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REPORTS:

No

HEARINGS:

No

NEWSPAPER ARTICLES:

Yes

"New Jersey invests \$270 million in push for stem-cell research," 12-21-06, Burlington County Times, p. A12

"NJ invests \$270 million in stem cell push," 12-21-06, The Trentonian, p.5

"Corzine signs \$270 million in stem cell effort," 12-21-06, The Philadelphia Inquirer, p.B3

"New cures a goal as N.J. invests \$270M in stem cell research," 12-21-06, Asbury Park Press, p.01A

"Corzine inks stem-cell research legislation," 12-21-06, Courier News, p.A3

"Corzine signs stem cell aid," 12-21-06, The Times, p.A01

"Jersey pumps millions into stem cell drive," 12-21-06, The Star-Ledger, p.19

"New hope for miracles," 12-21-06, The Record, p.A01

"Injured, ill see hope in N.J. stem-cell push," 12-21-06, The Press, p.A3

RWH 3/14/08

P.L. 2006, CHAPTER 102, *approved December 20, 2006*
Senate Substitute (*Second Reprint*) for
Senate, No. 1471

1 AN ACT authorizing the financing of the cost of State capital
2 construction projects, including stem cell research facilities ¹,
3 life sciences research facilities¹ and biomedical research
4 facilities, with the proceeds of ²[cigarette tax securitization]²
5 bonds to be issued by the New Jersey Economic Development
6 Authority, ²[amending P.L.2004, c.68 (C.34:1B-21.16 et seq.)]
7 supplementing P.L.1974, c.80 (C.34:1B-1 et seq.)².

8
9 **BE IT ENACTED** by the Senate and General Assembly of the State
10 of New Jersey:

11
12 ²[1. The Title of P.L.2004, c.68 is amended to read as follows:
13 AN ACT authorizing the issuance of cigarette tax securitization
14 bonds, notes or other obligations by the New Jersey Economic
15 Development Authority for the purposes of providing revenue to
16 meet appropriations in [any] State [fiscal year] Fiscal Year
17 2005 commencing on [or after] July 1, 2004, thereafter
18 providing funding for State capital construction projects,
19 including stem cell research facilities ¹, life sciences research
20 facilities¹ and biomedical research facilities, and providing a
21 source of payment and security for such bonds, notes or other
22 obligations, supplementing P.L.1974, c.80 (C.34:1B-1 et seq.)
23 and amending P.L.1997, c.264.
24 (cf: P.L.2004, c.68, Title)]²

25
26 ²[2. Section 2 of P.L.2004, c.68 (C.34:1B-21.17) is amended to
27 read as follows:

28 2. The following words or terms as used in this act shall have
29 the following meanings unless a different meaning clearly appears
30 from the context:

31 "Authority" means the New Jersey Economic Development
32 Authority created pursuant to P.L.1974, c.80 (C.34:1B-1 et seq.);

33 "Biomedical research facilities" means one or more facilities
34 ¹[at] owned by¹ Rutgers, The State University, located in Camden,
35 New Jersey, ¹and operated by a consortium of Rutgers, The State
36 University, The Coriell Institute for Medical Research, the Robert
37 Wood Johnson Medical School at Camden, and the Cancer Institute
38 of New Jersey, South Jersey,¹ which will be utilized for biomedical

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:

¹ Assembly AAP committee amendments adopted October 19, 2006.

² Assembly floor amendments adopted December 11, 2006.

1 research and related activities, including all facilities ancillary
2 thereto;

3 "Blood collection facilities" means one or more facilities
4 located in the State that will be utilized by Elie Katz Umbilical
5 Cord Blood Program at Community Blood Services located in
6 Allendale, New Jersey, for cord blood collection to support stem
7 cell research and related activities, including all facilities ancillary
8 thereto;¹

9 "Bonds" means any bonds, notes or other obligations issued or
10 entered into by the authority pursuant to this act;

11 "Cancer research facilities" means one or more facilities located
12 in Belleville, New Jersey that will be utilized by the Garden State
13 Cancer Center for cancer research and related activities, including
14 all facilities ancillary thereto;¹

15 "Capital cost" means the expenses incurred in connection with:
16 the planning, construction, reconstruction, development, erection,
17 acquisition, extension, improvement, rehabilitation and equipping
18 of State capital construction projects authorized by this act; the
19 acquisition by purchase, lease, or otherwise, and the development of
20 any real or personal property, and the acquisition and construction
21 of new structures and equipment, for use in connection with a State
22 capital construction project authorized by this act, including any
23 rights or interests therein, the execution of any agreements and
24 franchises deemed to be necessary or useful and convenient in
25 connection with any State capital construction project authorized by
26 this act; the procurement of engineering, inspection, planning, legal,
27 financial, or other professional services; the administrative,
28 organizational, operating or other expenses incident to the
29 financing, completing, and placing into service of any State capital
30 construction project authorized by this act;

31 "Cigarette Tax" means the tax imposed by the State pursuant to
32 the "Cigarette Tax Act," P.L.1948, c.65 (C.54:40A-1 et seq.), as
33 amended and supplemented, on the sale, use or possession for sale
34 or use within the State of each cigarette;

35 "Cigarette Tax Securitization Fund" means the fund by that name
36 created and established pursuant to section 7 of this act;

37 "Cigarette Tax Securitization Proceeds Fund" means the fund by
38 that name created and established pursuant to section 3 of this act;

39 "Dedicated Cigarette Tax Revenue Fund" means the fund by that
40 name created and established pursuant to section 5 of this act;

41 "Dedicated Cigarette Tax Revenues" means an amount equal to
42 the revenue collected by the State during each State fiscal year
43 beginning on and after July 1, 2006 from \$0.0325 of the cigarette
44 tax; **[and]**

45 "Refunding bonds" means any bonds, notes or other obligations
46 issued by the authority to refinance bonds, notes or other

1 obligations previously issued or entered into by the authority
2 pursuant to this act;

3 "State capital construction project" means a project that includes
4 the acquisition of land, and the acquisition and construction of new
5 structures and equipment for major capital facilities by grant of the
6 authority for State use and use by other units of government, which
7 use shall include the occupancy by the State and other units of
8 government, and the leasing and licensing of facilities to other
9 entities by the State or other units of government, including stem
10 cell research facilities - New Brunswick and stem cell research
11 facilities - Newark, '[and]' biomedical research facilities, 'blood
12 collection facilities, and cancer research facilities,' whose estimated
13 cost of land, planning, acquisition, construction, furnishing and
14 equipping is estimated to be \$50,000 or more;

15 "Stem cell research facilities - New Brunswick" means facilities
16 located in New Brunswick, New Jersey, which shall be only utilized
17 for stem cell research, including all facilities ancillary thereto; and

18 "Stem cell research facilities - Newark" means facilities operated
19 by the New Jersey Institute of Technology and located in Newark,
20 New Jersey, which shall be only utilized for stem cell research,
21 including all facilities ancillary thereto.

22 (cf: P.L.2004, c.68, s.2)]²

23
24 ²[3. Section 3 of P.L.2004, c.68 (C.34:1B-21.18) is amended to
25 read as follows:

26 3. a. The authority shall establish and maintain a special
27 nonlapsing fund to be known as the "Cigarette Tax Securitization
28 Proceeds Fund" into which shall be deposited the following
29 moneys:

30 (1) the proceeds from the sale of all bonds (other than refunding
31 bonds) issued by the authority pursuant to [this act] P.L.2004, c.68
32 (C.34:1B-21.16 et seq.) which are remaining after any required
33 deposit to any reserve or other fund established for such bonds or
34 any refunding bonds in accordance with subsection a. of section 4
35 of [this act] P.L.2004, c.68 (C.34:1B-21.19) and after the payment
36 of all costs, fees and other expenses related to, or incurred by the
37 authority or the State in connection with, the issuance of such bonds
38 or any refunding bonds;

39 (2) any amounts which shall be appropriated by the Legislature
40 for the purposes of such fund; and

41 (3) any other amounts or funds which the authority shall
42 determine to deposit into such fund.

43 Moneys on deposit in the Cigarette Tax Securitization Proceeds
44 Fund shall be invested in such obligations as the authority may
45 determine or as shall otherwise be provided in any contract between
46 the authority and the State Treasurer authorized and entered into

1 pursuant to section 6 of ~~【this act】~~ P.L.2004, c.68 (C.34:1B-21.21),
2 and interest or other earnings on any such investments shall be
3 credited to such fund.

4 b. (1) Amounts on deposit in the Cigarette Tax Securitization
5 Proceeds Fund ~~【shall be】~~ from the proceeds of bonds issued on or
6 before January 1, 2005, having been withdrawn by the authority
7 from time to time during State Fiscal Year 2005, upon written
8 request of the State Treasurer or as otherwise provided in any
9 contract between the authority and the State Treasurer authorized
10 and entered into pursuant to section 6 of ~~【this act】~~ P.L.2004, c.68
11 (C.34:1B-21.21), and having been paid to the State Treasurer for
12 deposit into either the General Fund of the State or the Cigarette
13 Tax Securitization Fund, as determined by the State Treasurer,
14 ~~【and】~~ have been used for ~~【any】~~ lawful ~~【purpose】~~ purposes of the
15 State for which moneys on deposit in the General Fund ~~【may】~~
16 might be used. All amounts withdrawn from the Cigarette Tax
17 Securitization Proceeds Fund and deposited into the General Fund
18 of the State as provided in this subsection ~~【shall represent】~~ have
19 represented financial resources and revenues of the State from that
20 fund as certified by the Governor pursuant to Article VIII, Section
21 II, paragraph 2 of the State Constitution for the State annual
22 appropriation act for ~~【such】~~ State ~~【fiscal year , and as may be~~
23 ~~applicable for such annual appropriation act as may be amended and~~
24 ~~supplemented from time to time】~~ Fiscal Year 2005.
25 ~~【Notwithstanding any provision of this subsection to the contrary,】~~
26 ~~No request by the State Treasurer 【shall not request】~~ has been made
27 of the authority to pay [, and the authority shall not pay,】 to the
28 State Treasurer during ~~【any】~~ State ~~【fiscal year】~~ Fiscal Year 2005
29 amounts then on deposit in the Cigarette Tax Securitization
30 Proceeds Fund which are in excess of the amounts anticipated as
31 revenues from such fund during State Fiscal Year 2005.

32 (2) (a) The Legislature finds and declares that:

33 (i) Millions of people suffer from currently incurable diseases
34 and injuries, and recent medical science, including the use of new
35 regenerative medical therapies such as the use of a special type of
36 human cells called "stem cells," provides indications that cures and
37 treatments for certain of these diseases and injuries can be
38 developed;

39 (ii) The development of such cures and treatments will improve
40 New Jersey's health care system, can reduce long-term health care
41 costs, and can benefit the New Jersey economy by creating projects,
42 jobs and therapies;

43 (iii) The State of New Jersey is home to many of the leading life
44 sciences, biotechnology and pharmaceutical companies and the
45 State seeks to preserve its leading role, attract investment, attract

1 scientists, enhance research and, toward that end, seeks to finance
2 facilities for entities involved in stem cell research¹, life sciences¹
3 and biomedical research;

4 (iv) Financing stem cell research facilities and¹life sciences
5 and¹ biomedical research¹ facilities¹ will substantially further the
6 public interest and can most economically be financed through a
7 bond issue; and

8 (v) The State of New Jersey has previously authorized the
9 "Cigarette Tax Securitization Act of 2004," P.L.2004, c.68
10 (C.34:1B-21.16 et seq.), and has determined that bonds issued by
11 the New Jersey Economic Development Authority under such act
12 are the most desirable means to provide funding for such facilities
13 and projects.

14 (b) Amounts on deposit in the Cigarette Tax Securitization
15 Proceeds Fund shall be withdrawn by the authority from time to
16 time, and applied as set forth in this subsection upon written request
17 of the State Treasurer or as otherwise provided in any contract
18 between the authority and the State Treasurer authorized and
19 entered into pursuant to P.L. , c. (C.) (pending before the
20 Legislature as this bill):

21 (1) from the first¹ ~~["\$250,000,000"]~~ \$270,000,000¹ in the
22 aggregate from the proceeds of bonds issued after March 1, 2006,
23 authorized under P.L.2004, c.68 (C.34:1B-21.16 et seq.):

24 (i) an amount not to exceed \$150,000,000 shall be utilized by
25 the authority, pursuant to an agreement between the State Treasurer
26 and the authority, to fund the capital costs of stem cell research
27 facilities - New Brunswick;

28 (ii) an amount not to exceed \$50,000,000 shall be utilized by
29 the authority, pursuant to an agreement between the State Treasurer
30 and the authority, to fund the capital costs of biomedical research
31 facilities; ¹[and]¹

32 (iii) an amount not to exceed \$50,000,000 shall be utilized by the
33 authority, pursuant to an agreement between the State Treasurer and
34 the authority, to fund the capital costs of stem cell research facilities
35 - Newark¹;

36 (iv) an amount not to exceed \$10,000,000 shall be utilized by the
37 authority, pursuant to an agreement between the State Treasurer and
38 the authority, to fund the capital costs of blood collection facilities;
39 and

40 (v) an amount not to exceed \$10,000,000 shall be utilized by
41 the authority, pursuant to an agreement between the State Treasurer
42 and the authority, to fund the capital costs of cancer research
43 facilities¹.

