Transportation Trust Fund laws to:

(1) Permit the Transportation Trust Fund Authority (TTFA) to issue bonds and refunding bonds having a maturity of up to 31 years. The current maximum term is 21 years.

(2) Increase the TTFA's annual debt limit from \$650 million to \$1.6 billion for a period of five fiscal years, beginning in FY 2007. (The limit does not cover refunding debt.) In any fiscal year in which the annual appropriation of State funds to the Transportation Trust Fund exceeds \$895 million, this limit would be reduced by the amount of that excess. The bill retains the current statutory permission for debt issuance authority that is "unused" in one fiscal year to be carried forward into a subsequent fiscal year, but makes any such carryforward subject to the approval of the Joint Budget Oversight Committee. The legislation permits the TTFA to issue refunding bonds only if the authority first determines that such a refunding will result in a net present value "savings."

(3) Provide for the annual appropriation of the equivalent of \$0.105 per gallon (increased from \$0.09 per gallon) of the motor fuels tax to the TTF Account, with a minimum credit to the TTF of \$483 million annually (increased from \$405 million).

(4) Provide that the annual amount of proposed TTFA projects reported by the Commissioner of Transportation on March 1, 2006 and thereafter through March 1, 2010 shall not exceed \$1.6 billion and likewise limit, for fiscal years 2007 through 2011, the amount to be appropriated from the TTFA to fund these projects to \$1.6 billion annually, exclusive of federal funds.

(5) Reinstate the 13 percent cap, which expired on July 1, 2003, on the portion of the revenues and other nonfederal funds of the authority appropriated in each fiscal year that may be expended on salaries and overhead of the Department of Transportation and New Jersey Transit.

(6) Increase the statutory minimum amount of local aid under the Trust Fund to \$175 million. Currently, \$150 million is appropriated for this purpose.

(7) Create a Financial Policy Review Board to assure fiscal discipline through the evaluation of TTFA practices and submission of an annual State of Condition of Transportation Financing report.

(8) Clarify the existing statutory obligation of the Commissioner to prepare and submit a Transportation Master Plan, a Statewide Capital Investment Strategy, an Annual Transportation Capital Program, and a TTFA Financial Plan, and add a new requirement that the Commissioner submit a Five-Year Capital Plan. Additionally, in 2008 and 2010, the Commissioner is required to report on permitted maintenance and overhead expenditures.

These changes are intended to permit the TTFA to issue bonds and refunding bonds, and to receive additional revenues, in support of a TTFA program of up to \$1.6 billion annually in each of the next five fiscal years, FY 2007 – FY 2011.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The Office of Legislative Services (OLS) notes that this legislation will affect three areas of transportation finance: TTFA authority to issue debt, the Legislature's general statutory authority to use funds of the TTFA to finance the cost of transportation projects, and the dedication of State revenue to fund the authority.

TTFA Borrowing Authority

The bill increases the statutory annual borrowing limit to \$1.6 billion per year, up 146 percent from the current \$650 million annual limit, for fiscal years 2007-2011. As in current law, unused annual bonding authority will remain available for use in succeeding years, but the bill newly requires the TTFA to obtain the approval of the Joint Budget Oversight Committee before using "carryforward" bonding. The bill further provides for reduction in the borrowing cap in the amount by which annual appropriations to the TTF exceed \$895 million. The bill also increases the maximum final maturity of TTF bonds, including bonds issued to refund existing debt, from 21 years to 31 years.

The outstanding indebtedness of the TTFA is currently about \$7.4 billion, with total debt service costs of about \$11.1 billion for the period FY 2006-FY 2025. The TTFA has unused authority to issue bonds of about \$355 million. The bill will permit an increase in bonding over current law of \$4.7 billion, thus making possible the issuance of new debt totaling \$8 billion in support of TTFA authorized spending for the period FY 2007-2011. The Executive has testified before the Legislature that it currently plans to issue \$6.2 billion in bonds, with estimated total debt service costs of \$17.2 billion through FY 2041, to finance TTFA spending authorizations for FY 2007-2011.

Revenue Dedication

Under current statute, the dedication of motor fuels tax revenue to the TTFA is \$.09 per gallon, but not less than \$405 million. Currently the yield from \$.09 cents per gallon is about \$468 million. The FY 2006 appropriations act allocates the statutory minimum of \$405 million to the TTFA, with the balance allocated to other transportation uses.

The bill increases the annual statutory dedication of motor fuels tax revenue to the TTFA by \$.015 per gallon, to \$.105 per gallon, and increases the minimum dollar amount so dedicated by \$78 million, to \$483 million. The OLS notes that the increase in the minimum dollar amount is consistent with current estimates of motor fuels tax revenue, i.e., that each \$.01 of tax rate produces about \$52 million per year (gasoline @ \$.01 per gallon = \$44 million, diesel fuel @ \$.01 per gallon = \$8 million). The OLS also notes that motor fuels tax revenues have increased by about 2 percent annually, and that if this growth rate continues the amount comprising \$.105 per gallon would likewise increase. The actual amount allocated to the TTFA will be determined by each annual appropriations act; the Executive projects that an additional \$78 million per year will be annually allocated to the TTFA from the motor fuels tax for FY 2007-2011,

notwithstanding potential growth in revenue from the tax. The OLS notes that the bill does not affect the present allocation of the currently dedicated \$.09 per gallon described above. The OLS further notes that if this bill is enacted, current motor fuels tax revenue from \$.03 per gallon on diesel fuel will remain undedicated.

