

LEGISLATIVE HISTORY CHECKLIST

NJSA: 27:1B-9, 27:1B-17, (Transportation Trust Fund--
27:1B-20 financing)

LAWS OF: 1987 CHAPTER: 193

BILL NO: S2210

Sponsor(s): Rand and Cowan

Date Introduced: June 2, 1986

Committee: Assembly: Transportation, Communications and High
Technology
Senate: Transportation and Communications; Revenue,
Finance and Appropriations

Amended during passage: Yes Amendments during passage denoted
by asterisks.

Date of Passage: Assembly: June 22, 1987
Senate: June 30, 1986

Date of Approval: July 15, 1987

following statements are attached if available:

Sponsor statement: Yes

Committee statement: Assembly Yes
Senate Yes

Fiscal Note: No

Veto Message: No

Message on Signing: Yes

Following were printed:

Reports: No

Hearings: Yes

See newspaper clipping file, "New Jersey--Transportation-1987" in New Jersey Reference
Department.

974.90 New Jersey. Legislature. Senate. Transportation and Communications
T764 Committee.
1987a Meeting, Held 2-26-87. Trenton 1987.

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SENATE, No. 2210

STATE OF NEW JERSEY

INTRODUCED JUNE 2, 1986

By Senators RAND and COWAN

Referred to Committee on Transportation and Communications

AN ACT concerning financing for the State's transportation system, increasing the authorized level of bonded indebtedness for the New Jersey Transportation Trust Fund Authority and amending P. L. 1984, c. 73.

1 BE IT ENACTED *by the Senate and General Assembly of the State*
2 *of New Jersey:*

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

1 9. a. The authority shall have the power and is hereby author-
2 ized after November 15, 1984 and from time to time thereafter to
3 issue its bonds, notes or other obligations in principal amounts as
4 in the opinion of the authority shall be necessary to provide for
5 any of its corporate purposes, including the payment, funding or
6 refunding of the principal of, or interest or redemption premiums
7 on, any bonds, notes or other obligations issued by it, whether the
8 bonds, notes, obligations or interest to be funded or refunded have
9 or have not become due; and to provide for the security thereof
10 and for the establishment or increase of reserves to secure or to
11 pay the bonds, notes or other obligations or interest thereon and
12 all other reserves and all costs or expenses of the authority incident
13 to and necessary or convenient to carry out its corporate purposes
14 and powers; and in addition to its bonds, notes and other obliga-
15 tions, the authority shall have the power to issue subordinated in-
16 debtedness, which shall be subordinate in lien to the lien of any
17 or all of its bonds or notes. No resolution or other action of the
18 authority providing for the issuance of bonds, refunding bonds or

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 printed in italics thus is new matter.

Matter enclosed in asterisks or stars has been adopted as follows:

*—Senate committee amendments adopted June 5, 1986.

**—Senate committee amendments adopted June 19, 1986.

19 other obligations shall be adopted or otherwise made effective by
20 the authority without the prior approval in writing of the Governor
21 and either the State Treasurer or the **Comptroller of the Treas-**
22 **ury** *Director of the Division of Budget and Accounting in the*
23 *Department of the Treasury.*

24 b. Except as may be otherwise expressly provided in the act or
25 by the authority, every issue of bonds or notes shall be general
26 obligations payable out of any revenues or funds of the authority,
27 subject only to any agreements with the holders of particular bonds
28 or notes pledging any particular revenues or funds. The authority
29 may provide the security and payment provisions for its bonds or
30 notes as it may determine, including (without limiting the general-
31 ity of the foregoing) bonds or notes as to which the principal and
32 interest are payable from and secured by all or any portion of the
33 revenues of and payments to the authority, and other moneys or
34 funds as the authority shall determine. In addition, the authority
35 may, in anticipation of the issuance of the bonds or the receipt of
36 appropriations, grants, reimbursements or other funds, including
37 without limitation grants from the federal government for federal
38 aid highways or public transportation systems, issue notes, the
39 principal of or interest on which, or both, shall be payable out of
40 the proceeds of notes, bonds or other obligations of the authority
41 or appropriations, grants, reimbursements or other funds or reve-
42 nues of the authority. The authority may also enter into bank loan
43 agreements, lines of credit and other security agreements and obtain
44 for or on its behalf letters of credit in each case for the purpose of
45 securing its bonds, notes or other obligations or to provide direct
46 payment of any costs which the authority is authorized to pay by
47 this act and to secure repayment of any borrowings under the loan
48 agreement, line of credit, letter of credit or other security agree-
49 ment by its bonds, notes or other obligations or the proceeds there-
50 of or by any or all of the revenues of and payments to the authority
51 or by any appropriation, grant or reimbursement to be received
52 by the authority and other moneys or funds as the authority shall
53 determine.