44 Any agreement entered into pursuant to this subparagraph shall
45 specify the scope of the State capital construction project, the use of
46 the proceeds of the bonds, the permitted uses of the State capital

1 construction project, the use of any rental income from the project,
2 and such other matters as the State Treasurer shall determine; and
3 (2) Except as specifically provided ¹ [pursuant to subparagraph
4 (1) of this paragraph] hereinabove¹, amounts on deposit in the
5 Cigarette Tax Securitization Proceeds Fund from the proceeds of
6 bonds issued on or after March 1, 2006, shall be withdrawn by the
7 authority from time to time, upon written request of the State
8 Treasurer or as otherwise provided in any contract between the
9 authority and the State Treasurer authorized and entered into
10 pursuant to P.L. , c. (C.) (pending before the Legislature as
11 this bill), and shall be appropriated by law exclusively to fund the
12 capital costs of State capital construction projects.
13 (cf: P.L.2004, c.68, s.3)]²
14

15 ²1. (New section) As used in this act, the following words or
16 terms shall have the following meanings unless a different meaning
17 clearly appears from the context:

18 "Authority" means the New Jersey Economic Development
19 Authority created pursuant to P.L.1974, c.80 (C.34:1B-1 et seq.);

20 "Biomedical research facilities" means one or more facilities
21 owned by Rutgers, the State University, located in Camden, New
22 Jersey, and operated by a consortium of Rutgers, The State
23 University, The Coriell Institute for Medical Research, the Robert
24 Wood Johnson Medical School at Camden, and the Cancer Institute
25 of New Jersey, South Jersey, which will be utilized for biomedical
26 research and related activities, including all facilities ancillary
27 thereto;

28 "Blood collection facilities" means one or more facilities located
29 in the State that will be utilized by Elie Katz Umbilical Cord Blood
30 Program at Community Blood Services located in Allendale, New
31 Jersey, for cord blood collection to support stem cell research and
32 related activities, including all facilities ancillary thereto;

33 "Bonds" means any bonds, notes or other obligations issued or
34 entered into by the authority pursuant to this act;

35 "Cancer research facilities" means one or more facilities located
36 in Belleville, New Jersey, that will be utilized by the Garden State
37 Cancer Center for cancer research and related activities, including
38 all facilities ancillary thereto;

39 "Capital cost" means the expenses incurred in connection with:
40 the planning, construction, reconstruction, development, erection,
41 acquisition, extension, improvement, rehabilitation and equipping
42 of State capital construction projects authorized by this act; the
43 acquisition by purchase, lease, or otherwise, and the development of
44 any real or personal property, and the acquisition and construction
45 of new structures and equipment for use in connection with a State
46 capital construction project authorized by this act, including any

1 rights or interests therein, the execution of any agreements and
2 franchises deemed to be necessary or useful and convenient in
3 connection with any State capital construction project authorized by
4 this act; the procurement of engineering, inspection, planning, legal,
5 financial, or other professional services; the administrative,
6 organizational, operating or other expenses incident to the
7 financing, completing, and placing into service of any State capital
8 construction project authorized by this act;

9 "Refunding bonds" means any bonds, notes or other obligations
10 issued by the authority to refinance bonds, notes or other
11 obligations previously issued or entered into by the authority
12 pursuant to this act;

13 "State capital construction project" means a project that includes
14 the acquisition of land, and the acquisition and construction of new
15 structures and equipment for capital facilities by grant of the
16 authority for State use and use by other units of government, which
17 use shall include the occupancy by the State and other units of
18 government, and the leasing and licensing of facilities to other
19 entities by the State or other units of government, including stem
20 cell research facilities – New Brunswick and stem cell research
21 facilities – Newark, biomedical research facilities, blood collection
22 facilities and cancer research facilities, whose estimated cost of
23 land, planning, acquisition, construction, furnishing and equipping
24 is estimated to be \$50,000 or more;

25 "Stem cell research facilities - New Brunswick" means facilities
26 located in New Brunswick, New Jersey, which shall be only utilized
27 for stem cell research, including all facilities ancillary thereto; and

28 "Stem cell research facilities - Newark" means facilities operated
29 by the New Jersey Institute of Technology and located in Newark,
30 New Jersey, which shall be only utilized for stem cell research,
31 including all facilities ancillary thereto.²

32

33 ²2. (New section) The Legislature finds and declares that:

34 Millions of people suffer from currently incurable diseases and
35 injuries, and recent medical science, including the use of new
36 regenerative medical therapies such as the use of a special type of
37 human cells called "stem cells," provides indications that cures and
38 treatments for certain of these diseases and injuries can be
39 developed;

40 The development of such cures and treatments will improve New
41 Jersey's health care system, can reduce long-term health care costs,
42 and can benefit the New Jersey economy by creating projects, jobs
43 and therapies;

44 The State of New Jersey is home to many of the leading life
45 sciences, biotechnology and pharmaceutical companies and the
46 State seeks to preserve its leading role, attract investment, attract

1 scientists, enhance research and, toward that end, seeks to finance
2 facilities for entities involved in stem cell research, life sciences
3 and biomedical research;

4 Financing stem cell research facilities and life sciences and
5 biomedical research facilities will substantially further the public
6 interest and can most economically be financed through a bond
7 issue; and

8 The State of New Jersey has determined that bonds issued by the
9 New Jersey Economic Development Authority are the most
10 desirable means to provide funding for such facilities and projects.²

11
12 ²3. Notwithstanding the provisions of any law, rule, regulation
13 or order to the contrary:

14 a. The authority shall have the power, pursuant to the
15 provisions of this act and P.L.1974, c.80 (C.34:1B-1 et seq.), to
16 issue bonds and refunding bonds, incur indebtedness and borrow
17 money secured, in whole or in part, by money received pursuant to
18 this act for the purpose of providing funds for State capital
19 construction projects and any costs related to the issuance of such
20 bonds. The authority may establish reserve or other funds to further
21 secure bonds and refunding bonds. The bonds shall be in the
22 amount to yield proceeds to fund, all or in part, the payment of
23 State capital construction projects plus additional bonds to pay for
24 the costs of issuance.

25 b. The authority may, in any resolution authorizing the
26 issuance of bonds or refunding bonds, pledge the contract with the
27 State Treasurer, provided for in section 4 of P.L. , c. (C.),
28 (pending before the Legislature as this bill) or any part thereof, to
29 secure the payment, purchase or redemption of the bonds or
30 refunding bonds or any obligations of the authority under any
31 contract or agreement entered into by the authority pursuant to
32 subsection c. of this section, and covenant as to the use and
33 disposition of money available to the authority for the payment,
34 purchase or redemption of bonds and refunding bonds and the
35 payment of any obligations of the authority under any contract or
36 agreement entered into by the authority pursuant to subsection c. of
37 this section. All costs, fees and other expenses related to, or
38 incurred by the authority or the State in connection with, the
39 issuance of bonds and refunding bonds by the authority for the
40 purposes set forth in this act may be paid by the authority from
41 amounts it receives from the proceeds of the bonds or refunding
42 bonds and from amounts it receives pursuant to section 4 of P.L. ,
43 c. (C.) (pending before the Legislature as this bill), which
44 costs, fees and other expenses may include, but are not limited to,
45 any initial or annual administrative costs and fees of the authority
46 attributable to any bonds or refunding bonds issued pursuant to this

1 act, all legal, accounting, trustee or other professional fees, costs or
2 expenses, any costs and fees relating to the issuance of the bonds or
3 refunding bonds, the fees and costs of bond counsel and any other
4 professional fees and costs attributable to the agreements described
5 in subsection c. of this section. The bonds or refunding bonds shall
6 be authorized by resolution, which shall stipulate the manner of
7 execution and form of the bonds, whether the bonds are in one or
8 more series, the date or dates of issue, time or times of maturity,
9 which shall not exceed 20 years, the rate or rates of interest payable
10 on the bonds, which may be at fixed rates or variable rates, and
11 which interest may be current interest or may accrue, the
12 denomination or denominations in which the bonds are issued,
13 conversion or registration privileges, the sources and medium of
14 payment and place or places of payment, terms of redemption,
15 privileges of exchangeability or interchangeability, and entitlement
16 to priorities of payment or security in the amounts to be received by
17 the authority pursuant to section 4 of P.L. , c. (C.). The
18 bonds may be sold at a public or private sale at a price or prices
19 determined by the authority. The authority is authorized to enter
20 into any agreements necessary or desirable to effectuate the
21 purposes of this section, including agreements to sell bonds or
22 refunding bonds to any person and to comply with the laws of any
23 jurisdiction relating thereto.

24 c. In connection with any bonds or refunding bonds issued
25 pursuant to this act, the authority may also enter into any revolving
26 credit agreement, agreement establishing a line of credit or letter of
27 credit, reimbursement agreement, interest rate exchange agreement,
28 currency exchange agreement, interest rate floor or cap, options,
29 puts or calls to hedge payment, currency, rate, spread or similar
30 exposure, or similar agreements, float agreements, forward
31 agreements, insurance contract, surety bond, commitment to
32 purchase or sell bonds, purchase or sale agreement, or commitments
33 or other contracts or agreements and other security agreements
34 approved by the authority.

35 d. No resolution adopted by the authority authorizing the
36 issuance of bonds or refunding bonds pursuant to this act shall be
37 adopted or otherwise made effective without the approval in writing
38 of the State Treasurer and the Joint Budget Oversight Committee.
39 Except as provided by subsection i. of section 4 of P.L.1974, c.80
40 (C.34:1B-4), bonds or refunding bonds may be issued without
41 obtaining the consent of any department, division, commission,
42 board, bureau or agency of the State, other than the approval as
43 required by this subsection, and without any other proceedings or
44 the occurrence of any other conditions or other things other than
45 those proceedings, conditions or things which are specifically
46 required by this act.

47 e. Bonds and refunding bonds issued by the authority pursuant

1 to this act shall be special and limited obligations of the authority
2 payable from, and secured by, such funds and moneys determined
3 by the authority in accordance with this section. Neither the
4 members of the authority nor any other person executing the bonds
5 or refunding bonds shall be personally liable with respect to
6 payment of interest and principal on these bonds or refunding
7 bonds. Bonds or refunding bonds issued pursuant to the provisions
8 of this act shall not be a debt or liability of the State or any agency
9 or instrumentality thereof, except as otherwise provided by this
10 subsection, either legal, moral or otherwise, and nothing contained
11 in this act shall be construed to authorize the authority to incur any
12 indebtedness on behalf of or in any way to obligate the State or any
13 political subdivision thereof, and all bonds and refunding bonds
14 issued by the authority shall contain a statement to that effect on
15 their face.

16 f. The authority is authorized to engage, subject to the
17 approval of the State Treasurer and in such manner as the State
18 Treasurer shall determine, the services of bond counsel, financial
19 advisors and experts, placement agents, underwriters, trustees,
20 verification agents, remarketing agents, broker-dealers, appraisers,
21 and such other advisors, consultants and agents as may be necessary
22 to effectuate the purposes of this act.

23 g. The proceeds from the sale of the bonds, other than
24 refunding bonds, issued pursuant to this act, after payment of any
25 costs related to the issuance of such bonds, shall be paid by the
26 authority to be applied to the payment, in full or in part, for the
27 purposes set forth in subsection a. of this section as directed by the
28 State Treasurer.

29 h. All bonds or refunding bonds issued by the authority are
30 deemed to be issued by a body corporate and politic of the State for
31 an essential governmental purpose, and the interest thereon and the
32 income derived from all funds, revenues, incomes and other moneys
33 received for or to be received by the authority and pledged and
34 available to pay or secure the payment on bonds or refunding bonds
35 and the interest thereon, shall be exempt from all taxes levied
36 pursuant to the provisions of Title 54 of the Revised Statutes or
37 Title 54A of the New Jersey Statutes, except for transfer inheritance
38 and estate taxes levied pursuant to Subtitle 5 of Title 54 of the
39 Revised Statutes.