TTFA spending authority

The bill establishes for fiscal years 2007-2011 an annual limitation of \$1.6 billion on appropriations of TTFA revenue from nonfederal funds for transportation projects. (There is currently no statutory limit; the amount appropriated in FY 2006 by the annual appropriations act is \$1.2 billion.) The bill will thus permit a total 5-year TTFA authorization of \$8 billion. The bill further reimposes an annual limit on TTFA nonfederal appropriations for salaries and overhead of 13 percent of the total appropriation; this limit last applied to FY 2004.

Summary

The bill increases significantly both the TTFA's authorization to incur indebtedness and, in allowing that debt to mature over a longer period of time, the total cost of amortizing that newly authorized debt. The bill further increases, relative to recent annual authorizations, the amount that the TTFA can spend for transportation projects. In light of the minimum \$78 million increase the bill provides in appropriations to the TTFA to defray all its expenses – debt service and transportation project costs – the bill's result is to enable a five-year transportation project financing program that increases reliance on borrowing and incurs higher debt service costs in order to fund a higher level of outlay. It is probable that after implementation of the five-year authorization to spend and borrow provided by this bill, the annual and aggregate debt service obligation will fully consume dedicated revenues for the ensuing 31 years.

Section: Authorities, Utilities, Transportation and Communications

*Analyst: Mark Trease
Associate Fiscal Analyst
Frank W. Haines III
Assistant Legislative Budget and Finance Officer*

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

This fiscal estimate has been prepared pursuant to P.L. 1980, c.67.

SENATE, No. 1470

STATE OF NEW JERSEY 212th LEGISLATURE

INTRODUCED FEBRUARY 27, 2006

Sponsored by:

Senator RAYMOND J. LESNIAK

District 20 (Union)

Senator JOSEPH V. DORIA, JR.

District 31 (Hudson)

SYNOPSIS

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

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 3/7/2006)

1 AN ACT concerning the New Jersey Transportation Trust Fund
2 Authority and amending and supplementing P.L.1984, c.73 and
3 amending P.L.1987, c.460.

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

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

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

30 b. Except as may be otherwise expressly provided in the act or
31 by the authority, every issue of bonds or notes shall be general
32 obligations payable out of any revenues or funds of the authority,
33 subject only to any agreements with the holders of particular bonds
34 or notes pledging any particular revenues or funds. The authority
35 may provide the security and payment provisions for its bonds or
36 notes as it may determine, including (without limiting the generality
37 of the foregoing) bonds or notes as to which the principal and
38 interest are payable from and secured by all or any portion of the
39 revenues of and payments to the authority, and other moneys or
40 funds as the authority shall determine. In addition, the authority
41 may, in anticipation of the issuance of the bonds or the receipt of
42 appropriations, grants, reimbursements or other funds, including
43 without limitation grants from the federal government for federal
44 aid highways or public transportation systems, issue notes, the
45 principal of or interest on which, or both, shall be payable out 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 proceeds of notes, bonds or other obligations of the authority or
2 appropriations, grants, reimbursements or other funds or revenues
3 of the authority. The authority may also enter into bank loan
4 agreements, lines of credit and other security agreements as
5 authorized pursuant to subsection h. of section 6 of P.L.1984, c.73
6 (C.27:1B-6) and obtain for or on its behalf letters of credit in each
7 case for the purpose of securing its bonds, notes or other obligations
8 or to provide direct payment of any costs which the authority is
9 authorized to pay by this act and to secure repayment of any
10 borrowings under the loan agreement, line of credit, letter of credit
11 or other security agreement by its bonds, notes or other obligations
12 or the proceeds thereof or by any or all of the revenues of and
13 payments to the authority or by any appropriation, grant or
14 reimbursement to be received by the authority and other moneys or
15 funds as the authority shall determine.

16 c. Whether or not the bonds and notes are of the form and
17 character as to be negotiable instruments under the terms of Title
18 12A, Commercial Transactions, New Jersey Statutes, the bonds and
19 notes are hereby made negotiable instruments within the meaning of
20 and for all the purposes of said Title 12A.

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

35 e. Bonds, notes or other obligations of the authority may be
36 sold at public or private sale at a price or prices and in a manner as
37 the authority shall determine, either on a negotiated or on a
38 competitive basis. Every bond, or refunding bond, issued on or
39 after **the effective date of P.L.1995, c.108 (C.27:1B-25.1 et al.)**
40 **May 1, 2006** shall mature and be paid no later than **[21] 31** years
41 from the date of the issuance of that bond or refunding bond.

42 f. Bonds or notes may be issued and other obligations incurred
43 under the provisions of the act without obtaining the consent of any
44 department, division, commission, board, bureau or agency of the
45 State, other than the approval as required by subsection a. of this
46 section, and without any other proceedings or the happening of any
47 other conditions or other things than those proceedings, conditions
48 or things which are specifically required by the act.

1 g. Bonds, notes and other obligations of the authority issued or
2 incurred under the provisions of the act shall not be in any way a
3 debt or liability of the State or of any political subdivision thereof
4 other than the authority and shall not create or constitute any
5 indebtedness, liability or obligation of the State or of any political
6 subdivision or be or constitute a pledge of the faith and credit of the
7 State or of any political subdivision but all bonds, notes and
8 obligations, unless funded or refunded by bonds, notes or other
9 obligations of the authority, shall be payable solely from revenues
10 or funds pledged or available for their payment as authorized in the
11 act. Each bond, note or other obligation shall contain on its face a
12 statement to the effect that the authority is obligated to pay the
13 principal thereof or the interest thereon only from revenues or funds
14 of the authority and that neither the State nor any political
15 subdivision thereof is obligated to pay the principal or interest and
16 that neither the faith and credit nor the taxing power of the State or
17 any political subdivision thereof is pledged to the payment of the
18 principal of or the interest on the bonds, notes or other obligations.
19 For the purposes of this subsection, political subdivision does not
20 include the authority.