54 c. Whether or not the bonds and notes are of the form and
55 character as to be negotiable instruments under the terms of Title
56 12A, Commercial Transactions, New Jersey Statutes, the bonds and
57 notes are hereby made negotiable instruments within the mean-
58 ing of and for all the purposes of said Title 12A.

59 d. Bonds or notes of the authority shall be authorized by a
60 resolution or resolutions of the authority and may be issued in
61 one or more series and shall bear the date, or dates, mature at

62 the time or times, bear interest at the rate or rates of interest
63 per annum, be in the denomination or denominations, be in the
64 form, carry the conversion or registration privileges, have the rank
65 or priority, be executed in the manner, be payable from the sources,
66 in the medium of payment, at the place or places within or with-
67 out the State, and be subject to the terms of redemption (with or
68 without premium) as the resolution or resolutions may provide.
69 Bonds or notes may be further secured by a trust indenture between
70 the authority and a corporate trustee within or without the State.
71 All other obligations of the authority shall be authorized by
72 resolution containing terms and conditions as the authority shall
73 determine.

74 e. Bonds, notes or other obligations of the authority may be
75 sold at public or private sale at a price or prices and in a manner
76 as the authority shall determine. Every bond shall mature and
77 be paid not later than 17 years from the date thereof, except that
78 no bond, note or other obligation shall mature and be paid later
79 than 17 years from the effective date of this act, nor shall any
80 refunding of such obligations mature or be paid later than that
81 date.

82 Notes, the initial series of bonds and bonds issued for refund-
83 ing purposes of the authority may be sold at public or private
84 sale at a price or prices and in a manner as the authority shall
85 determine.

86 Except as noted above, all bonds of the authority shall be sold
87 at such price or prices and in such manner as the authority shall
88 determine, after notice of sale, published at least three times in
89 at least three newspapers published in the State of New Jersey,
90 and at least once in a publication carrying municipal bond notices
91 and devoted primarily to financial news, published in New Jersey
92 or the City of New York, the first notice to be at least five days
93 prior to the day of bidding. The notice of sale may contain a
94 provision to the effect that any or all bids made in pursuance
95 thereof may be rejected. In the event of such rejection or of
96 failure to receive any acceptable bid, the authority, at any time
97 within 60 days from the date of such advertised sale, may sell such
98 bonds at private sale upon terms not less favorable to the State
99 than the terms offered by any rejected bid. The authority may
100 sell all or part of the bonds of any series as issued to any State
101 fund or to the federal government or any agency thereof, at private
102 sale, without advertisement.

103 f. Bonds or notes may be issued and other obligations incurred
104 under the provisions of the act without obtaining the consent of

105 any department, division, commission, board, bureau or agency of
106 the State, other than the approval as required by subsection a. of
107 this section, and without any other proceedings or the happening
108 of any other conditions or other things than those proceedings,
109 conditions or things which are specifically required by the act.