40 i. The State hereby pledges and covenants with the holders of
41 any bonds or refunding bonds issued pursuant to the provisions of
42 this act, that it will not limit or alter the rights or powers vested in
43 the authority by this act, nor limit or alter the rights or powers of
44 the State Treasurer in any manner which would jeopardize the
45 interest of the holders or any trustee of such holders, or inhibit or
46 prevent performance or fulfillment by the authority or the State
47 Treasurer with respect to the terms of any agreement made with the

1 holders of these bonds or refunding bonds or agreements made
2 pursuant to subsection c. of this section except that the failure of the
3 Legislature to appropriate moneys for any purpose of this act shall
4 not be deemed a violation of this section.

5 j. Notwithstanding any restriction contained in any other law,
6 rule, regulation or order to the contrary, the State and all political
7 subdivisions of this State, their officers, boards, commissioners,
8 departments or other agencies, all banks, bankers, trust companies,
9 savings banks and institutions, building and loan associations,
10 saving and loan associations, investment companies and other
11 persons carrying on a banking or investment business, all insurance
12 companies, insurance associations and other persons carrying on an
13 insurance business, and all executors, administrators, guardians,
14 trustees and other fiduciaries, and all other persons whatsoever who
15 now are or may hereafter be authorized to invest in bonds or other
16 obligations of the State, may properly and legally invest any sinking
17 funds, moneys or other funds, including capital, belonging to them
18 or within their control, in any bonds or refunding bonds issued by
19 the authority under the provisions of this act; and said bonds and
20 refunding bonds are hereby made securities which may properly and
21 legally be deposited with, and received by any State or municipal
22 officers or agency of the State, for any purpose for which the
23 deposit of bonds or other obligations of the State is now, or may
24 hereafter be, authorized by law.²

25
26 ^{24.} In each State fiscal year during which the authority has
27 outstanding bonds or refunding bonds which have been issued
28 pursuant to this act, or is obligated to make any payments under any
29 contract or agreement entered into by the authority pursuant to
30 subsection c. of section 3 of P.L. , c. (C.) (pending before
31 the Legislature as this bill), the State Treasurer shall pay from the
32 General Fund to the authority, in accordance with a contract or
33 contracts between the State Treasurer and the authority, authorized
34 pursuant to section 5 of P.L. , c. (C.) (pending before the
35 Legislature as this bill), an amount equivalent to the debt service
36 payable on the authority's then outstanding bonds or refunding
37 bonds issued pursuant to this act during such fiscal year and any
38 amounts required to be paid by the authority during such fiscal year
39 under any contract or agreement entered into by the authority
40 pursuant to subsection c. of section 3 of P.L. , c. (C.)
41 (pending before the Legislature as this bill). Notwithstanding any
42 other provision of any law, rule, regulation or order to the contrary,
43 the authority shall be paid only such funds as shall be required by
44 the provisions of any contract between the State Treasurer
45 authorized and entered into pursuant to section 5 of P.L. ,
46 c. (C.) (pending before the Legislature as this bill) and

1 further provided that the incurrence of any obligation of the State
2 under any such contract, including any payments to be made
3 thereunder from the General Fund, shall be subject to and
4 dependent upon appropriations being made from time to time by the
5 Legislature for the purposes of this act.²

6
7 ^{25.} (New section) The State Treasurer and the authority are
8 authorized to enter into one or more contracts to implement the
9 payment arrangement that is provided for in section 4 of
10 P.L. , c. (C.) (pending before the Legislature as this bill).
11 The contract or contracts shall provide for payment by the State
12 Treasurer of the amounts required to be paid pursuant to section 4
13 of P.L. , c. (C.) and shall set forth the procedure for the
14 transfer of moneys for the purpose of paying such amounts. The
15 contract or contracts shall contain such terms and conditions as are
16 determined by the authority and the State Treasurer, and shall
17 include, but not be limited to, terms and conditions necessary and
18 desirable to secure any bonds or refunding bonds of the authority
19 issued pursuant to this act or any obligations of the authority under
20 any contract or agreement entered into by the authority pursuant to
21 subsection c. of section 4 of P.L. , c. (C.) (pending before
22 the Legislature as this bill); provided however, that notwithstanding
23 any other provision of any law, rule, regulation or order to the
24 contrary, the authority shall be paid only such amounts as shall be
25 required by the provisions of any contract or contracts and further
26 provided that the incurrence of any obligation of the State under
27 any such contract or contracts, including any payments to be made
28 thereunder from the General Fund, shall be subject to and
29 dependent upon appropriations being made from time to time by the
30 Legislature for the purposes of this act.²

31
32 ^{26.} (New section) From the proceeds of the bonds issued
33 pursuant to section 3 of P.L. , c. (C.) (pending before the
34 Legislature as this bill) for State capital construction projects, the
35 following amounts shall be provided by the authority from time to
36 time, and applied as set forth in this section upon written request of
37 the State Treasurer pursuant to an agreement between the authority
38 and the State Treasurer authorized and entered into pursuant to this
39 section:

40 a. From \$270,000,000 in the aggregate from the proceeds of
41 bonds issued after enactment of this act:

42 (1) an amount not to exceed \$150,000,000 shall be utilized by
43 the authority, pursuant to an agreement between the State Treasurer
44 and the authority, to fund the capital costs of stem cell research
45 facilities - New Brunswick;

1 (2) an amount not to exceed \$50,000,000 shall be utilized by
2 the authority, pursuant to an agreement between the State Treasurer
3 and the authority, to fund the capital costs of biomedical research
4 facilities;

5 (3) an amount not to exceed \$50,000,000 shall be utilized by the
6 authority, pursuant to an agreement between the State Treasurer and
7 the authority, to fund the capital costs of stem cell research facilities
8 - Newark;

9 (4) an amount not to exceed \$10,000,000 shall be utilized by the
10 authority, pursuant to an agreement between the State Treasurer and
11 the authority, to fund the capital costs of blood collection facilities;
12 and

13 (5) an amount not to exceed \$10,000,000 shall be utilized by the
14 authority, pursuant to an agreement between the State Treasurer and
15 the authority, to fund the capital costs of cancer research facilities.

16 b. Any agreement entered into pursuant to this section shall
17 specify the scope of the State capital construction project, the use of
18 the proceeds of the bonds, the acquisition plan for the State capital
19 construction project site, the proposed occupants and permitted uses
20 of the State capital construction project, the proposed operational
21 plan and operating budget for the project including any rental
22 income from the project, and such other matters as the State
23 Treasurer shall determine.²

24

25 ²[4.] 7.² This act shall take effect immediately.

26

27

28

29

30 Authorizes the issuance of bonds by the NJEDA to fund State
31 capital construction projects of \$270 million for facilities for stem
32 cell research, biomedical research, blood collection and cancer
33 research.

SENATE, No. 1471

STATE OF NEW JERSEY 212th LEGISLATURE

INTRODUCED FEBRUARY 27, 2006

Sponsored by:

Senator RICHARD J. CODEY

District 27 (Essex)

Senator BARBARA BUONO

District 18 (Middlesex)

Co-Sponsored by:

Senator Bryant

SYNOPSIS

Authorizes the issuance of cigarette tax revenue bonds by the NJEDA to fund State capital projects including \$150 million for stem cell research facilities and \$50 million for biomedical research facilities.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT authorizing the financing of the cost of State capital
2 projects with the proceeds of cigarette tax securitization bonds to
3 be issued by the New Jersey Economic Development Authority,
4 amending P.L.2004, c.68 (C.34:1B-21.16 et seq.).
5

6 **BE IT ENACTED** by the Senate and General Assembly of the State
7 of New Jersey:
8

9 1. The Title of P.L.2004, c.68 is amended to read as follows:
10 AN ACT authorizing the issuance of cigarette tax securitization
11 bonds, notes or other obligations by the New Jersey Economic
12 Development Authority for the purposes of providing revenue to
13 meet appropriations in [any] State [fiscal year] Fiscal Year 2005
14 commencing on [or after] July 1, 2004, thereafter providing
15 funding for State capital projects, and providing a source of
16 payment and security for such bonds, notes or other obligations,
17 supplementing P.L.1974, c.80 (C.34:1B-1 et seq.) and amending
18 P.L.1997, c.264.
19 (cf: P.L.2004, c.68, Title)
20

21 2. Section 2 of P.L.2004, c.68 (C.34:1B-21.17) is amended to
22 read as follows:

23 2. The following words or terms as used in this act shall have
24 the following meanings unless a different meaning clearly appears
25 from the context:

26 "Authority" means the New Jersey Economic Development
27 Authority created pursuant to P.L.1974, c.80 (C.34:1B-1 et seq.);

28 "Biomedical research facilities" means one or more facilities
29 located in Camden, New Jersey, that will be utilized for biomedical
30 research and related activities, including all facilities ancillary
31 thereto;

32 "Bonds" means any bonds, notes or other obligations issued or
33 entered into by the authority pursuant to this act;

34 "Capital cost" means the expenses incurred in connection with:
35 the planning, construction, reconstruction, development, erection,
36 acquisition, extension, improvement, rehabilitation and equipping
37 of State capital projects authorized by this act; the acquisition by
38 purchase, lease, or otherwise, and the development of any real or
39 personal property for use in connection with a State capital
40 construction project authorized by this act, including any rights or
41 interests therein, the execution of any agreements and franchises
42 deemed to be necessary or useful and convenient in connection with
43 any State capital construction project authorized by this act; the
44 procurement of engineering, inspection, planning, legal, financial,
45 or other professional services; the administrative, organizational,

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 operating or other expenses incident to the financing, completing,
2 and placing into service of any State capital construction project
3 authorized by this act;

4 "Cigarette Tax" means the tax imposed by the State pursuant to
5 the "Cigarette Tax Act," P.L.1948, c.65 (C.54:40A-1 et seq.), as
6 amended and supplemented, on the sale, use or possession for sale
7 or use within the State of each cigarette;

8 "Cigarette Tax Securitization Fund" means the fund by that name
9 created and established pursuant to section 7 of this act;

10 "Cigarette Tax Securitization Proceeds Fund" means the fund by
11 that name created and established pursuant to section 3 of this act;

12 "Dedicated Cigarette Tax Revenue Fund" means the fund by that
13 name created and established pursuant to section 5 of this act;

14 "Dedicated Cigarette Tax Revenues" means an amount equal to
15 the revenue collected by the State during each State fiscal year
16 beginning on and after July 1, 2006 from \$0.0325 of the cigarette
17 tax; [and]

18 "State capital construction project" means a project that includes
19 the acquisition of land, and the acquisition and construction of new
20 structures and equipment for major capital facilities for State use
21 and use by other units of government, including stem cell research
22 facilities and biomedical research facilities, whose estimated cost of
23 land, planning, acquisition, construction, furnishing and equipping
24 is estimated to be \$50,000 or more;

25 "Stem cell research facilities" means facilities located in New
26 Brunswick, New Jersey, that shall be primarily utilized for stem cell
27 research, including all facilities ancillary thereto; and

28 "Refunding Bonds" means any bonds, notes or other obligations
29 issued by the authority to refinance bonds, notes or other
30 obligations previously issued or entered into by the authority
31 pursuant to this act.

32 (cf: P.L.2004, c.68, s.2)

33

34 3. Section 3 of P.L.2004, c.68 (C.34:1B-21.18) is amended to
35 read as follows:

36 3. a. The authority shall establish and maintain a special
37 nonlapsing fund to be known as the "Cigarette Tax Securitization
38 Proceeds Fund" into which shall be deposited the following
39 moneys:

40 (1) the proceeds from the sale of all bonds (other than refunding
41 bonds) issued by the authority pursuant to [this act] P.L.2004, c.68
42 (C.34:1B-21.16 et seq.) which are remaining after any required
43 deposit to any reserve or other fund established for such bonds or
44 any refunding bonds in accordance with subsection a. of section 4
45 of [this act] P.L.2004, c.68 (C.34:1B-21.19) and after the payment
46 of all costs, fees and other expenses related to, or incurred by the
47 authority or the State in connection with, the issuance of such bonds

1 or any refunding bonds;

2 (2) any amounts which shall be appropriated by the Legislature
3 for the purposes of such fund; and

4 (3) any other amounts or funds which the authority shall
5 determine to deposit into such fund.

6 Moneys on deposit in the Cigarette Tax Securitization Proceeds
7 Fund shall be invested in such obligations as the authority may
8 determine or as shall otherwise be provided in any contract between
9 the authority and the State Treasurer authorized and entered into
10 pursuant to section 6 of [this act] P.L.2004, c.68 (C.34:1B-21.21),
11 and interest or other earnings on any such investments shall be
12 credited to such fund.