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

27 i. The authority shall minimize debt incurrence by first relying
28 on appropriations and other revenues available to the authority
29 before incurring debt to meet its statutory purposes. Commencing
30 on **the 90th day following the date of enactment of this 1995**
31 **amendatory and supplementary act** July 1, 2006, the authority shall
32 not incur debt in any fiscal year in excess of **[\$650,000,000]**
33 \$1,600,000,000, except that if that permitted amount of debt, or any
34 portion thereof, is not incurred in a fiscal year it may be incurred in
35 a subsequent fiscal year. Any increase in this limitation shall only
36 occur if so provided for by law. In computing the foregoing
37 limitation as to the amount of debt the authority may incur, the
38 authority may exclude any bonds, notes or other obligations,
39 including subordinated obligations of the authority, issued for
40 refunding purposes.

41 j. Upon the decision by the authority to issue refunding bonds
42 pursuant to this section, and prior to the sale of those bonds, the
43 authority shall transmit to the Joint Budget Oversight Committee, or
44 its successor, a report that a decision has been made, reciting the
45 basis on which the decision was made, including an estimate of the
46 debt service savings to be achieved and the calculations upon which
47 the authority relied when making the decision to issue refunding
48 bonds. The report shall also disclose the intent of the authority to

1 issue and sell the refunding bonds at public or private sale and the
2 reasons therefor.

3 k. The Joint Budget Oversight Committee, or its successor,
4 shall have authority to approve or disapprove the sale of refunding
5 bonds as included in each report submitted in accordance with
6 subsection j. of this section. The committee shall approve or
7 disapprove the sale of refunding bonds within 10 business days
8 after physical receipt of the report. The committee shall notify the
9 authority in writing of the approval or disapproval as expeditiously
10 as possible.

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

15 m. Within 30 days after the sale of the refunding bonds, the
16 authority shall notify the Joint Budget Oversight Committee, or its
17 successor, of the result of that sale, including the prices and terms,
18 conditions and regulations concerning the refunding bonds, and the
19 actual amount of debt service savings to be realized as a result of
20 the sale of refunding bonds.

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

26 (cf: P.L.2001, c.258, s.1)

27

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

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

48 b. The department shall not expend any money except as

1 appropriated by law. Commencing with appropriations for the
2 fiscal years beginning on July 1, 1988, the department shall not
3 expend any funds except as are appropriated by specific projects
4 identified by a description of the projects, the county or counties
5 within which they are located, and amounts to be expended on each
6 project, in the annual appropriations act.

7 c. No funds appropriated, authorized or expended pursuant to
8 this act shall be used to finance the resurfacing of highways by
9 department personnel, where that resurfacing would require the use
10 of more than 100,000 tons of bituminous concrete for that purpose
11 in any calendar year, except that the commissioner may waive this
12 provision when he determines the existence of emergency
13 conditions requiring the use of department personnel for the
14 resurfacing of highways, after the department has effectively
15 reached the 100,000 ton limit.

16 d. In order to provide the department with flexibility in
17 administering the specific appropriations by project identified in the
18 annual appropriations act, the commissioner may transfer a part of
19 any item to any other item subject to the approval of the Director of
20 the Division of Budget and Accounting and of the Joint Budget
21 Oversight Committee or its successor. Upon approval of the
22 director and the committee, the transfer shall take effect.

23 e. Any federal funds which become available to the State for
24 transportation projects which have not been appropriated to the
25 department in the annual appropriations act, shall be deemed
26 appropriated to the department and may, subject to approval by the
27 Joint Budget Oversight Committee and the State Treasurer, be
28 expended for any purpose for which such funds are qualified.

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

36 g. To the extent that salaries or overhead of the department or
37 the New Jersey Transit Corporation are charged to transportation
38 projects, each agency shall keep adequate and truthful personnel
39 records, and time charts to adequately justify each such charge and
40 shall make those records available to the external auditor to the
41 authority.

42 h. The commissioner shall annually, on or before January 1 of
43 each fiscal year, report to the Governor and the Legislature how
44 much money was expended in the previous fiscal year for salaries
45 and overhead of the department and the New Jersey Transit
46 Corporation. However, the amount expended from the revenues
47 and other funds of the authority for salaries and overhead of the
48 department and the New Jersey Transit Corporation for the fiscal

1 years beginning July 1, 2001, July 1, 2002 and July 1, 2003 shall
2 not exceed 13 percent of the total funds appropriated from the
3 revenues and other nonfederal funds of the authority for those fiscal
4 years.

