

27:1B-21.10

LEGISLATIVE HISTORY CHECKLIST

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(Transportation Infrastructure)

NJSA: 27:1B-21.10

LAWS OF: 1997 CHAPTER: 142

BILL NO: A3056

SPONSOR(S): DeCroce

DATE INTRODUCED: June 5, 1997

COMMITTEE: ASSEMBLY: Transportation & Communications; Appropriations

SENATE: ---

AMENDED DURING PASSAGE: No

DATE OF PASSAGE: ASSEMBLY: June 26, 1997

SENATE: June 23, 1997

DATE OF APPROVAL: June 27, 1997

FOLLOWING STATEMENTS ARE ATTACHED IF AVAILABLE:

SPONSOR STATEMENT: Yes

COMMITTEE STATEMENT: ASSEMBLY: Yes 6-9-97 & 6-16-97

SENATE: No

FISCAL NOTE: No

VETO MESSAGE: No

MESSAGE ON SIGNING: No

FOLLOWING WERE PRINTED:
REPORTS: No

HEARINGS: No

Federal law, as mentioned in statements--attached--104-59

KBP:pp

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P.L. 1997, CHAPTER 142, *approved June 27, 1997*
Assembly, No. 3056

1 **AN ACT** establishing the State Transportation Infrastructure Bank and
2 supplementing P.L.1984, c.73 (C.27:1B-1 et seq.).
3

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

7 1. As used in this act:

8 "Federal infrastructure bank program" means the United States
9 Department of Transportation State Infrastructure Bank Program
10 provided for in section 350 of Pub.L.104-59 and Pub.L.102-240 as
11 amended or superseded.

12 "Other assistance" means forms of financial assistance, in addition
13 to loans, authorized by the federal infrastructure bank program,
14 including, but not limited to, use of funds to: provide credit
15 enhancements; serve as a capital reserve for bond or other debt
16 instrument financing; subsidize interest rates; ensure the issuance of
17 letters of credit and credit instruments; finance purchase and lease
18 agreements with respect to transit projects; and provide bond or other
19 debt financing instrument security.
20

21 2. a. There is hereby established a special non-lapsing, revolving
22 subaccount of the Special Transportation Fund to be known as the
23 "State Transportation Infrastructure Bank" which shall be credited
24 with: State and federal funds appropriated to the State Transportation
25 Infrastructure Bank, monetary donations made available to the State
26 to support the State Transportation Infrastructure Bank program and
27 any monies received as repayment of the monies loaned or otherwise
28 provided pursuant to this act. The commissioner may establish
29 subaccounts of the State Transportation Infrastructure Bank as may be
30 required by the federal infrastructure bank program. The
31 commissioner shall administer and maintain the State Transportation
32 Infrastructure Bank in accordance with the provisions of the federal
33 infrastructure bank program.

34 b. Monies in the State Transportation Infrastructure Bank shall be
35 used to provide loans or other assistance to public or private entities
36 or consortia thereof for the purpose of financing all or a portion of the
37 costs incurred for the planning, acquisition, engineering, construction,

1 reconstruction, repair and rehabilitation of a transportation project or
2 for any other purpose permitted under the federal infrastructure bank
3 program.

4 c. Loans or other assistance granted pursuant to this section shall
5 be considered an investment or reinvestment by the State
6 Transportation Infrastructure Bank consistent with the federal
7 infrastructure bank program and not a loan within the meaning of
8 section 12 of P.L.1995, c.108 (C.27:1B-21.5).

9
10 3. a. The commissioner is authorized to enter into agreements with
11 public or private entities or consortia thereof for the use of monies
12 from the State Transportation Infrastructure Bank to provide loans or
13 other assistance for the purpose of financing all or a portion of the
14 costs incurred for the planning, acquisition, engineering, construction,
15 reconstruction, repair and rehabilitation of a transportation project or
16 for any other purpose permitted under the federal infrastructure bank
17 program. The terms of the agreements shall be consistent with the
18 requirements of the federal infrastructure bank program.

19 b. The commissioner shall report periodically, and at least annually,
20 on the status of the State Transportation Infrastructure Bank program
21 to the Joint Budget Oversight Committee or its successor.

22
23 4. The commissioner shall adopt rules and regulations, pursuant to
24 the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
25 seq.), governing the State Transportation Infrastructure Bank
26 Program.

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28 5. This act shall take effect immediately.

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STATEMENT

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33 This bill would establish a special non-lapsing, revolving
34 subaccount of Special Transportation Fund to be known as the State
35 Transportation Infrastructure Bank.

36 Establishment of the State Transportation Infrastructure Bank is
37 required by federal law as a depository for federal transportation
38 infrastructure bank monies. The federal program allows States to
39 enter into agreements whereby monies in the State Transportation
40 Infrastructure Bank would be loaned or used to provide other financial
41 assistance to public or private entities for the planning, acquisition,
42 engineering, construction, reconstruction, repair and rehabilitation of
43 a transportation project or for any other purpose permitted under the
44 federal program.

45 Other financial assistance that could be provided by the State
46 Transportation Infrastructure Bank would include, but not be limited

1 to, use of funds to: provide credit enhancements; serve as a capital
2 reserve for bond or other debt instrument financing; subsidize interest
3 rates; ensure the issuance of letters of credit and credit instruments;
4 finance purchase and lease agreements with respect to transit projects;
5 and provide bond or other debt financing instrument security.

6 The State Transportation Infrastructure Bank would be credited
7 with State and federal funds appropriated to the bank, monetary
8 donations made available to the State to support the State
9 Transportation Infrastructure Bank program and any monies received
10 as repayment of the monies loaned or otherwise provided pursuant to
11 the program.