110 g. Bonds, notes and other obligations of the authority issued or
111 incurred under the provisions of the act shall not be in any way
112 a debt or liability of the State or of any political subdivision ther-
113 of other than the authority and shall not create or constitute any
114 indebtedness, liability or obligation of the State or of any political
115 subdivision or be or constitute a pledge of the faith and credit of
116 the State or of any political subdivision but all bonds, notes and
117 obligations, unless funded or refunded by bonds, notes or other obli-
118 gations of the authority, shall be payable solely from revenues
119 or funds pledged or available for their payment as authorized in
120 the act. Each bond, note or other obligation shall contain on its
121 face a statement to the effect that the authority is obligated to pay
122 the principal thereof or the interest thereon only from revenues or
123 funds of the authority and that neither the State nor any political
124 subdivision thereof is obligated to pay the principal or interest and
125 that neither the faith and credit nor the taxing power of the State
126 or any political subdivision thereof is pledged to the payment of
127 the principal of or the interest on the bonds, notes or other obliga-
128 tions. For the purposes of this subsection, political subdivision
129 does not include the authority.

130 h. All expenses incurred in carrying out the provisions of the
131 act shall be payable solely from revenues or funds provided or
132 to be provided under or pursuant to the provisions of the act and
133 nothing in the act shall be construed to authorize the authority
134 to incur any indebtedness or liability on behalf of or payable by
135 the State or any political subdivision thereof.

136 i. The aggregate principal amount of bonds, notes or other
137 obligations, including subordinated indebtedness of the author-
138 ity may not exceed **[\$600,000,000.00]** ****[\$760,000,000.00]****
139 ****\$875,000,000.00****. If in any fiscal year appropriations by the
140 Legislature to the authority, and amounts received in accordance
141 with contracts entered into with the toll road authorities, if those
142 amounts are not included in legislative appropriations, shall be
143 in excess of \$143,000,000.00, the aggregate principal amount of
144 **[\$600,000,000.00]** ****[\$760,000,000.00]**** ****\$875,000,000.00**** shall
145 be reduced by an amount equal to the excess. In computing the
146 foregoing limitations there shall be excluded all the bonds, notes
147 or other obligations, including subordinated indebtedness of the

148 authority, which shall be issued for refunding purposes, provided
 149 that the refunding shall be determined by the authority to result
 149A in a debt service savings.

150 The authority shall minimize debt incurrence by first relying
 151 on appropriations and other revenues available to the authority
 152 before incurring debt to meet its statutory purposes.

153 The authority shall not incur debt at any time in any fiscal year
 154 in excess of the difference between the amount of appropriations
 155 and other revenues to the authority theretofore made in that fiscal
 156 year and the amount which the Department of Transportation is
 157 permitted to commit for transportation projects under the act in
 158 that fiscal year as indicated in the budget, plus reasonably neces-
 159 sary expenses, required debt reserve funds, debt service and out-
 160 standing financial obligations from prior fiscal years of the au-
 161 thority.

162 Debt which would have been incurred pursuant to this section,
 163 which is not incurred in any fiscal year, may be issued in sub-
 164 sequent years.

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

3 17. On or before the first day of September in each year the
 4 authority shall make an annual report of its activities for the pre-
 5 ceding fiscal year to the Governor and to the Legislature, in ad-
 6 dition to responding to other requests made by the Legislature
 7 from time to time. Each such report shall set forth a complete
 8 operating and financial statement covering its operations during
 9 the year. The authority shall cause an audit of its books and
 10 accounts to be made at least once in each year by certified public
 11 accountants and the cost thereof shall be considered an expense of
 12 the authority and a copy thereof shall be filed with the Comptroller
 13 of the Treasury. Notwithstanding the provisions of any law to
 14 the contrary, the State Auditor or his legally authorized repre-
 15 sentative may examine the accounts and books of the authority.

16 Not later than the end of the ~~【fifth】~~ *fourth* year following the
 17 effective date of this act, the Senate Transportation and Commu-
 18 nications Committee and the Assembly Transportation ~~【and】~~,
 19 Communications *and High Technology* Committee, or their suc-
 20 cessors, shall undertake a review of the implementation of this
 21 act and of the operation of the authority and make such recom-
 22 mendations as they deem necessary.