5 i. In furtherance of smart growth principles, the department shall
6 limit the funds programmed for major highway capacity expansion
7 in any fiscal year to no more than four percent of the total annual
8 transportation Capital Program. For purposes of this subsection,
9 "major highway capacity expansion" means construction of a new
10 section of roadway or the addition of through travel lanes to an
11 existing State highway where such lanes are designed primarily to
12 increase the car carrying capacity of a State highway for more than
13 one mile. Major highway capacity expansion shall not include: (1)
14 lane additions done primarily at intersections or interchanges
15 intended to increase the safety and capacity at the intersection or
16 interchange; (2) bottleneck eliminations; (3) lane additions or
17 extensions designed for auxiliary purposes including but not limited
18 to speed change (acceleration or deceleration lanes), storage lanes,
19 climbing lanes, bicycle lanes, or any other lanes supplementary to
20 through-traffic movement; (4) lanes added to a bridge to match the
21 number of lanes on each approach to the bridge; (5) collector
22 distributor roads designed to improve roadway safety and operation
23 by separating through traffic from local traffic accessing adjacent
24 land uses; (6) projects in Planning Areas 1 or 2 of the State
25 Development and Redevelopment Plan adopted pursuant to P.L.
26 1985, c.398 (C.52:18A-196 et seq.), which are intended to support
27 smart growth, including but not limited to brownfields
28 redevelopment, or urban revitalization; (7) projects in other
29 Planning Areas of the State Development and Redevelopment Plan
30 adopted pursuant to P.L.1985, c.398 (C.52:18A-196 et seq.) which
31 support designated centers or growth areas that are endorsed by the
32 State Planning Commission; or (8) any bridge projects.

33 (cf: P.L.2000, c.73, s.20)

34

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

37 20. There is hereby established in the General Fund an account
38 entitled "Transportation Trust Fund Account." During the fiscal
39 year beginning July 1, 1984 and during each succeeding fiscal year
40 in which the authority has bonds, notes or other obligations
41 outstanding, the treasurer shall credit to this account:

42 a. An amount equivalent to the revenue derived from **[\$0.09]**
43 **\$0.105** per gallon from the tax imposed on the sale of motor fuels
44 pursuant to chapter 39 of Title 54 of the Revised Statutes, as
45 provided in Article VIII, Section II, paragraph 4 of the State
46 Constitution, provided, however, such amount during any fiscal
47 year shall not be less than **[\$405,000,000] \$483,000,000;**

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

1 c. An amount equivalent to moneys received by the State in
2 accordance with contracts entered into with toll road authorities or
3 other State agencies, provided that effective with the fiscal year
4 beginning July 1, 1988 the amount so credited shall not be less than
5 \$24,500,000.00 in any fiscal year.

6 The treasurer shall also credit to this account, in accordance with
7 a contract between the treasurer and the authority, an amount
8 equivalent to the sum of the revenues due from the increase of fees
9 for motor vehicle registrations collected pursuant to the amendment
10 to R.S.39:3-20 made by this act and from the increase in the tax on
11 diesel fuels imposed pursuant to the amendment to R.S.54:39-27
12 made by this act and by P.L.1987, c.460, provided that the total
13 amount credited during the fiscal year beginning July 1, 1984 shall
14 not be less than \$20,000,000.00 and that the total amount credited
15 during the fiscal year beginning July 1, 1985 and during every fiscal
16 year thereafter shall not be less than \$30,000,000.00.

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

26 d. **【**After approval by the voters of the constitutional
27 amendment proposed in Senate Committee Substitute for Senate
28 Concurrent Resolution No. 1 of 2000 or Assembly Concurrent
29 Resolution No. 116 of 2000, in**】** In addition to the amount credited
30 in subsection a. of this section, beginning January 1 following
31 approval by the voters an amount equivalent to the revenue derived
32 from the tax imposed on the sale of petroleum products pursuant to
33 P.L.1990, c.42 (C.54:15B-1 et seq.), provided, however, such
34 amount shall not be less than \$100,000,000 in the period January 1
35 through June 30 following approval by the voters and shall not be
36 less than \$200,000,000 in any fiscal year thereafter and for the
37 fiscal year commencing July 1, 2001 and for each fiscal year
38 thereafter an amount equivalent to the revenue derived from the tax
39 imposed under the "Sales and Use Tax Act," P.L.1966, c.30
40 (C.54:32B-1 et seq.) on the sale of new motor vehicles, provided,
41 however, that such amount shall not be less than **【**\$80,000,000 for
42 the fiscal year commencing July 1, 2001, not less than
43 \$140,000,000 for the fiscal year commencing July 1, 2002, and not
44 less than**】** \$200,000,000 for the fiscal year commencing July 1,
45 2003 and for each fiscal year thereafter, as provided in Article VIII,
46 Section II, paragraph 4 of the State Constitution.

47 No later than the fifth business day of the month following the
48 month in which a credit has been made, the treasurer shall pay to

1 the authority, for its purposes as provided herein, the amounts then
2 credited to the Transportation Trust Fund Account, provided that
3 the payments to the authority shall be subject to and dependent
4 upon appropriations being made from time to time by the
5 Legislature of the amounts thereof for the purposes of the act.

6 (cf: P.L.2000, c.73, s.19)

7

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

10 8. a. **【Commencing with the report of the commissioner, as may**
11 **be amended, required to be submitted pursuant to section 22 of**
12 **P.L.1984, c.73 (C.27:1B-22) on or before March 1, 2000 for the**
13 **fiscal year commencing July 1, 2000 the amount reported by the**
14 **commissioner for proposed projects to be financed shall not exceed**
15 **\$900,000,000 and for the fiscal year beginning July 1, 2001 through**
16 **the fiscal year beginning July 1, 2003 the annual amounts shall not**
17 **exceed \$950,000,000, all amounts exclusive of federal funds.】**
18 Commencing with the report of the commissioner, as may be
19 amended, required to be submitted pursuant to section 22 of
20 P.L.1984, c.73 (C.27:1B-22) on or before March 1, 2006 and on
21 each succeeding March 1 thereafter, the annual amount so reported
22 by the commissioner for proposed projects shall not exceed
23 \$1,600,000,000 exclusive of federal funds.