13 b. (1) Amounts on deposit in the Cigarette Tax Securitization
14 Proceeds Fund [shall be] from the proceeds of bonds issued on or
15 before January 1, 2005, having been withdrawn by the authority
16 from time to time during State Fiscal Year 2005, upon written
17 request of the State Treasurer or as otherwise provided in any
18 contract between the authority and the State Treasurer authorized
19 and entered into pursuant to section 6 of [this act] P.L.2004, c.68
20 (C.34:1B-21.21), and having been paid to the State Treasurer for
21 deposit into either the General Fund of the State or the Cigarette
22 Tax Securitization Fund, as determined by the State Treasurer,
23 [and] have been used for [any] lawful [purpose] purposes of the
24 State for which moneys on deposit in the General Fund [may] might
25 be used. All amounts withdrawn from the Cigarette Tax
26 Securitization Proceeds Fund and deposited into the General Fund
27 of the State as provided in this subsection [shall represent] have
28 represented financial resources and revenues of the State from that
29 fund as certified by the Governor pursuant to Article VIII, Section
30 II, paragraph 2 of the State Constitution for the State annual
31 appropriation act for [such] State [fiscal year , and as may be
32 applicable for such annual appropriation act as may be amended and
33 supplemented from time to time] Fiscal Year 2005.
34 [Notwithstanding any provision of this subsection to the contrary,]
35 No request by the State Treasurer [shall not request] has been made
36 of the authority to pay [, and the authority shall not pay,] to the
37 State Treasurer during [any] State [fiscal year] Fiscal Year 2005
38 amounts then on deposit in the Cigarette Tax Securitization
39 Proceeds Fund which are in excess of the amounts anticipated as
40 revenues from such fund during State Fiscal Year 2005.

41 (2) (a) The Legislature finds and declares that:

42 (i) Millions of people suffer from currently incurable diseases
43 and injuries, and recent medical science, including the use of new
44 regenerative medical therapies such as the use of a special type of

1 human cells called "stem cells," provides indications that cures and
2 treatments for certain of these diseases and injuries can be
3 developed;

4 (ii) The development of such cures and treatments will improve
5 New Jersey's health care system, can reduce long-term health care
6 costs, and can benefit the New Jersey economy by creating projects,
7 jobs and therapies;

8 (iii) The State of New Jersey is home to many of the leading life
9 sciences, biotechnology and pharmaceutical companies and the
10 State seeks to preserve its leading role, attract investment, attract
11 scientists, enhance research and, toward that end, seeks to finance
12 facilities for entities involved in stem cell research and biomedical
13 research;

14 (iv) Financing stem cell research facilities and biomedical
15 research will substantially further the public interest and can most
16 economically be financed through a bond issue; and

17 (v) The State of New Jersey has previously authorized the
18 "Cigarette Tax Securitization Act of 2004," P.L.2004, c.68
19 (C.34:1B-21.16 et seq.), and has determined that bonds issued by
20 the New Jersey Economic Development Authority under such act
21 are the most desirable means to provide funding for such facilities
22 and projects.

23 (b) An amount not to exceed the first \$150,000,000 in the
24 aggregate from the proceeds of bonds issued after March 1, 2006,
25 authorized under P.L.2004, c.68 (C.34:1B-21.16 et seq.), on deposit
26 in the Cigarette Tax Securitization Proceeds Fund shall be
27 withdrawn by the authority from time to time, and shall be utilized
28 by the authority, pursuant to a State capital construction project
29 agreement between the State Treasurer and the authority, to fund
30 the capital costs of stem cell research facilities. Any agreement
31 entered into pursuant to this subparagraph shall specify the scope of
32 the project, the use of the proceeds of the bonds, the permitted uses
33 of the project, the use of any rental income from the project, and
34 such other matters as the State Treasurer shall determine.

35 (c) An amount not to exceed the subsequent \$50,000,000 in the
36 aggregate from the proceeds of bonds issued after March 1, 2006,
37 authorized under P.L.2004, c.68 (C.34:1B-21.16 et seq.), on deposit
38 in the Cigarette Tax Securitization Proceeds Fund shall be
39 withdrawn by the authority from time to time, and shall be utilized
40 by the authority, pursuant to a State capital construction project
41 agreement between the State Treasurer and the authority, to fund
42 the capital costs of biomedical research facilities that will be
43 utilized for biomedical research and related activities, including all
44 facilities ancillary thereto. Any agreement entered into pursuant
45 to this subparagraph shall specify the scope of the project, the use
46 of the proceeds of the bonds, the permitted uses of the project, the
47 use of any rental income from the project, and such other matters as
48 the State Treasurer shall determine.

1 (d) Except as specifically provided pursuant to subparagraphs
 2 (b) and (c) of this paragraph (2), amounts on deposit in the
 3 Cigarette Tax Securitization Proceeds Fund from the proceeds of
 4 bonds issued on or after March 1, 2006, shall be withdrawn by the
 5 authority from time to time, upon written request of the State
 6 Treasurer or as otherwise provided in any contract between the
 7 authority and the State Treasurer authorized and entered into
 8 pursuant to P.L. _____, c. _____ (C. _____) (pending before the Legislature
 9 as this bill), and shall be appropriated by law exclusively to fund
 10 the capital costs of State capital construction projects.

11 (cf: P.L.2004, c.68 , s.3)

12

13 4. This act shall take effect immediately.

14

15

16

STATEMENT

17

18 This bill authorizes the financing of the capital costs of State
 19 capital construction projects with the proceeds of cigarette tax
 20 securitization bonds to be issued by the New Jersey Economic
 21 Development Authority. During State Fiscal Year 2005 these bonds
 22 were issued to provide \$1,190,000,000 in General Fund revenues to
 23 support the annual appropriations act. However, that debt did not
 24 require the securitization of the full dedicated revenue which is an
 25 amount equal to the revenue collected by the State during each State
 26 fiscal year beginning on and after July 1, 2006 from \$0.0325 of the
 27 cigarette tax.

28 That revenue stream will be securitized under this bill to issue
 29 bonds to fund the capital costs of the acquisition of land, and the
 30 acquisition and construction of new structures and equipment for
 31 major capital facilities for State use and use by other units of
 32 government, whose estimated cost of land, planning, acquisition,
 33 construction, furnishing and equipping is estimated to be \$50,000 or
 34 more.

35 The bill also specifically authorizes two capital construction
 36 projects: (1) from the first \$150 million of bonds proceeds issued
 37 after March 1, 2006, for the capital costs of stem cell research
 38 facilities located in New Brunswick, New Jersey, that shall be
 39 primarily utilized for stem cell research, including all ancillary
 40 facilities; and (2) from the next \$50 million of bond proceeds for
 41 the capital costs of biomedical research facilities located in
 42 Camden, New Jersey, that shall be primarily utilized for biomedical
 43 research, including all ancillary facilities.

44 Millions of people suffer from currently incurable diseases and
 45 injuries, and recent medical science, including the use of new
 46 regenerative medical therapies such as the use of a special type of
 47 human cells called "stem cells," provides indications that cures and
 48 treatments for certain of these diseases and injuries can be

1 developed. The development of such cures and treatments will
2 improve New Jersey's health care system, may reduce long-term
3 health care costs, and can benefit the New Jersey economy by
4 creating projects, jobs and therapies. This State is home to many of
5 the leading life sciences, biotechnology and pharmaceutical
6 companies and through the funding provided by this bill the State
7 seeks to preserve that leading role, attract investment, attract
8 scientists, enhance research and, toward that end, seeks to finance
9 facilities for entities involved in stem cell research and biomedical
10 research. The financing of stem cell research and biomedical
11 research facilities will substantially further the public interest and
12 can most economically be financed through bond issues under the
13 "Cigarette Tax Securitization Act of 2004," P.L.2004, c.68
14 (C.34:1B-21.16 et seq.). Other future bond proceeds from sales of
15 bonds under that act may provide funding for other State capital
16 construction projects.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE SUBSTITUTE FOR **SENATE, No. 1471**

with Assembly committee amendments

STATE OF NEW JERSEY

DATED: OCTOBER 19, 2006

The Assembly Appropriations Committee reports favorably Senate Bill No. 1471 (SS), with committee amendments.

Senate Bill No. 1471 (SS), as amended, authorizes the financing of the capital costs of State capital construction projects, including stem cell research facilities, life sciences research facilities and biomedical research facilities, with the proceeds of cigarette tax securitization bonds to be issued by the New Jersey Economic Development Authority.

As amended and reported by the committee, this bill is identical to Assembly Bill No. 2828 (1R), as also amended and reported by the committee.

FISCAL IMPACT:

The bill specifically authorizes bonding for the following State capital construction projects from the first \$270 million of bonds proceeds issued after March 1, 2006:

(1) up to \$150 million is for stem cell research facilities in New Brunswick which shall be only utilized for stem cell research;

(2) up to \$50 million for biomedical research facilities owned by Rutgers, The State University, located in Camden, New Jersey, and operated by a consortium of Rutgers, The State University, The Coriell Institute for Medical Research, the Robert Wood Johnson Medical School at Camden, and the Cancer Institute of New Jersey, South Jersey;

(3) up to \$50 million is for stem cell research facilities in Newark operated by the New Jersey Institute of Technology, which shall be only utilized for stem cell research;

(4) up to \$10,000,000 for blood collection facilities to be utilized by Elie Katz Umbilical Cord Blood Program at Community Blood Services located in Allendale, New Jersey, for cord blood collection to support stem cell research; and

(5) up to \$10,000,000 for cancer research facilities located in Belleville, New Jersey that will be utilized by the Garden State Cancer Center for cancer research and related activities.

During State Fiscal Year 2005, cigarette tax securitization bonds were issued to provide \$1,190,000,000 in General Fund revenues to support the annual appropriations act; however, that bond issuance did not require the securitization of the full dedicated revenue, which is an amount equal to the revenue collected by the State during each State fiscal year beginning on and after July 1, 2006 from \$0.0325 of the cigarette tax.

Under the bill, the unused portion of the revenue stream would be securitized to issue bonds to fund the capital costs of the acquisition of land, and the acquisition and construction of new structures and equipment for major capital facilities by grant of the authority for State use and use by other units of government, which use shall include the occupancy by the State and other units of government, and the leasing and licensing of facilities to other entities by the State or other units of government, whose estimated cost of land, planning, acquisition, construction, furnishing and equipping is estimated to be \$50,000 or more.

COMMITTEE AMENDMENTS:

The amendments increase the amount the maximum amount of funding for all specified projects, from up to \$250 million to up to \$270 million, and add two projects: 1) up to \$10,000,000 for blood collection facilities to be utilized by Elie Katz Umbilical Cord Blood Program at Community Blood Services located in Allendale, New Jersey, for cord blood collection to support stem cell research; and (2) up to \$10,000,000 for cancer research facilities located in Belleville, New Jersey that will be utilized by the Garden State Cancer Center for cancer research and related activities. The amendments also clarify that the project defined as "biomedical research facilities" will be owned by Rutgers, The State University, be located in Camden, and be operated by a consortium of Rutgers, the Coriell Institute for Medical Research, the Robert Wood Johnson Medical School at Camden and the Cancer Institute of New Jersey, South Jersey.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 1471

with committee amendments

STATE OF NEW JERSEY

DATED: MARCH 6, 2006

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 1471, with committee amendments.

This bill, as amended, authorizes the financing of the capital costs of State capital construction projects with the proceeds of cigarette tax securitization bonds to be issued by the New Jersey Economic Development Authority. During State Fiscal Year 2005 these bonds were issued to provide \$1,190,000,000 in General Fund revenues to support the annual appropriations act. However, that debt did not require the securitization of the full dedicated revenue which is an amount equal to the revenue collected by the State during each State fiscal year beginning on and after July 1, 2006 from \$0.0325 of the cigarette tax.

The unused portion of the revenue stream will be securitized under this bill to issue bonds to fund the capital costs of the acquisition of land, and the acquisition and construction of new structures and equipment for major capital facilities for State use and use by other units of government, whose estimated cost of land, planning, acquisition, construction, furnishing and equipping is estimated to be \$50,000 or more.

The bill also specifically authorizes two capital construction projects: (1) from the first \$150 million of bonds proceeds issued after March 1, 2006, for the capital costs of stem cell research facilities located in New Brunswick, New Jersey, that shall be primarily utilized for stem cell research, including all ancillary facilities; and (2) from the next \$50 million of bond proceeds for the capital costs of biomedical research facilities located in Camden, New Jersey, that shall be primarily utilized for biomedical research, including all ancillary facilities.