23 The department shall, from time to time, but not less than
 24 every six months, report to the Senate ~~【and Assembly】~~ Trans-
 25 portation and Communications ~~【Committees】~~ *Committee and the*

26 *Assembly Transportation, Communications and High Technology*
 27 *Committee* on the status of each project, including public high-
 28 ways, financed pursuant to this act. The report shall also include
 29 information on major changes in project status or major impedi-
 30 ments to the accomplishment of the planned projects.*

1 ***[2.]*** *3.* Section 20 of P. L. 1984, c. 73 (C. 27:1B-20) is
 2 amended to read as follows:

3 20. ***[(New section)]*** There is hereby established in the General
 4 Fund an account entitled "Transportation Trust Fund Account."
 5 During the fiscal year beginning July 1, 1984 and during each
 6 succeeding fiscal year in which the authority has bonds, notes or
 7 other obligations outstanding, the treasurer shall credit to this
 8 account, commencing with the last business day of August 1984
 9 and on the last business day of each succeeding calendar month,
 10 an amount not less than \$7,333,333.00, provided that if the effec-
 11 tive date of the act shall be later than July 1984, the initial credit
 12 shall be an amount equal to that which would have been credited
 13 to the account had the act become effective on July 1, 1984, and
 14 further provided that the amount credited *shall be an amount*
 15 *equivalent to the revenue derived from \$0.025 per gallon from*
 16 *the tax imposed on the sale of motor fuels pursuant to chapter 39*
 17 *of Title 54 of the Revised Statutes, as provided in Article VIII,*
 18 *Section II, paragraph 4 of the State Constitution, provided, how-*
 19 *ever, such amount* during any fiscal year shall not be less than
 20 \$88,000,000.00; and an amount equivalent to moneys received by
 21 the State in accordance with contracts entered into with toll road
 22 authorities or other State agencies. The treasurer shall also credit
 23 to this account, in accordance with a contract between the treasurer
 24 and the authority, an amount equivalent to the sum of the revenues
 25 due from the increase of fees for motor vehicle registrations col-
 26 lected pursuant to the amendment to R. S. 39:3-20 made by this
 27 act and from the increase of fees for motor fuels user identifica-
 28 tion markers collected pursuant to the amendment to section 10 of
 29 P. L. 1963, c. 44 (C. 54:39A-10) made by this act and from the
 30 increase in the tax on diesel fuels imposed pursuant to the amend-
 31 ment to R. S. 54:39-27 made by this act, provided that the total
 32 amount credited during the fiscal year beginning July 1, 1984 shall
 33 not be less than \$20,000,000.00 and that the total amount credited
 34 during the fiscal year beginning July 1, 1985 and during every
 35 fiscal year thereafter shall not be less than \$30,000,000.00. No
 36 later than the fifth business day of the month following the month
 37 in which a credit has been made, the treasurer shall pay to the

38 authority, for its purposes as provided herein, the amounts then
39 credited to the Transportation Trust Fund Account, provided that
40 the payments to the authority shall be subject to and dependent
41 upon appropriations being made from time to time by the Legis-
42 lature of the amounts thereof for the purposes of the act.

1 ***[3.]*** *4.* This act shall take effect immediately.

TRANSPORTATION—GENERAL

Increases level of authorized bonded indebtedness for New Jersey
Transportation Trust Fund Authority and credits portion of motor
fuels tax to Transportation Trust Fund Account.

27 act and from the increase of fees for motor fuels user identifica-
28 tion markers collected pursuant to the amendment to section 10 of
29 P. L. 1963, c. 44 (C. 54:39A-10) made by this act and from the
30 increase in the tax on diesel fuels imposed pursuant to the amend-
31 ment to R. S. 54:39-27 made by this act, provided that the total
32 amount credited during the fiscal year beginning July 1, 1984 shall
33 not be less than \$20,000,000.00 and that the total amount credited
34 during the fiscal year beginning July 1, 1985 and during every
35 fiscal year thereafter shall not be less than \$30,000,000.00. No
36 later than the fifth business day of the month following the month
37 in which a credit has been made, the treasurer shall pay to the
38 authority, for its purposes as provided herein, the amounts then
39 credited to the Transportation Trust Fund Account, provided that
40 the payments to the authority shall be subject to and dependent
41 upon appropriations being made from time to time by the Legis-
42 lature of the amounts thereof for the purposes of the act.