24 b. For the fiscal year beginning on July 1, **【2000】** 2006 and for
25 each fiscal year thereafter, the total annual amount authorized to be
26 appropriated from the revenues and other nonfederal funds of the
27 New Jersey Transportation Trust Fund Authority for the projects
28 listed in the appropriations act pursuant to section 21 of P.L.1984,
29 c.73 (C.27:1B-21) shall not exceed 【\$900,000,000 and for the fiscal
30 year beginning July 1, 2001 through the fiscal year beginning July
31 1, 2003 the annual amounts shall not exceed \$950,000,000】
32 \$1,600,000,000, all amounts exclusive of federal funds.

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

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

35 e. The State Auditor shall provide for a unified annual audit of
36 expenditures from the Special Transportation Fund, established by
37 section 21 of P.L.1984, c.73 (C.27:1B-21), in order to determine
38 that these funds are expended for costs eligible for funding from the
39 authority and in a manner consistent with appropriations made by
40 the Legislature. The findings of such audits shall be transmitted to
41 the presiding officer of each House of the Legislature, and to the
42 Chair of the Senate Budget and Appropriations Committee, the
43 Senate Transportation Committee, the Assembly Appropriations
44 Committee, and the Assembly Transportation and Communications
45 Committee or their successors.

46 f. The State Auditor shall review bond issuances of the
47 authority and report to the Joint Budget Oversight Committee and

1 to the members of the Senate Budget and Appropriations
2 Committee and the Assembly Appropriations Committee, or their
3 successors, on the status of the bonds of the authority and projects
4 financed from the proceeds of the bonds. The report shall include
5 the investment status of all unexpended bond proceeds and provide
6 a description of any bond issues expected during a fiscal year,
7 including type of issue, estimated amount of bonds to be issued and
8 the expected month of sale.

9 (cf: P.L.2000, c.73, s.21)

10

11 5. (New section) There is hereby created in the Executive
12 Branch of the State Government, a body corporate and politic, with
13 corporate succession, to be known as the Financial Policy Review
14 Board. For the purpose of complying with the provisions of Article
15 V, Section IV, paragraph 1 of the New Jersey Constitution, the
16 board is hereby allocated within the Department of Transportation,
17 but, notwithstanding that allocation, the board shall be independent
18 of any supervision or control by the department or by any body or
19 officer thereof. The board is hereby constituted as an
20 instrumentality of the State exercising public and essential
21 governmental functions, and the exercise by the board of the powers
22 conferred by this act shall be deemed and held to be an essential
23 governmental function of the State.

24 The board shall be comprised of five public members with
25 experience in transportation finance and policy. The Governor shall
26 appoint each of the members, with the advice and consent of the
27 Senate. No more than three of the members shall be of the same
28 political party. Each member shall serve for a four-year term and
29 shall serve until the member's successor is appointed and qualified;
30 provided, however, that in order to achieve non-concurrent terms,
31 of the members first appointed pursuant to this section, one member
32 shall serve for four years; while two members shall serve for three
33 years each, and the remaining two members shall serve for two
34 years each. The Financial Policy Review Board shall be deemed to
35 be constituted immediately upon appointment and qualification in
36 the manner provided in this section of at least three members.

37 The purpose of the Financial Policy Review Board is to assure
38 fiscal discipline through evaluating the financial condition and
39 performance of the funds of the Transportation Trust Fund
40 Authority and by evaluating the level of the annual capital program
41 to ensure that spending does not exceed the financial resources of
42 the Transportation Trust Fund Authority.

43 Beginning on February 1, 2007, the board shall submit to the
44 Governor, the Legislature, and the commissioner on an annual basis
45 the State of Condition of Transportation Financing report. The
46 report will be based on the board's review of the State's fiscal year
47 final expenditures from the preceding fiscal year ending June 30 of

1 each year, including bonding and cash outlay data from the annual
2 independent audit of the Transportation Trust Fund Authority.

3

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

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

41 b. The commissioner shall, pursuant to appropriations or
42 authorizations being made from time to time by the Legislature
43 according to law **[and pursuant to the provisions of subsection d. of**
44 **this section]**, allocate at his discretion State aid to counties and
45 municipalities for **[public highways under their jurisdiction and for**
46 **emergency]** transportation projects, except that the amount to be
47 appropriated for this program shall be **[15%]** 10% of the total
48 amount appropriated **[pursuant to the provisions of paragraph (2) of**

1 subsection d. of this section] for the total county and municipal aid
 2 programs. This State aid shall be set aside prior to any formula
 3 allocations provided 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 [subsection]
 7 subsections b. and d. of this section, allocate State aid to
 8 municipalities for public highways under their jurisdiction[, except
 9 that the amount to be appropriated for this purpose shall be 85% of
 10 the amount appropriated pursuant to the provisions of paragraph (2)
 11 of subsection d. of this section]. The amount to be appropriated
 12 shall be allocated on the basis of the following distribution factor:

13
$$DF = \frac{Pc}{Ps} + \frac{Cm}{Sm}$$

14 where, DF equals the distribution factor

15 Pc equals county population

16 Ps equals State population

17 Cm equals municipal road mileage within the county

18 Sm equals municipal road mileage within the State.

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

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

35 d. There shall be appropriated at least [\$30,000,000.00 in]
 36 \$175,000,000 for the fiscal year commencing July 1, 2006 and for
 37 each fiscal year thereafter, for the purposes provided herein and in
 38 subsections b. and c. of this section. (1) Of that appropriation, the
 39 commissioner shall allocate \$5,000,000.00 as State aid to any
 40 municipality qualifying for aid pursuant to the provisions of

1 P.L.1978, c.14 (C.52:27D-178 et seq.). The commissioner shall
2 allocate the aid to each municipality in the same proportion that the
3 municipality receives aid under P.L.1978, c.14. (2) The remaining
4 amount of the appropriation shall be allocated pursuant to the
5 provisions of ~~subsections b. and~~ subsection c. of this section.