The financing of stem cell research and biomedical research facilities will be financed through bond issues under the "Cigarette Tax Securitization Act of 2004," P.L.2004, c.68 (C.34:1B-21.16 et seq.). Other future bond proceeds from sales of bonds under that act may provide funding for other State capital construction projects.

COMMITTEE AMENDMENTS:

The committee amendments make all provisions in the bill consistent in the use of the defined term “State capital construction projects.”

FISCAL IMPACT:

This bill authorizes the issuance of additional bonds by the New Jersey Economic Development Authority to fund \$200 million in capital projects. The bonds would be backed by available dedicated cigarette tax revenues collected by the State during each State fiscal year beginning on and after July 1, 2006. The Office of Legislative Services (OLS) notes that under current law, during State fiscal year 2005 bonds totaling \$1.461 billion, backed by about 79% of the cigarette tax revenues generated by 65 cents of the total \$2.40 per pack tax rate, were issued to provide \$1,190,000,000 in General Fund revenues to support the annual appropriations act.

The OLS cannot provide specific cost information for this bill, as such a task would necessitate predicting the terms of the envisioned bond issuance. Nonetheless, it appears that the remaining portion of pledged cigarette tax revenues, after adjustments for coverage of bond issuance expenses and credit enhancements, and the recent upward trend in interest rates, would suffice to finance the proposed \$200 million expenditure for stem cell and biomedical research facilities.

STATEMENT TO
[First Reprint]
SENATE, No. 1471

with Senate Floor Amendments
(Proposed By Senator SARLO)

ADOPTED: MARCH 13, 2006

The amendments:

- Clarify the first three projects, for stem cell research facilities and biomedical research facilities, which total \$250 million,
- Adds authority to issue up to \$50 million in bonds for stem cell research facilities – Newark project, and
- Clarifies that capital costs includes the acquisition and construction of new structures and equipment.

STATEMENT TO

[First Reprint]

SENATE SUBSTITUTE FOR
SENATE, No. 1471

with Assembly Floor Amendments
(Proposed By Assemblyman COHEN)

ADOPTED: DECEMBER 11, 2006

This amendment changes the financing source for the identical projects from NJEDA cigarette tax securitization bonds to appropriation-backed contract bonds to be issued by the NJEDA.

LEGISLATIVE FISCAL ESTIMATE
SENATE, No. 1471
STATE OF NEW JERSEY
212th LEGISLATURE

DATED: MARCH 20, 2006

SUMMARY

- Synopsis:** Authorizes the issuance of cigarette tax revenue bonds by the New Jersey Economic Development Authority to fund State capital projects including \$150 million for stem cell research facilities and \$50 million for biomedical research facilities.
- Type of Impact:** Increased funding for certain capital projects; Annual debt service payments from the Cigarette Tax Securitization Proceeds Fund.
- Agencies Affected:** New Jersey Economic Development Authority; Department of the Treasury.

Office of Legislative Services Estimate

Fiscal Impact	<u>Fiscal Year 2006</u>	<u>Fiscal Year 2007</u>	<u>Fiscal Year 2008</u>
State Cost	Depends on Terms of Future Bond Issuance		

- The Office of Legislative Services (OLS) **cannot** provide specific cost information for this bill, as such a task would necessitate predicting the terms of the envisioned bond issuance. Nonetheless, it appears that the available cigarette tax proceeds would suffice to finance the proposed \$200 million expenditure for stem cell and biomedical research facilities.
- In 2004, the New Jersey Economic Development Authority (NJEDA) issued \$1,461,030,000 in bonds backed by 78.598 percent of the revenue stream generated by a \$0.65 increase in the tax per pack of cigarettes. This bill would securitize the remaining 21.402 percent. Under the conditions prevailing for the 2004 bond issuance, the OLS calculates that the State could issue about \$398 million in new bonds. After subtracting 18.55 percent for fee payments and credit enhancements (equivalent to the 2004 bond issuance), the State would have about \$324 million available for capital projects. The OLS cautions, however, that in 2006, the State would likely receive less than \$324 million given that interest rates have been trending upwards since 2004.

BILL DESCRIPTION

Senate Bill No. 1471 of 2006 allows the financing of State capital construction projects with the proceeds of previously authorized cigarette tax securitization bonds that the New Jersey Economic Development Authority may still issue.

The bill specifically authorizes two capital construction projects: (1) the first \$150 million of bonds proceeds for the capital costs of stem cell research facilities located in New Brunswick, New Jersey, and (2) the next \$50 million of bond proceeds for the capital costs of biomedical research facilities located in Camden, New Jersey. Other future cigarette tax securitization bond proceeds may provide funding for yet to be determined State capital construction projects.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS cannot provide specific cost information for this bill, as such a task would necessitate predicting the terms of the envisioned bond issuance. Nonetheless, it appears that the available cigarette tax proceeds would suffice to finance the proposed \$200 million expenditure for stem cell and biomedical research facilities.

The “Cigarette Tax Securitization Act of 2004”, P.L.2004, c.68 (C.34:1B-21.16 et seq.), authorized the NJEDA to issue bonds secured by the revenue to be raised by a \$0.65 increase in the tax per pack of cigarettes. Subsequently, according to the prospectus for the “\$1,461,030,000 New Jersey Economic Development Authority Cigarette Tax Revenue Bonds, Series 2004”, the NJEDA issued \$1,461,030,000 in bonds backed by 78.598 percent of the revenue stream generated by the \$0.65 tax increase. After paying for bond issuance expenses and credit enhancements, the State received \$1.19 billion in support of the fiscal year 2005 State budget.

Since the State already pledged 78.598 percent of the revenue stream from the \$0.65 per pack cigarette tax increase, this bill would securitize the remaining 21.402 percent. Under the conditions prevailing for the 2004 bond issuance, the OLS calculates that the State could thus issue about \$398 million in new bonds. After subtracting 18.55 percent of the issuance for fee payments and credit enhancements (the same percentage as in the 2004 bond issuance), the State would have about \$324 million available for capital projects. The OLS cautions, however, that in 2006, the State would likely receive less than \$324 million for 21.402 percent of the future revenue from the \$0.65 cigarette tax increase given that interest rates have been trending upwards since 2004. Regardless, it seems that the issuance would yield sufficient revenues to fund the \$200 million expenditure for stem cell and biomedical research facilities.

The OLS also uses an alternative method to suggest that the bond issuance would suffice to support the \$200 million expenditure. Pursuant to the fiscal year 2006 appropriations act, the State anticipates \$781 million in cigarette tax revenue in fiscal year 2006 (\$626 million for the general fund and \$155 million dedicated to specific purposes), an amount which the OLS expects to be repeated in fiscal year 2007. At a tax rate of \$2.40 per pack, this number translates into 325.4 million cigarette packs sold. Taxed at \$0.65 per pack, which is the cigarette tax increase pledged to the debt service payment of the cigarette tax revenue bonds, about \$212 million

would be available in fiscal year 2007 to service the debt. As mentioned above, 78.598 percent of this amount, or approximately \$166 million, are already pledged to service the 2004 cigarette tax revenue bonds. Consequently, about \$45 million of expected fiscal year 2007 revenue, or 21.402 percent of total collections from the \$0.65 tax increase, would be available to service the new debt. Standard loan amortization of \$200 million for 10 years and for interest rates ranging from 4.5 percent to 6.5 percent, however, would only yield annual debt service payments ranging from \$24.9 million to \$27.3 million and from \$15.2 million to \$17.9 million for 20 years.

Section: Revenue, Finance and Appropriations
Analyst: Thomas Koenig
Associate Fiscal Analyst
Approved: David J. Rosen
Legislative Budget and Finance Officer

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

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 1471 STATE OF NEW JERSEY 212th LEGISLATURE

DATED: APRIL 21, 2006

SUMMARY

- Synopsis:** Authorizes the issuance of cigarette tax revenue bonds by the NJEDA to fund State capital construction projects including \$150 million for stem cell research facilities and \$50 million for biomedical research facilities.
- Type of Impact:** Increased funding for certain capital projects; Annual debt service payments from the Cigarette Tax Securitization Proceeds Fund.
- Agencies Affected:** New Jersey Economic Development Authority;
Department of the Treasury.

Office of Legislative Services Estimate

Fiscal Impact	<u>Fiscal Year 2006</u>	<u>Fiscal Year 2007</u>	<u>Fiscal Year 2008</u>
State Cost	Depends on Terms of Future Bond Issuance		

- The Office of Legislative Services (OLS) cannot provide specific cost information for this bill, as such a task would necessitate predicting the terms of the envisioned bond issuance. Nonetheless, it appears that the available cigarette tax proceeds would suffice to finance the proposed \$200 million expenditure for stem cell and biomedical research facilities.
- In 2004, the New Jersey Economic Development Authority issued \$1,461,030,000 in bonds backed by 78.598 percent of the revenue stream generated by a \$0.65 increase in the tax per pack of cigarettes. This bill would securitize the remaining 21.402 percent. Under the conditions prevailing for the 2004 bond issuance, the OLS calculates that the State could issue about \$398 million in new bonds. After subtracting 18.55 percent for fee payments and credit enhancements (equivalent to the 2004 bond issuance), the State would have about \$324 million available for capital projects. The OLS cautions, however, that in 2006, the State would likely receive less than \$324 million given that interest rates have been trending upwards since 2004.

BILL DESCRIPTION

Senate Bill No. 1471 (1R) of 2006 allows the financing of State capital construction projects with the proceeds of previously authorized cigarette tax securitization bonds that the New Jersey Economic Development Authority may still issue.

The bill specifically authorizes two capital construction projects: (1) the first \$150 million of bonds proceeds for the capital costs of stem cell research facilities located in New Brunswick, New Jersey, and (2) the next \$50 million of bond proceeds for the capital costs of biomedical research facilities located in Camden, New Jersey. Other future cigarette tax securitization bond proceeds may provide funding for yet to be determined State capital construction projects.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS cannot provide specific cost information for this bill, as such a task would necessitate predicting the terms of the envisioned bond issuance. Nonetheless, it appears that the available cigarette tax proceeds would suffice to finance the proposed \$200 million expenditure for stem cell and biomedical research facilities.

The "Cigarette Tax Securitization Act of 2004", P.L.2004, c.68 (C.34:1B-21.16 et seq.), authorized the New Jersey Economic Development Authority (NJEDA) to issue bonds secured by the revenue to be raised by a \$0.65 increase in the tax per pack of cigarettes. Subsequently, according to the prospectus for the "\$1,461,030,000 New Jersey Economic Development Authority Cigarette Tax Revenue Bonds, Series 2004", the NJEDA issued \$1,461,030,000 in bonds backed by 78.598 percent of the revenue stream generated by the \$0.65 tax increase. After paying for bond issuance expenses and credit enhancements, the State received \$1.19 billion in support of the fiscal year 2005 State budget.

Since the State already pledged 78.598 percent of the revenue stream from the \$0.65 per pack cigarette tax increase, this bill would securitize the remaining 21.402 percent. Under the conditions prevailing for the 2004 bond issuance, the OLS calculates that the State could thus issue about \$398 million in new bonds. After subtracting 18.55 percent of the issuance for fee payments and credit enhancements (the same percentage as in the 2004 bond issuance), the State would have about \$324 million available for capital projects. The OLS cautions, however, that in 2006, the State would likely receive less than \$324 million for 21.402 percent of the future revenue from the \$0.65 cigarette tax increase given that interest rates have been trending upwards since 2004. Regardless, it seems that the issuance would yield sufficient revenues to fund the \$200 million expenditure for stem cell and biomedical research facilities.

The OLS also uses an alternative method to suggest that the bond issuance would suffice to support the \$200 million expenditure. Pursuant to the fiscal year 2006 appropriations act, the State anticipates \$781 million in cigarette tax revenue in fiscal year 2006 (\$626 million for the general fund and \$155 million dedicated to specific purposes), an amount which the OLS expects to be repeated in fiscal year 2007. At a tax rate of \$2.40 per pack, this number translates into 325.4 million cigarette packs sold. Taxed at \$0.65 per pack, which is the cigarette tax increase

pledged to the debt service payment of the cigarette tax revenue bonds, about \$212 million would be available in fiscal year 2007 to service the debt. As mentioned above, 78.598 percent of this amount, or approximately \$166 million, are already pledged to service the 2004 cigarette tax revenue bonds. Consequently, about \$45 million of expected fiscal year 2007 revenue, or 21.402 percent of total collections from the \$0.65 tax increase, would be available to service the new debt. Standard loan amortization of \$200 million for 10 years and for interest rates ranging from 4.5 percent to 6.5 percent, however, would only yield annual debt service payments ranging from \$24.9 million to \$27.3 million and from \$15.2 million to \$17.9 million for 20 years.