1 3. This act shall take effect immediately.

STATEMENT

This bill amends the New Jersey Transportation Trust Fund Authority Act (P. L. 1984, c. 73) by increasing the level of bonded indebtedness that the New Jersey Trust Fund Authority may incur. At present, the maximum indebtedness level is \$600 million. This bill would raise that level to \$760 million.

The increase in bond issuing capacity is required in order to complete the four-year transportation construction program originally planned when the New Jersey Trust Fund Authority was created. Since the Trust's inception, there has been an accelerated use of its financing capacity so that its bond issuing limitation would essentially be reached in three years if the proposed FY 1987 Transportation Trust Fund program request is approved. The more rapid commitment of Trust moneys results from (1) adding transportation projects not part of the original construction program and (2) using greater amounts of State moneys for projects that the Department of Transportation indicates are ready for construction.

Therefore, the proposed increase in the Trust's bond issuing limitation would allow the Trust to complete the originally planned transportation construction program.

The bill further would credit to the Transportation Trust Fund Account \$0.025 per gallon from the tax imposed on the sale of motor fuels pursuant to chapter 39 of Title 54 of the Revised Statutes.

TRANSPORTATION—GENERAL

Increases level of authorized bonded indebtedness for New Jersey Transportation Trust Fund Authority and credits portion of motor fuels tax to Transportation Trust Fund Account.

ASSEMBLY TRANSPORTATION, COMMUNICATIONS
AND HIGH TECHNOLOGY COMMITTEE

STATEMENT TO

SENATE, No. 2210

[SECOND OFFICIAL COPY REPRINT]

STATE OF NEW JERSEY

DATED: JUNE 8, 1987

The Assembly Transportation, Communications and High Technology Committee reports without recommendation Senate Bill No. 2210 (2nd OCR).

This bill changes the "New Jersey Transportation Trust Fund Authority Act" (P. L. 1984, c. 73; C. 27:1B-1 et seq.) by increasing the level of bonded indebtedness that the authority may incur. At present, the maximum indebtedness level is \$600 million. This bill would raise that level to \$875 million.

The bill would also credit to the Transportation Trust Fund Account \$0.025 per gallon from the tax imposed on the sale of motor fuels pursuant to chapter 39 of Title 54 of the Revised Statutes but in no instance would the credit be less than \$88 million per year.

In addition, the bill stipulates that not later than the end of the fourth year, rather than the fifth year, as is currently provided by law, the Senate Transportation and Communications Committee and the Assembly Transportation, Communications and High Technology Committee shall undertake a review of the Trust Fund Act and the authority.

SENATE TRANSPORTATION AND COMMUNICATIONS
COMMITTEE

STATEMENT TO

SENATE, No. 2210

with Senate committee amendments

STATE OF NEW JERSEY

DATED: JUNE 5, 1986

The Senate Transportation and Communications Committee reports favorably Senate Bill No. 2210 with Senate committee amendments.

This amended bill changes the "New Jersey Transportation Trust Fund Authority Act" (P. L. 1984, c. 73) by increasing the level of bonded indebtedness that the authority may incur. At present, the maximum indebtedness level is \$600 million. This amended bill would raise that level to \$760 million.

According to the Department of Transportation, under currently projected spending plans, the department's capital program financed under the Trust Fund would not be able to receive full funding for the fourth year of the program. Rather, the bonding limitation of \$600 million would be reached during the third year of the program. The more rapid commitment of the Trust Fund moneys results from (1) adding transportation projects not part of the original construction program and (2) using greater amounts of State moneys for projects that the Department of Transportation indicates are ready for construction.