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

13 (cf: P.L.2005, c.158, s.4)

14
15 7. Section 9 of P.L.1995, c.108 (C.27:1B-25.1) is amended to
16 read as follows:

17 9. ~~State aid~~ Aid to counties and municipalities ~~pursuant to~~
18 ~~section 25 of P.L.1984, c.73 (C.27:1B-25),~~ administered by the
19 department may, at the discretion of the commissioner, be disbursed
20 to any individual county or municipality on a grant basis or on a
21 cost reimbursement basis. Distribution of the portion of the grant
22 provided initially to a county or municipality may be contingent on
23 its performance in spending prior grants.

24 (cf: P.L.1995, c.108, s.9)

25
26 8. This act shall take effect immediately.

27
28
29 STATEMENT

30
31 This bill amends and supplements the New Jersey Transportation
32 Trust Fund laws to:

33 (1) Permit the Transportation Trust Fund authority (TTFA) to
34 issue bonds and refunding bonds after May 1, 2006 for a period of
35 31 years. The current maximum term is 21 years.

36 (2) Increase the TTFA's annual debt limit from \$650,000,000 to
37 \$1,600,000,000. The carryforward provisions and the exemption of
38 refunding debt from this limit are not affected by this change.

39 (3) Provide for the crediting of an amount equivalent to 10.5
40 cents from the motor fuels tax, rather than 9 cents of that tax, to the
41 Transportation Trust Fund Account.

42 (4) Provide that the annual amount of proposed TTFA projects
43 reported by the Commissioner of Transportation from March 1,
44 2006 and each March 1 thereafter shall not exceed \$1,600,000,000
45 and likewise to limit the amount to be appropriated for this purpose
46 from fiscal year 2007 and each fiscal year thereafter to
47 \$1,600,000,000 annually, exclusive of federal funds.

S1470 LESNIAK, DORIA

14

1 (5) Increase the statutory minimum amount of local aid under the
2 Trust Fund to \$175 million. \$150 million is currently appropriated
3 for this purpose.

4 (6) Create a Financial Policy Review Board to assure fiscal
5 discipline by evaluating TTFA practices and to submit an annual
6 State of Condition of Transportation Financing report.

7 These changes will permit the TTFA to issue bonds and
8 refunding bonds, and to receive additional revenues, sufficient to
9 provide a TTFA program of \$1.6 billion annually.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 1470

(with committee amendments)

STATE OF NEW JERSEY

DATED: MARCH 6, 2006

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 1470, with committee amendments.

As amended, this bill amends and supplements the New Jersey Transportation Trust Fund laws to:

(1) Permit the Transportation Trust Fund Authority (TTFA) to issue bonds and refunding bonds for a period of 31 years. The current maximum term is 21 years.

(2) Increase the TTFA's annual debt limit from \$650,000,000 to \$1,600,000,000 for a period of five fiscal years, beginning in FY 2007. This limit would be reduced in any fiscal year in which the annual appropriation of State funds to the Transportation Trust Fund exceeds \$895,000,000 by the amount that the appropriation exceeds \$895,000,000. Additionally, any "unused" debt limitation may be carried forward into a subsequent fiscal year, subject to the approval of the Joint Budget Oversight Committee (JBOC).

(3) Provide that no refunding bonds shall be issued unless the TTFA first determines that such a refunding will result in a net present value "savings."

(4) Provide for the crediting of an amount equivalent to 10.5 cents per gallon from the motor fuels tax to the Transportation Trust Fund Account, an increase of 1.5 cents over the current 9 cents per gallon dedication.

(5) Reinstate the 13 percent cap, which expired on July 1, 2003, on the amount of Department of Transportation (DOT) and New Jersey Transit (NJT) salaries and overhead which may be charged to transportation projects. The cap applies to the revenues and other nonfederal funds of the authority appropriated in each fiscal year.

(6) Provide that the annual amount of proposed TTFA projects reported by the Commissioner of Transportation on March 1, 2006, and each March 1 thereafter, shall not exceed \$1,600,000,000 and likewise limit the amount to be appropriated for this purpose beginning in fiscal year 2007, and each fiscal year thereafter, to \$1,600,000,000 annually, exclusive of federal funds.

(7) Increase the statutory minimum amount of local aid under the Trust Fund to \$175 million. Currently, \$150 million is appropriated for this purpose.

(8) Create a Financial Policy Review Board to assure fiscal discipline through the evaluation of TTFA practices and submission of an annual State of Condition of Transportation Financing report.

(9) Require the Commissioner to submit to the Legislature and Governor, the following reports: a Transportation Master Plan, a Statewide Capital Investment Strategy, an Annual Transportation Capital Program, a TTFA Financial Plan, and a Five-Year Capital Plan. Additionally, in 2007 and 2009, the Commissioner is required to report on permitted maintenance and overhead expenditures.

These changes will permit the TTFA to issue bonds and refunding bonds, and to receive additional revenues, sufficient to provide a TTFA program of \$1.6 billion annually in each of the next five fiscal years, FY 2007 – FY 2011.