Section: Revenue, Finance and Appropriations

Analyst: Thomas Koenig
Associate Fiscal Analyst

Approved: David J. Rosen
Legislative Budget and Finance Officer

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

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

LEGISLATIVE FISCAL ESTIMATE
SENATE SUBSTITUTE FOR
SENATE, No. 1471
STATE OF NEW JERSEY
212th LEGISLATURE

DATED: JUNE 2, 2006

SUMMARY

- Synopsis:** Authorizes the issuance of cigarette tax revenue bonds by the NJEDA to fund State capital construction projects including \$200 million for stem cell research facilities and \$50 million for biomedical research facilities.
- Type of Impact:** Increased funding for certain capital projects; Annual debt service payments from the Cigarette Tax Securitization Proceeds Fund.
- Agencies Affected:** New Jersey Economic Development Authority; Department of the Treasury.

Office of Legislative Services Estimate

Fiscal Impact	<u>Fiscal Year 2006</u>	<u>Fiscal Year 2007</u>	<u>Fiscal Year 2008</u>
State Cost	Depends on Terms of Future Bond Issuance		

- The Office of Legislative Services (OLS) cannot provide specific cost information for this bill, as such a task would necessitate predicting the terms of the envisioned bond issuance. Nonetheless, it appears that the available cigarette tax proceeds would suffice to finance the proposed \$250 million expenditure for stem cell and biomedical research facilities.
- In 2004, the New Jersey Economic Development Authority issued \$1,461,030,000 in bonds backed by 78.598 percent of the revenue stream generated by a \$0.65 increase in the tax per pack of cigarettes. This bill would securitize the remaining 21.402 percent. Under the conditions prevailing for the 2004 bond issuance, the OLS calculates that the State could issue about \$398 million in new bonds. After subtracting 18.55 percent for fee payments and credit enhancements (equivalent to the 2004 bond issuance), the State would have about \$324 million available for capital projects. The OLS cautions, however, that in 2006, the State would likely receive less than \$324 million given that interest rates have been trending upwards since 2004.

BILL DESCRIPTION

Senate Substitute for Senate Bill No. 1471 of 2006 allows the financing of State capital construction projects with the proceeds of previously authorized cigarette tax securitization bonds that the New Jersey Economic Development Authority may still issue.

The bill specifically authorizes three capital construction projects: (1) the first \$150 million of bonds proceeds for the capital costs of stem cell research facilities located in New Brunswick, New Jersey; (2) the next \$50 million of bond proceeds for the capital costs of biomedical research facilities at Rutgers University located in Camden, New Jersey; and (3) the next \$50 million of bond proceeds for the capital costs of stem cell research facilities at the New Jersey Institute of Technology, located in Newark, New Jersey. Other future cigarette tax securitization bond proceeds may provide funding for yet to be determined State capital construction projects.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS cannot provide specific cost information for this bill, as such a task would necessitate predicting the terms of the envisioned bond issuance. Nonetheless, it appears that the available cigarette tax proceeds would suffice to finance the proposed \$250 million expenditure for stem cell and biomedical research facilities.

The "Cigarette Tax Securitization Act of 2004", P.L.2004, c.68 (C.34:1B-21.16 et seq.), authorized the New Jersey Economic Development Authority (NJEDA) to issue bonds secured by the revenue to be raised by a \$0.65 increase in the tax per pack of cigarettes. Subsequently, according to the prospectus for the "\$1,461,030,000 New Jersey Economic Development Authority Cigarette Tax Revenue Bonds, Series 2004", the NJEDA issued \$1,461,030,000 in bonds backed by 78.598 percent of the revenue stream generated by the \$0.65 tax increase. After paying for bond issuance expenses and credit enhancements, the State received \$1.19 billion in support of the fiscal year 2005 State budget.

Since the State already pledged 78.598 percent of the revenue stream from the \$0.65 per pack cigarette tax increase, this bill would securitize the remaining 21.402 percent. Under the conditions prevailing for the 2004 bond issuance, the OLS calculates that the State could thus issue about \$398 million in new bonds. After subtracting 18.55 percent of the issuance for fee payments and credit enhancements (the same percentage as in the 2004 bond issuance), the State would have about \$324 million available for capital projects. The OLS cautions, however, that in 2006, the State would likely receive less than \$324 million for 21.402 percent of the future revenue from the \$0.65 cigarette tax increase given that interest rates have been trending upwards since 2004. Regardless, it seems that the issuance would yield sufficient revenues to fund the \$250 million expenditure for stem cell and biomedical research facilities.

The OLS also uses an alternative method to suggest that the bond issuance would suffice to support the \$250 million expenditure. Pursuant to the fiscal year 2006 appropriations act, the State anticipates \$781 million in cigarette tax revenue in fiscal year 2006 (\$626 million for the general fund and \$155 million dedicated to specific purposes), an amount which the OLS expects

to be repeated in fiscal year 2007. At a tax rate of \$2.40 per pack, this number translates into 325.4 million cigarette packs sold. Taxed at \$0.65 per pack, which is the cigarette tax increase pledged to the debt service payment of the cigarette tax revenue bonds, about \$212 million would be available in fiscal year 2007 to service the debt. As mentioned above, 78.598 percent of this amount, or approximately \$166 million, are already pledged to service the 2004 cigarette tax revenue bonds. Consequently, about \$45 million of expected fiscal year 2007 revenue, or 21.402 percent of total collections from the \$0.65 tax increase, would be available to service the new debt. Standard loan amortization of \$250 million for 10 years and for interest rates ranging from 4.5 percent to 6.5 percent, however, would only yield annual debt service payments ranging from \$31.1 million to \$34.1 million and from \$19.0 million to \$22.4 million for 20 years.

Section: Revenue, Finance and Appropriations
Analyst: Thomas Koenig
Associate Fiscal Analyst
Approved: David J. Rosen
Legislative Budget and Finance Officer

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

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

LEGISLATIVE FISCAL ESTIMATE

[Second Reprint]

SENATE SUBSTITUTE FOR

SENATE, No. 1471

STATE OF NEW JERSEY
212th LEGISLATURE

DATED: JANUARY 5, 2007

SUMMARY

- Synopsis:** Authorizes the issuance of bonds by the NJEDA to fund State capital construction projects of \$270 million for facilities for stem cell research, biomedical research, blood collection and cancer research.
- Type of Impact:** Increased funding for certain capital projects and increased debt service payments for up to 20 years.
- Agencies Affected:** New Jersey Economic Development Authority;
Department of the Treasury.

Office of Legislative Services Estimate

Fiscal Impact	<u>Fiscal Year 2007</u>	<u>Fiscal Year 2008</u>	<u>Fiscal Year 2009</u>
State Cost	Depends on Terms of Future Bond Issuance		

- The Office of Legislative Services (OLS) cannot provide specific cost information for this bill, as such a task would necessitate predicting the terms of the envisioned bond issuance.
- Assuming that five percent of any bond issuance would be used for fee payments, the OLS calculates that in order to have \$270 million in bond proceeds available for the bill's capital projects, the State may have to bond for \$284 million. Standard loan amortization of \$284 million for 10 years and for interest rates ranging from 4.5 percent to 6.5 percent would yield annual debt service payments ranging from \$35.3 million to \$38.7 million and from \$21.6 million to \$25.4 million for 20 years.

BILL DESCRIPTION

Senate Substitute for Senate Bill No. 1471 (2R) of 2006 allows the financing of State capital construction projects with \$270 million in proceeds from bonds to be issued by the New Jersey Economic Development Authority.

The bill specifically authorizes five capital construction projects: (1) \$150 million for the capital costs of stem cell research facilities located in New Brunswick, New Jersey; (2) \$50 million for the capital costs of biomedical research facilities at Rutgers University located in Camden, New Jersey; (3) \$50 million for the capital costs of stem cell research facilities at the

New Jersey Institute of Technology, located in Newark, New Jersey; (4) \$10 million for the capital costs of blood collection facilities located in New Jersey that will be used by the Elie Katz Umbilical Cord Blood Program at Community Blood Services located in Allendale, New Jersey; and (5) \$10 million for the capital costs of cancer research facilities at the Garden State Cancer Center in Belleville, New Jersey.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS cannot provide specific cost information for this bill, as such a task would necessitate predicting the terms of the envisioned bond issuance.

The OLS calculates, however, that in order to have \$270 million in bond proceeds available for the bill's capital projects, the State may have to bond for \$284 million. The \$284 million assumes that five percent of any bond issuance would be used for fee payments (according to the prospectus for the "\$175,000,000 New Jersey Economic Development Authority School Facilities Construction Bonds, 2005 Series P", such fee payments comprised 4.2 percent of that bond issuance).

Standard loan amortization of \$284 million for ten years and for interest rates ranging from 4.5 percent to 6.5 percent would yield annual debt service payments ranging from \$35.3 million to \$38.7 million and from \$21.6 million to \$25.4 million for 20 years.

Section: Revenue, Finance and Appropriations

*Analyst: Thomas Koenig
Associate Fiscal Analyst*

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

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

ASSEMBLY, No. 2828

STATE OF NEW JERSEY 212th LEGISLATURE

INTRODUCED MARCH 9, 2006

Sponsored by:

Assemblyman NEIL M. COHEN

District 20 (Union)

Assemblyman JOHN F. MCKEON

District 27 (Essex)

Assemblywoman JOAN M. QUIGLEY

District 32 (Bergen and Hudson)

Assemblyman LOUIS M. MANZO

District 31 (Hudson)

SYNOPSIS

Authorizes the issuance of cigarette tax revenue bonds by the NJEDA to fund State capital construction projects including \$150 million for stem cell research facilities and \$50 million for biomedical research facilities.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 3/14/2006)

1 **AN ACT** authorizing the financing of the cost of State capital
2 construction projects with the proceeds of cigarette tax
3 securitization bonds to be issued by the New Jersey Economic
4 Development Authority, amending P.L.2004, c.68 (C.34:1B-
5 21.16 et seq.).

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

9
10 1. The Title of P.L.2004, c.68 is amended to read as follows:

11 **An Act** authorizing the issuance of cigarette tax securitization
12 bonds, notes or other obligations by the New Jersey Economic
13 Development Authority for the purposes of providing revenue to
14 meet appropriations in [any] State [fiscal year] Fiscal Year 2005
15 commencing on [or after] July 1, 2004, thereafter providing
16 funding for State capital construction projects, and providing a
17 source of payment and security for such bonds, notes or other
18 obligations, supplementing P.L.1974, c.80 (C.34:1B-1 et seq.)
19 and amending P.L.1997, c.264.

20 (cf: P.L.2004, c.68, Title)

21
22 2. Section 2 of P.L.2004, c.68 (C.34:1B-21.17) is amended to
23 read as follows:

24 2. The following words or terms as used in this act shall have
25 the following meanings unless a different meaning clearly appears
26 from the context:

27 "Authority" means the New Jersey Economic Development
28 Authority created pursuant to P.L.1974, c.80 (C.34:1B-1 et seq.);

29 "Biomedical research facilities" means one or more facilities
30 located in Camden, New Jersey, that will be utilized for biomedical
31 research and related activities, including all facilities ancillary
32 thereto;

33 "Bonds" means any bonds, notes or other obligations issued or
34 entered into by the authority pursuant to this act;

35 "Capital cost" means the expenses incurred in connection with:
36 the planning, construction, reconstruction, development, erection,
37 acquisition, extension, improvement, rehabilitation and equipping
38 of State capital construction projects authorized by this act; the
39 acquisition by purchase, lease, or otherwise, and the development of
40 any real or personal property for use in connection with a State
41 capital construction project authorized by this act, including any
42 rights or interests therein, the execution of any agreements and
43 franchises deemed to be necessary or useful and convenient in
44 connection with any State capital construction project authorized by
45 this act; the procurement of engineering, inspection, planning, legal,

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 financial, or other professional services; the administrative,
2 organizational, operating or other expenses incident to the
3 financing, completing, and placing into service of any State capital
4 construction project authorized by this act;

5 "Cigarette Tax" means the tax imposed by the State pursuant to
6 the "Cigarette Tax Act," P.L.1948, c.65 (C.54:40A-1 et seq.), as
7 amended and supplemented, on the sale, use or possession for sale
8 or use within the State of each cigarette;

9 "Cigarette Tax Securitization Fund" means the fund by that name
10 created and established pursuant to section 7 of this act;

11 "Cigarette Tax Securitization Proceeds Fund" means the fund by
12 that name created and established pursuant to section 3 of this act;

13 "Dedicated Cigarette Tax Revenue Fund" means the fund by that
14 name created and established pursuant to section 5 of this act;

15 "Dedicated Cigarette Tax Revenues" means an amount equal to
16 the revenue collected by the State during each State fiscal year
17 beginning on and after July 1, 2006 from \$0.0325 of the cigarette
18 tax; [and]

19 "State capital construction project" means a project that includes
20 the acquisition of land, and the acquisition and construction of new
21 structures and equipment for major capital facilities for State use
22 and use by other units of government, including stem cell research
23 facilities and biomedical research facilities, whose estimated cost of
24 land, planning, acquisition, construction, furnishing and equipping
25 is estimated to be \$50,000 or more;

26 "Stem cell research facilities" means facilities located in New
27 Brunswick, New Jersey, that shall be primarily utilized for stem cell
28 research, including all facilities ancillary thereto; and

29 "Refunding Bonds" means any bonds, notes or other obligations
30 issued by the authority to refinance bonds, notes or other
31 obligations previously issued or entered into by the authority
32 pursuant to this act.