The amended bill further would credit to the Transportation Trust Fund Account $2\frac{1}{2}$ cents per gallon from the motor fuels tax. It is currently the case that the $2\frac{1}{2}$ cents has not been allocated in its entirety to the Trust Fund Account, as had been originally envisioned, but has been diverted in part to other transportation uses.

The committee amended the bill to provide that not later than the end of the fourth year, rather than the fifth year, the Senate and Assembly Transportation and Communications Committees shall undertake a review of the Trust Fund Act and the authority.

SENATE REVENUE, FINANCE AND APPROPRIATIONS
COMMITTEE

STATEMENT TO

SENATE, No. 2210

with Senate committee amendments

STATE OF NEW JERSEY

DATED: JUNE 19, 1986

The Senate Revenue, Finance and Appropriations Committee reported this bill favorably, with amendments.

Senate Bill No. 2210 Sea, as amended, increases the allowable level of bonded indebtedness that the New Jersey Transportation Trust Fund may incur by \$275,000,000.00. In addition, the bill requires that an amount equivalent to \$0.025 per gallon of the motor fuel tax be credited to the fund. The bill also provides that legislative committee review of fund activities will take place after four, rather than five years.

The "New Jersey Transportation Trust Fund Authority Act" (P. L. 1984, c. 73) anticipated a four-year transportation construction program, and included a \$600,000,000.00 bonding authorization, motor fuel tax increases and other funding sources. Due to the addition of transportation projects and accelerated expenditures on projects, it is anticipated that the Trust Fund's bond issuing limitation will be reached in three, rather than four years. Further, a constitutional amendment, which dedicated \$0.025 per gallon of the motor fuel tax to transportation purposes, allows those moneys to be used for various transportation-related costs other than Trust Fund expenditures.

COMMITTEE AMENDMENTS:

The committee amended Senate Bill No. 2210 Sea to increase the allowable level of bonded indebtedness from \$600,000,000.00 to \$875,000,000.00, an increase of \$275,000,000.00, rather than to \$76,000,000.00, an increase of \$160,000,000.00, as originally proposed.

FISCAL IMPACT:

Senate Bill No. 2210 Sea will increase the allowable bonded indebtedness of the Transportation Trust Fund by \$275,000,000.00, from \$600,000,000.00 to \$875,000,000.00, plus interest and related costs. In addition, the bill requires that an amount equivalent to \$0.025 per gallon of the motor fuel tax be credited to the Transportation Trust Fund; this is intended to increase the moneys available specifically for fund expenditures rather than general transportation-related expenditures.



OFFICE OF THE GOVERNOR

NEWS RELEASE

CN-001

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TRENTON, N.J. 08625

Release: WED., JULY 15, 1987

Governor Thomas H. Kean today signed legislation to provide funding to carry the State's Transportation Trust Fund through the next year, calling for the expenditure of \$803 million on Trust Fund projects.

The legislation, S-2210, was sponsored by Senator Walter Rand, D-Camden, and authorizes the Trust Fund Authority to increase its level of bonded indebtedness to \$875 million, up from the current level of \$600 million.

The legislation also clarifies language in the original bill establishing the Trust Fund to assure the 2.5 cents per gallon from the State's motor fuels tax is dedicated to the Authority.

The \$803 million Trust Fund package is broken down as follows:

\$265 million in additional bonding authority

\$58 million appropriated in the current budget

\$360 million in Federal highway assistance

\$120 million in funds from the Urban Mass Transit Agency (UMTA)

to be drawn during the State's fiscal year.

In signing the bill, Kean reiterated his position in favor of a "stable and long range funding plan" for the Trust Fund Authority.

"This legislation, while it is preferable to permitting the Trust Fund to expire, does not adequately provide for a long term program," Kean said. "I remain hopeful that the Legislature will continue to work with my Administration to develop a program which will guarantee that our highway and mass transportation needs will be met on a coordinated, long range basis."