COMMITTEE AMENDMENTS:

The committee amended the bill to:

(1) Reduce the TTFA's annual debt issuance in any fiscal year by the amount by which the annual appropriation of State funds exceeds \$895,000,000.

(2) Permit any "unused" portion of the annual debt limitation to be carried forward into subsequent fiscal years, subject to JBOC approval.

(3) Provide that no refunding bonds shall be issued unless the TTFA determines the issuance will result in a net present value savings.

(4) Reinstate the 13 percent cap on the amount of DOT and NJT salaries and overhead which may be charged to transportation projects.

(5) Cap major highway capacity expansion to an average of four percent over five years.

(6) Require the Commissioner to prepare and submit certain reports to the Legislature and Governor, including a Transportation Master Plan.

(7) Repeal the Transportation Trust Fund Advisory Board.

FISCAL IMPACT:

This bill increases the amount of motor fuels tax revenue that is statutorily dedicated to the Transportation Trust Fund Account by 1.5 cents per gallon to 10.5 cents per gallon. This change is expected to realize a \$78,000,000 increase (from \$405,000,000 currently to \$483,000,000) in the amount of motor fuels tax revenue dedicated to the TTF. As the bill does not change State revenues or the rates of tax imposed under the motor fuels tax, this proposal will result in a corresponding reduction in General Fund resources available for other purposes.

The bill would permit up to \$8 billion in borrowing to support transportation projects over the next five years. The increase in the bonding cap to \$1.6 billion annually and the extension of the maximum maturity of new refunding bonds from 21 to 31 years will likely extend the time period during which revenue from existing sources will be required for debt service payments.

The bill would expand the size of the annual capital program to \$1.6 billion, which is in contrast to both the current absence of a cap and the FY2006 authorized capital program of \$1.2 billion.

The bill also increases the statutory minimum amount of local aid under the Trust Fund to \$175 million. Currently, \$150 million is appropriated for this purpose.

STATEMENT TO

[First Reprint]

SENATE, No. 1470

with Senate Floor Amendments
(Proposed By Senator LESNIAK)

ADOPTED: MARCH 13, 2006

These floor amendments remove the provisions concerning “smart growth” from the bill.

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 1470 STATE OF NEW JERSEY 212th LEGISLATURE

DATED: APRIL 21, 2006

SUMMARY

- Synopsis:** Changes various provisions of “New Jersey Transportation Trust Fund Authority Act.”
- Type of Impact:** Increased annual appropriation from General Fund to Transportation Trust Fund Account; increased authorization for annual appropriations from Transportation Trust Fund Authority (TTFA); increase in TTFA borrowing.
- Agencies Affected:** Department of the Treasury, Department of Transportation, Transportation Trust Fund Authority.

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
Transportation Trust Fund Authority:			
Revenue:	\$78 million increase annually		
Capital Program:	\$1.6 billion annually		
Debt Service:	Indeterminate significant increase		

- The bill authorizes the Transportation Trust Fund Authority (TTFA) to incur \$1.6 billion in new debt annually for fiscal years 2007-2011, an increase of \$950 million per year and \$4.75 billion in total over current limits, and increases the maximum maturity of TTFA bonds by 10 years, from 21 to 31 years.
- The bill increases the annual amount of motor fuels tax dedicated to the TTFA by \$.015 per gallon, from \$.09 to \$.105, and increases the minimum dollar amount so dedicated by \$78 million, from \$405 million to \$483 million. Under recent annual appropriations acts, the revenue from the currently dedicated portion of the motor fuels tax (\$.09 per gallon) is split between the TTFA (\$405 million) and other transportation purposes (\$63 million).
- The bill establishes an annual limit of \$1.6 billion on TTFA nonfederal appropriations for fiscal years 2007-2011.

- This legislation does not increase or decrease State revenue.
- Given the significant increase in the level of annual TTFA spending and borrowing, relative to the increase in revenue annually dedicated to the TTFA, the bill will significantly increase total TTFA debt service costs for the ensuing 35-year period.

BILL DESCRIPTION

Senate Bill No. 1470 (1R) of 2006 proposes to amend the New Jersey Transportation Trust Fund laws to:

(1) Permit the Transportation Trust Fund Authority (TTFA) to issue bonds and refunding bonds having a maturity of up to 31 years. The current maximum term is 21 years.

(2) Increase the TTFA's annual debt limit from \$650 million to \$1.6 billion for a period of five fiscal years, beginning in FY 2007. (The limit does not cover refunding debt.) In any fiscal year in which the annual appropriation of State funds to the Transportation Trust Fund exceeds \$895 million, this limit would be reduced by the amount of that excess. The bill retains the current statutory permission for debt issuance authority that is "unused" in one fiscal year to be carried forward into a subsequent fiscal year, but makes any such carryforward subject to the approval of the Joint Budget Oversight Committee. The legislation permits the TTFA to issue refunding bonds only if the authority first determines that such a refunding will result in a net present value "savings."

(3) Provide for the annual appropriation of the equivalent of \$0.105 per gallon (increased from \$0.09 per gallon) of the motor fuels tax to the TTF Account, with a minimum credit to the TTF of \$483 million annually (increased from \$405 million).

(4) Provide that the annual amount of proposed TTFA projects reported by the Commissioner of Transportation on March 1, 2006 and thereafter through March 1, 2010 shall not exceed \$1.6 billion and likewise limit, for fiscal years 2007 through 2011, the amount to be appropriated from the TTFA to fund these projects to \$1.6 billion annually, exclusive of federal funds.