33 (cf: P.L.2004, c.68, s.2)

34

35 3. Section 3 of P.L.2004, c.68 (C.34:1B-21.18) is amended to
36 read as follows:

37 3. a. The authority shall establish and maintain a special
38 nonlapsing fund to be known as the "Cigarette Tax Securitization
39 Proceeds Fund" into which shall be deposited the following
40 moneys:

41 (1) the proceeds from the sale of all bonds (other than refunding
42 bonds) issued by the authority pursuant to [this act] P.L.2004, c.68
43 (C.34:1B-21.16 et seq.) which are remaining after any required
44 deposit to any reserve or other fund established for such bonds or
45 any refunding bonds in accordance with subsection a. of section 4
46 of [this act] P.L.2004, c.68 (C.34:1B-21.19) and after the payment
47 of all costs, fees and other expenses related to, or incurred by the

1 authority or the State in connection with, the issuance of such bonds
2 or any refunding bonds;

3 (2) any amounts which shall be appropriated by the Legislature
4 for the purposes of such fund; and

5 (3) any other amounts or funds which the authority shall
6 determine to deposit into such fund.

7 Moneys on deposit in the Cigarette Tax Securitization Proceeds
8 Fund shall be invested in such obligations as the authority may
9 determine or as shall otherwise be provided in any contract between
10 the authority and the State Treasurer authorized and entered into
11 pursuant to section 6 of [this act] P.L.2004, c.68 (C.34:1B-21.21),
12 and interest or other earnings on any such investments shall be
13 credited to such fund.

14 b. (1) Amounts on deposit in the Cigarette Tax Securitization
15 Proceeds Fund [shall be] from the proceeds of bonds issued on or
16 before January 1, 2005, having been withdrawn by the authority
17 from time to time during State Fiscal Year 2005, upon written
18 request of the State Treasurer or as otherwise provided in any
19 contract between the authority and the State Treasurer authorized
20 and entered into pursuant to section 6 of [this act] P.L.2004, c.68
21 (C.34:1B-21.21), and having been paid to the State Treasurer for
22 deposit into either the General Fund of the State or the Cigarette
23 Tax Securitization Fund, as determined by the State Treasurer,
24 [and] have been used for [any] lawful [purpose] purposes of the
25 State for which moneys on deposit in the General Fund [may] might
26 be used. All amounts withdrawn from the Cigarette Tax
27 Securitization Proceeds Fund and deposited into the General Fund
28 of the State as provided in this subsection [shall represent] have
29 represented financial resources and revenues of the State from that
30 fund as certified by the Governor pursuant to Article VIII, Section
31 II, paragraph 2 of the State Constitution for the State annual
32 appropriation act for [such] State [fiscal year , and as may be
33 applicable for such annual appropriation act as may be amended and
34 supplemented from time to time] Fiscal Year 2005.
35 [Notwithstanding any provision of this subsection to the contrary,]
36 No request by the State Treasurer [shall not request] has been made
37 of the authority to pay [, and the authority shall not pay,] to the
38 State Treasurer during [any] State [fiscal year] Fiscal Year 2005
39 amounts then on deposit in the Cigarette Tax Securitization
40 Proceeds Fund which are in excess of the amounts anticipated as
41 revenues from such fund during State Fiscal Year 2005.

42 (2) (a) The Legislature finds and declares that:

43 (i) Millions of people suffer from currently incurable diseases
44 and injuries, and recent medical science, including the use of new
45 regenerative medical therapies such as the use of a special type of
46 human cells called "stem cells," provides indications that cures and
47 treatments for certain of these diseases and injuries can be
48 developed;

1 (ii) The development of such cures and treatments will improve
2 New Jersey's health care system, can reduce long-term health care
3 costs, and can benefit the New Jersey economy by creating projects,
4 jobs and therapies;

5 (iii) The State of New Jersey is home to many of the leading life
6 sciences, biotechnology and pharmaceutical companies and the
7 State seeks to preserve its leading role, attract investment, attract
8 scientists, enhance research and, toward that end, seeks to finance
9 facilities for entities involved in stem cell research and biomedical
10 research;

11 (iv) Financing stem cell research facilities and biomedical
12 research will substantially further the public interest and can most
13 economically be financed through a bond issue; and

14 (v) The State of New Jersey has previously authorized the
15 "Cigarette Tax Securitization Act of 2004," P.L.2004, c.68
16 (C.34:1B-21.16 et seq.), and has determined that bonds issued by
17 the New Jersey Economic Development Authority under such act
18 are the most desirable means to provide funding for such facilities
19 and projects.

20 (b) An amount not to exceed the first \$150,000,000 in the
21 aggregate from the proceeds of bonds issued after March 1, 2006,
22 authorized under P.L.2004, c.68 (C.34:1B-21.16 et seq.), on deposit
23 in the Cigarette Tax Securitization Proceeds Fund shall be
24 withdrawn by the authority from time to time, and shall be utilized
25 by the authority, pursuant to a State capital construction project
26 agreement between the State Treasurer and the authority, to fund
27 the capital costs of stem cell research facilities. Any agreement
28 entered into pursuant to this subparagraph shall specify the scope of
29 the project, the use of the proceeds of the bonds, the permitted uses
30 of the project, the use of any rental income from the project, and
31 such other matters as the State Treasurer shall determine.

32 (c) An amount not to exceed the subsequent \$50,000,000 in the
33 aggregate from the proceeds of bonds issued after March 1, 2006,
34 authorized under P.L.2004, c.68 (C.34:1B-21.16 et seq.), on deposit
35 in the Cigarette Tax Securitization Proceeds Fund shall be
36 withdrawn by the authority from time to time, and shall be utilized
37 by the authority, pursuant to a State capital construction project
38 agreement between the State Treasurer and the authority, to fund
39 the capital costs of biomedical research facilities that will be
40 utilized for biomedical research and related activities, including all
41 facilities ancillary thereto. Any agreement entered into pursuant
42 to this subparagraph shall specify the scope of the project, the use
43 of the proceeds of the bonds, the permitted uses of the project, the
44 use of any rental income from the project, and such other matters as
45 the State Treasurer shall determine.

46 (d) Except as specifically provided pursuant to subparagraphs (b)
47 and (c) of this paragraph (2), amounts on deposit in the Cigarette
48 Tax Securitization Proceeds Fund from the proceeds of bonds

1 issued on or after March 1, 2006, shall be withdrawn by the
2 authority from time to time, upon written request of the State
3 Treasurer or as otherwise provided in any contract between the
4 authority and the State Treasurer authorized and entered into
5 pursuant to P.L. , c. (C.) (pending before the Legislature as
6 this bill), and shall be appropriated by law exclusively to fund the
7 capital costs of State capital construction projects.

8 (cf: P.L.2004, c.68 , s.3)

9
10 4. This act shall take effect immediately.

11
12
13 STATEMENT

14
15 This bill authorizes the financing of the capital costs of State
16 capital construction projects with the proceeds of cigarette tax
17 securitization bonds to be issued by the New Jersey Economic
18 Development Authority. During State Fiscal Year 2005 these bonds
19 were issued to provide \$1,190,000,000 in General Fund revenues to
20 support the annual appropriations act. However, that debt did not
21 require the securitization of the full dedicated revenue which is an
22 amount equal to the revenue collected by the State during each State
23 fiscal year beginning on and after July 1, 2006 from \$0.0325 of the
24 cigarette tax.

25 That revenue stream will be securitized under this bill to issue
26 bonds to fund the capital costs of the acquisition of land, and the
27 acquisition and construction of new structures and equipment for
28 major capital facilities for State use and use by other units of
29 government, whose estimated cost of land, planning, acquisition,
30 construction, furnishing and equipping is estimated to be \$50,000 or
31 more.

32 The bill also specifically authorizes two capital construction
33 projects: (1) from the first \$150 million of bonds proceeds issued
34 after March 1, 2006, for the capital costs of stem cell research
35 facilities located in New Brunswick, New Jersey, that shall be
36 primarily utilized for stem cell research, including all ancillary
37 facilities; and (2) from the next \$50 million of bond proceeds for
38 the capital costs of biomedical research facilities located in
39 Camden, New Jersey, that shall be primarily utilized for biomedical
40 research, including all ancillary facilities.

41 Millions of people suffer from currently incurable diseases and
42 injuries, and recent medical science, including the use of new
43 regenerative medical therapies such as the use of a special type of
44 human cells called "stem cells," provides indications that cures and
45 treatments for certain of these diseases and injuries can be
46 developed. The development of such cures and treatments will
47 improve New Jersey's health care system, may reduce long-term
48 health care costs, and can benefit the New Jersey economy by

1 creating projects, jobs and therapies. This State is home to many of
2 the leading life sciences, biotechnology and pharmaceutical
3 companies and through the funding provided by this bill the State
4 seeks to preserve that leading role, attract investment, attract
5 scientists, enhance research and, toward that end, seeks to finance
6 facilities for entities involved in stem cell research and biomedical
7 research. The financing of stem cell research and biomedical
8 research facilities will substantially further the public interest and
9 can most economically be financed through bond issues under the
10 "Cigarette Tax Securitization Act of 2004," P.L.2004, c.68
11 (C.34:1B-21.16 et seq.). Other future bond proceeds from sales of
12 bonds under that act may provide funding for other State capital
13 construction projects.

ASSEMBLY HEALTH AND SENIOR SERVICES COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2828

with committee amendments

STATE OF NEW JERSEY

DATED: MARCH 13, 2006

The Assembly Health and Senior Services Committee reports favorably and with committee amendments Assembly Bill No. 2828.

As amended by the committee, this bill authorizes the financing of the capital costs of State capital construction projects, including stem cell research facilities and biomedical research facilities, with the proceeds of cigarette tax securitization bonds to be issued by the New Jersey Economic Development Authority.

The bill specifically authorizes bonding for the following State capital construction projects:

(1) from the first \$150 million of bonds proceeds issued after March 1, 2006, projects in the following order as bond proceeds are available: up to \$150 million of which \$100 million is for stem cell research facilities in New Brunswick and \$50 million is for stem cell research facilities in Newark operated by the New Jersey Institute of Technology, both facilities to be used only for stem cell research; and

(2) up to \$50 million for biomedical research facilities at the Coriell Institute for Medical Research in Camden.

During State Fiscal Year 2005, cigarette tax securitization bonds were issued to provide \$1,190,000,000 in General Fund revenues to support the annual appropriations act; however, that bond issuance did not require the securitization of the full dedicated revenue, which is an amount equal to the revenue collected by the State during each State fiscal year beginning on and after July 1, 2006 from \$0.0325 of the cigarette tax.

Under the bill, the unused portion of the revenue stream would be securitized to issue bonds to fund the capital costs of the acquisition of land, and the acquisition and construction of new structures and equipment for major capital facilities for State use and use by other units of government, whose estimated cost of land, planning, acquisition, construction, furnishing and equipping is estimated to be \$50,000 or more.

The financing of these stem cell research and biomedical research facilities will be accomplished through bond issues under the "Cigarette Tax Securitization Act of 2004," P.L.2004, c.68 (C.34:1B-

21.16 et seq.). Other future cigarette securitization bond proceeds may provide funding for yet to be determined capital projects.

While the Office of Legislative Services cannot provide specific cost information for this bill, it anticipates that the remaining portion of pledged cigarette tax revenues, after adjustments for coverage of bond issuance expenses and credit enhancements, and the recent upward trend in interest rates, will suffice to finance the proposed \$200 million expenditure for stem cell and biomedical research facilities.