(5) Reinstate the 13 percent cap, which expired on July 1, 2003, on the portion of the revenues and other nonfederal funds of the authority appropriated in each fiscal year that may be expended on salaries and overhead of the Department of Transportation and New Jersey Transit.

(6) Increase the statutory minimum amount of local aid under the Trust Fund to \$175 million. Currently, \$150 million is appropriated for this purpose.

(7) Create a Financial Policy Review Board to assure fiscal discipline through the evaluation of TTFA practices and submission of an annual State of Condition of Transportation Financing report.

(8) Clarify the existing statutory obligation of the Commissioner to prepare and submit a Transportation Master Plan, a Statewide Capital Investment Strategy, an Annual Transportation Capital Program, and a TTFA Financial Plan, and add a new requirement that the Commissioner submit a Five-Year Capital Plan. Additionally, in 2008 and 2010, the Commissioner is required to report on permitted maintenance and overhead expenditures.

These changes are intended to permit the TTFA to issue bonds and refunding bonds, and to receive additional revenues, in support of a TTFA program of up to \$1.6 billion annually in each of the next five fiscal years, FY 2007 – FY 2011.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The Office of Legislative Services (OLS) notes that this legislation will affect three areas of transportation finance: TTFA authority to issue debt, the Legislature's general statutory authority to use funds of the TTFA to finance the cost of transportation projects, and the dedication of State revenue to fund the authority.

TTFA Borrowing Authority

The bill increases the statutory annual borrowing limit to \$1.6 billion per year, up 146 percent from the current \$650 million annual limit, for fiscal years 2007-2011. As in current law, unused annual bonding authority will remain available for use in succeeding years, but the bill newly requires the TTFA to obtain the approval of the Joint Budget Oversight Committee before using "carryforward" bonding. The bill further provides for reduction in the borrowing cap in the amount by which annual appropriations to the TTF exceed \$895 million. The bill also increases the maximum final maturity of TTF bonds, including bonds issued to refund existing debt, from 21 years to 31 years.

The outstanding indebtedness of the TTFA is currently about \$7.4 billion, with total debt service costs of about \$11.1 billion for the period FY 2006-FY 2025. The TTFA has unused authority to issue bonds of about \$355 million. The bill will permit an increase in bonding over current law of \$4.7 billion, thus making possible the issuance of new debt totaling \$8 billion in support of TTFA authorized spending for the period FY 2007-2011. The Executive has testified before the Legislature that it currently plans to issue \$6.2 billion in bonds, with estimated total debt service costs of \$17.2 billion through FY 2041, to finance TTFA spending authorizations for FY 2007-2011.

Revenue Dedication

Under current statute, the dedication of motor fuels tax revenue to the TTFA is \$.09 per gallon, but not less than \$405 million. Currently the yield from \$.09 cents per gallon is about \$468 million. The FY 2006 appropriations act allocates the statutory minimum of \$405 million to the TTFA, with the balance allocated to other transportation uses.

The bill increases the annual statutory dedication of motor fuels tax revenue to the TTFA by \$.015 per gallon, to \$.105 per gallon, and increases the minimum dollar amount so dedicated by \$78 million, to \$483 million. The OLS notes that the increase in the minimum dollar amount is consistent with current estimates of motor fuels tax revenue, i.e., that each \$.01 of tax rate produces about \$52 million per year (gasoline @ \$.01 per gallon = \$44 million, diesel fuel @ \$.01 per gallon = \$8 million). The OLS also notes that motor fuels tax revenues have increased by about 2 percent annually, and that if this growth rate continues the amount comprising \$.105 per gallon would likewise increase. The actual amount allocated to the TTFA will be determined by each annual appropriations act; the Executive projects that an additional \$78 million per year will be annually allocated to the TTFA from the motor fuels tax for FY 2007-2011,

notwithstanding potential growth in revenue from the tax. The OLS notes that bill does not affect the present allocation of the currently dedicated \$.09 per gallon described above. The OLS further notes that if this bill is enacted, current motor fuels tax revenue from \$.03 per gallon on diesel fuel will remain undedicated.

TTFA spending authority

The bill establishes for fiscal years 2007-2011 an annual limitation of \$1.6 billion on appropriations of TTFA revenue from nonfederal funds for transportation projects. (There is currently no statutory limit; the amount appropriated in FY 2006 by the annual appropriations act is \$1.2 billion.) The bill will thus permit a total 5-year TTFA authorization of \$8 billion. The bill further reimposes an annual limit on TTFA nonfederal appropriations for salaries and overhead of 13 percent of the total appropriation; this limit last applied to FY 2004. The bill also restricts the percentage of the five year total authorization that can fund major highway capacity expansion to four percent.

Summary

The bill increases significantly both the TTFA's authorization to incur indebtedness and, in allowing that debt to mature over a longer period of time, the total cost of amortizing that newly authorized debt. The bill further increases, relative to recent annual authorizations, the amount that the TTFA can spend for transportation projects. In light of the minimum \$78 million increase the bill provides in appropriations to the TTFA to defray all its expenses – debt service and transportation project costs – the bill's result is to enable a five-year transportation project financing program that increases reliance on borrowing and incurs higher debt service costs in order to fund a higher level of outlay. It is probable that after implementation of the five-year authorization to spend and borrow provided by this bill, the annual and aggregate debt service obligation will fully consume dedicated revenues for the ensuing 31 years.

Section: Authorities, Utilities, Transportation and Communications

*Analyst: Mark Trease
Associate Fiscal Analyst
Frank W. Haines III
Assistant Legislative Budget and Finance Officer*

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

This fiscal estimate has been prepared pursuant to P.L. 1980, c.67.