COMMITTEE AMENDMENTS:

The committee amendments:

- clarify the first three projects, for stem cell research facilities and biomedical research facilities, and change the amount of bond proceeds authorized for the capital costs for stem cell research facilities – New Brunswick;
- add authority to issue up to \$50 million in bonds for stem cell research facilities – Newark project; and
- clarify that capital costs include the acquisition and construction of new structures and equipment.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 2828

with Assembly committee amendments

STATE OF NEW JERSEY

DATED: OCTOBER 19, 2006

The Assembly Appropriations Committee reports favorably Assembly Bill No. 2828 (1R), with committee amendments.

Assembly Bill No. 2828 (1R), as amended, authorizes the financing of the capital costs of State capital construction projects, including stem cell research facilities, life sciences research facilities and biomedical research facilities, with the proceeds of cigarette tax securitization bonds to be issued by the New Jersey Economic Development Authority.

As amended and reported by the committee, this bill is identical to Senate Bill No. 1471 SS, as also amended and reported by the committee.

FISCAL IMPACT:

The bill specifically authorizes bonding for the following State capital construction projects from the first \$270 million of bonds proceeds issued after March 1, 2006:

(1) up to \$150 million is for stem cell research facilities in New Brunswick which shall be only utilized for stem cell research;

(2) up to \$50 million for biomedical research facilities owned by Rutgers, The State University, located in Camden, New Jersey, and operated by a consortium of Rutgers, The State University, The Coriell Institute for Medical Research, the Robert Wood Johnson Medical School at Camden, and the Cancer Institute of New Jersey, South Jersey;

(3) up to \$50 million is for stem cell research facilities in Newark operated by the New Jersey Institute of Technology, which shall be only utilized for stem cell research;

(4) up to \$10,000,000 for blood collection facilities to be utilized by Elie Katz Umbilical Cord Blood Program at Community Blood Services located in Allendale, New Jersey, for cord blood collection to support stem cell research; and

(5) up to \$10,000,000 for cancer research facilities located in Belleville, New Jersey that will be utilized by the Garden State Cancer Center for cancer research and related activities.

During State Fiscal Year 2005, cigarette tax securitization bonds were issued to provide \$1,190,000,000 in General Fund revenues to support the annual appropriations act; however, that bond issuance did not require the securitization of the full dedicated revenue, which is an amount equal to the revenue collected by the State during each State fiscal year beginning on and after July 1, 2006 from \$0.0325 of the cigarette tax.

Under the bill, the unused portion of the revenue stream would be securitized to issue bonds to fund the capital costs of the acquisition of land, and the acquisition and construction of new structures and equipment for major capital facilities by grant of the authority for State use and use by other units of government, which use shall include the occupancy by the State and other units of government, and the leasing and licensing of facilities to other entities by the State or other units of government, whose estimated cost of land, planning, acquisition, construction, furnishing and equipping is estimated to be \$50,000 or more.

COMMITTEE AMENDMENTS:

The amendments increase the amount the maximum amount of funding for all specified projects from up to \$200 million to up to \$270 million: 1) by increasing the funding for the stem cell research facilities - New Brunswick from \$100 million to \$150 million; and 2) add two projects: (a) up to \$10,000,000 for blood collection facilities to be utilized by Elie Katz Umbilical Cord Blood Program at Community Blood Services located in Allendale, New Jersey, for cord blood collection to support stem cell research; and (b) up to \$10,000,000 for cancer research facilities located in Belleville, New Jersey that will be utilized by the Garden State Cancer Center for cancer research and related activities. The amendments also clarify that the projects are not intended to be owned by the EDA and also clarify that the project defined as "biomedical research facilities" will be owned by Rutgers, The State University, be located in Camden, and be operated by a consortium of Rutgers, the Coriell Institute for Medical Research, the Robert Wood Johnson Medical School at Camden and the Cancer Institute of New Jersey, South Jersey.

STATEMENT TO
[Second Reprint]
ASSEMBLY, No. 2828

with Assembly Floor Amendments
(Proposed By Assemblyman COHEN)

ADOPTED: DECEMBER 11, 2006

This amendment changes the financing source for the identical projects from NJEDA cigarette tax securitization bonds to appropriation-backed contract bonds to be issued by the NJEDA.

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 2828

STATE OF NEW JERSEY 212th LEGISLATURE

DATED: NOVEMBER 8, 2006

SUMMARY

- Synopsis:** Authorizes the issuance of cigarette tax revenue bonds by the NJEDA to fund State capital construction projects including \$150 million for stem cell research facilities and \$50 million for biomedical research facilities.
- Type of Impact:** Increased funding for certain capital projects; Annual debt service payments from the Cigarette Tax Securitization Proceeds Fund.
- Agencies Affected:** New Jersey Economic Development Authority;
Department of the Treasury.

Office of Legislative Services Estimate

Fiscal Impact	<u>Fiscal Year 2007</u>	<u>Fiscal Year 2008</u>	<u>Fiscal Year 2009</u>
State Cost	Depends on Terms of Future Bond Issuance.		

- The Office of Legislative Services (OLS) cannot provide specific cost information for this bill, as such a task would necessitate predicting the terms of the envisioned bond issuance. Nonetheless, it appears that the available cigarette tax proceeds would suffice to finance the proposed \$200 million expenditure for stem cell and biomedical research facilities.
- In 2004, the New Jersey Economic Development Authority (NJEDA) issued \$1,461,030,000 in bonds backed by 78.598 percent of the revenue stream generated by \$0.65 of the cigarette tax collected on the sale of each pack of cigarettes in this State. This bill would securitize the remaining 21.402 percent. Under the conditions prevailing for the 2004 bond issuance, the OLS calculates that the State could issue about \$398 million in new bonds. After subtracting 18.55 percent for fee payments and credit enhancements (equivalent to the 2004 bond issuance), the State would have about \$324 million available for capital projects. The OLS cautions, however, that in 2006, the State would likely receive less than \$324 million given that interest rates have been trending upwards since 2004 and that 2006 law changes have a dampening effect on demand for cigarettes (the increase in the cigarette tax rate from \$2.40 to \$2.575 per pack, the imposition of the indoor smoking ban, and the increase in the legal smoking age from 18 to 19 years of age).

BILL DESCRIPTION

Assembly Bill No. 2828 (1R) of 2006 allows the financing of State capital construction projects with the proceeds of previously authorized cigarette tax securitization bonds that the NJEDA may still issue.

The bill specifically authorizes three capital construction projects: (1) the first \$100 million of bonds proceeds for the capital costs of stem cell research facilities owned by the NJEDA and located in New Brunswick, New Jersey, (2) the next \$50 million of bond proceeds for the capital costs of stem cell research facilities operated by the New Jersey Institute of Technology and located in Newark, New Jersey, and (3) the next \$50 million of bond proceeds for the capital costs of biomedical research facilities at the Coriell Institute for Medical Research located in Camden, New Jersey. Other future cigarette tax securitization bond proceeds may provide funding for yet to be determined State capital construction projects.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS cannot provide specific cost information for this bill, as such a task would necessitate predicting the terms of the envisioned bond issuance. Nonetheless, it appears that the available cigarette tax proceeds would suffice to finance the proposed \$200 million expenditure for stem cell and biomedical research facilities.

The “Cigarette Tax Securitization Act of 2004”, P.L.2004, c.68 (C.34:1B-21.16 et seq.), authorized the NJEDA to issue bonds secured by \$0.65 from the cigarette tax collected on the sale of each pack of cigarettes in this State. Subsequently, according to the prospectus for the “\$1,461,030,000 NJEDA Cigarette Tax Revenue Bonds, Series 2004”, the NJEDA issued \$1,461,030,000 in bonds backed by 78.598 percent of the revenue stream generated by the \$0.65 per pack cigarette tax pledge. After paying for bond issuance expenses and credit enhancements, the State received \$1.19 billion in support of the fiscal year 2005 State budget.

Since the State already pledged 78.598 percent of proceeds from \$0.65 in cigarette tax collected from each cigarette pack sold in New Jersey, this bill would securitize the remaining 21.402 percent. Under the conditions prevailing for the 2004 bond issuance, the OLS calculates that the State could thus issue about \$398 million in new bonds. After subtracting 18.55 percent of the issuance for fee payments and credit enhancements (the same percentage as in the 2004 bond issuance), the State would have about \$324 million available for capital projects. The OLS cautions, however, that in 2006, the State would likely receive less than \$324 million for 21.402 percent of the future revenue from \$0.65 in per pack cigarette tax collections given that interest rates have been trending upwards since 2004 and that 2006 law changes have a dampening effect on demand for cigarettes (the increase in the cigarette tax rate from \$2.40 to \$2.575 per pack, the imposition of the indoor smoking ban, and the increase in the legal smoking age from 18 to 19 years of age). Regardless, it seems that the issuance would yield sufficient revenues to fund the \$200 million expenditure for stem cell and biomedical research facilities.

The OLS also uses an alternative method to suggest that the bond issuance would suffice to support the \$200 million expenditure. Pursuant to the fiscal year 2007 appropriations act, the State anticipates \$791 million in cigarette tax revenue in fiscal year 2007 (\$215 million for the general fund and \$576 million dedicated to specific purposes). At a tax rate of \$2.575 per pack, this number translates into 307.2 million cigarette packs sold. Taxed at \$0.65 per pack, which is the cigarette tax amount pledged to the debt service payment of the cigarette tax revenue bonds, about \$200 million would be available in fiscal year 2007 to service the debt. As mentioned above, 78.598 percent of this amount, or approximately \$157 million, are already pledged to service the 2004 cigarette tax revenue bonds. Consequently, about \$43 million of expected fiscal year 2007 revenue, or 21.402 percent of total collections from the \$0.65 tax pledge, would be available to service the new debt. Standard loan amortization of \$200 million for 10 years and for interest rates ranging from 5 percent to 7 percent, however, would only yield annual debt service payments ranging from \$25.5 million to \$27.9 million and from \$15.8 million to \$18.6 million for 20 years.

Section: Revenue, Finance and Appropriations

*Analyst: Thomas Koenig
Associate Fiscal Analyst*

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

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

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

Dec-20-06 Governor Corzine Signs Legislation Authorizing \$270 Million Investment in Stem Cell Research Centers

FOR MORE INFORMATION:

Anthony Coley
Brendan Gilfillan
609-777-2600

GOVERNOR CORZINE SIGNS LEGISLATION AUTHORIZING \$270 MILLION INVESTMENT IN STEM CELL RESEARCH CENTERS

TRENTON— Governor Jon S. Corzine today signed legislation that would provide \$270 million in funding to build stem cell research centers and facilities for cancer and biomedical research in New Jersey.

“Stem cell research has the potential to save and extend lives and lead us to cures that have previously been beyond our grasp,” said Governor Corzine. “This investment will position New Jersey as a world leader in cutting edge research and yield results that could touch lives around the globe.”

The legislation authorizes:

- \$150 million to build the Stem Cell Institute in New Brunswick;
- \$50 million to build stem cell research facilities at the New Jersey Institute of Technology in Newark;
- \$50 million to a biomedical research center in Camden, which will be operated by a consortium of Rutgers, the Coriell Institute for Medical Research, the Robert Wood Johnson Medical School at Camden, and the Cancer Institute of New Jersey, South Jersey;
- \$10 million to the Garden State Cancer Center, a cancer research center in Belleville; and,
- \$10 million for the Eli Katz Umbilical Cord Blood Program, in Allendale, for cord blood collection in support of stem cell research.

“Today our efforts have the potential to impact people the world over, in ways we can’t yet imagine,” said Senate President Richard J. Codey, a sponsor of the legislation. “The true scope of this initiative may not be felt for a decade or even longer - when people around the world live vastly improved lives because of the

work that will be done right here in New Jersey. For over a century, this has been our legacy as a state and today we are preserving it.”

“We are creating a statewide laboratory of interconnected research and collection centers that will help attract the best minds currently engaged in the field of stem cell research,” said Assemblyman Neil M. Cohen (D-Union), a sponsor.

“The work performed in New Jersey’s stem cell research centers will soon stand as a shining beacon leading other researchers forward and giving hope to millions afflicted with incurable and untreatable injuries and diseases.”

The construction will be financed by bonds issued by the New Jersey Economic Development Authority.

Other sponsors of the bill (A-2828/S-1471) were Neil Cohen, John McKeon, Albio Sires, Louis M. Manzo and Joan Quigley in the Assembly, and Barbara Buono in the Senate.