12 The Department of Transportation expects to receive \$4 million in
13 federal funds for the State Transportation Infrastructure Bank program
14 in this federal fiscal year. The President's proposal for the
15 reauthorization of the Intermodal Surface Transportation Efficiency
16 Act would continue the federal transportation infrastructure bank
17 program.

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22 Establishes State Transportation Infrastructure Bank.

ASSEMBLY TRANSPORTATION AND COMMUNICATIONS
COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3056

STATE OF NEW JERSEY

DATED: JUNE 9, 1997

The Assembly Transportation and Communications Committee reports favorably Assembly Bill No. 3056.

This bill would establish a special non-lapsing, revolving subaccount of Special Transportation Fund to be known as the State Transportation Infrastructure Bank.

Establishment of the State Transportation Infrastructure Bank is required by federal law as a depository for federal transportation infrastructure bank monies. The federal program allows States to enter into agreements whereby monies in the State Transportation Infrastructure Bank would be loaned or used to provide other financial assistance to public or private entities for the planning, acquisition, engineering, construction, reconstruction, repair and rehabilitation of a transportation project or for any other purpose permitted under the federal program.

Other financial assistance that could be provided by the State Transportation Infrastructure Bank would include, but not be limited to, use of funds to: provide credit enhancements; serve as a capital reserve for bond or other debt instrument financing; subsidize interest rates; ensure the issuance of letters of credit and credit instruments; finance purchase and lease agreements with respect to transit projects; and provide bond or other debt financing instrument security.

The State Transportation Infrastructure Bank would be credited with State and federal funds appropriated to the bank, monetary donations made available to the State to support the State Transportation Infrastructure Bank program and any monies received as repayment of the monies loaned or otherwise provided pursuant to the program.

The Department of Transportation expects to receive \$4 million in federal funds for the State Transportation Infrastructure Bank program in this federal fiscal year. The President's proposal for the reauthorization of the Intermodal Surface Transportation Efficiency Act would continue the federal transportation infrastructure bank program.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3056

STATE OF NEW JERSEY

DATED: JUNE 16, 1997

The Assembly Appropriations Committee reports favorably Assembly Bill No. 3056.

Assembly Bill No. 3056 establishes a special non-lapsing, revolving subaccount of Special Transportation Fund to be known as the State Transportation Infrastructure Bank.

Establishment of the State Transportation Infrastructure Bank is required by federal law as a depository for federal transportation infrastructure bank monies. The federal program allows States to enter into agreements whereby monies in the State Transportation Infrastructure Bank would be loaned or used to provide other financial assistance to public or private entities for the planning, acquisition, engineering, construction, reconstruction, repair and rehabilitation of a transportation project or for any other purpose permitted under the federal program.

Other financial assistance that could be provided by the State Transportation Infrastructure Bank would include, but not be limited to, use of funds to: provide credit enhancements; serve as a capital reserve for bond or other debt instrument financing; subsidize interest rates; ensure the issuance of letters of credit and credit instruments; finance purchase and lease agreements with respect to transit projects; and provide bond or other debt financing instrument security.

The President's proposal for the reauthorization of the Intermodal Surface Transportation Efficiency Act would continue the federal transportation infrastructure bank program.

FISCAL IMPACT:

The State Transportation Infrastructure Bank will be credited with State and federal funds appropriated to the bank, monetary donations made available to the State to support the State Transportation Infrastructure Bank program and any monies received as repayment of the monies loaned or otherwise provided pursuant to the program.

The Department of Transportation expects to receive \$4 million in federal funds for the State Transportation Infrastructure Bank program in this federal fiscal year.

of a State with an urbanized population of over 200,000 under section 133(d)(3) of such title may be used to provide assistance with respect to a project only if the metropolitan planning organization designated for such area concurs, in writing, with the provision of such assistance.

(c) **FORMS OF ASSISTANCE FROM INFRASTRUCTURE BANKS.**—An infrastructure bank established under this section may make loans or provide other assistance to a public or private entity in an amount equal to all or part of the cost of carrying out a project eligible for assistance under this section. The amount of any loan or other assistance provided for such project may be subordinated to any other debt financing for the project. Initial assistance provided with respect to a project from Federal funds contributed to an infrastructure bank under this section may not be made in the form of a grant.

(d) **QUALIFYING PROJECTS.**—Federal funds in the highway account of an infrastructure bank established under this section may be used only to provide assistance with respect to construction of Federal-aid highways. Federal funds in the transit account of such bank may be used only to provide assistance with respect to capital projects.

(e) **INFRASTRUCTURE BANK REQUIREMENTS.**—In order to establish an infrastructure bank under this section, each State establishing the bank shall—

(1) contribute, at a minimum, in each account of the bank from non-Federal sources an amount equal to 25 percent of the amount of each capitalization grant made to the State and contributed to the bank; except that if the contribution is into the highway account of the bank and the State has a lower non-Federal share under section 120(b) of title 23, United States Code, such percentage shall be adjusted by the Secretary to correspond with such lower non-Federal share;

(2) ensure that the bank maintains on a continuing basis an investment grade rating on its debt issuances or has a sufficient level of bond or debt financing instrument insurance to maintain the viability of the bank;

(3) ensure that investment income generated by funds contributed to an account of the bank will be—

(A) credited to the account;

(B) available for use in providing loans and other assistance to projects eligible for assistance from the account; and

(C) invested in United States Treasury securities, bank deposits, or such other financing instruments as the Secretary may approve to earn interest to enhance the leveraging of projects assisted by the bank;

(4) provide that the repayment of a loan or other assistance from an account of the bank under this section shall be consistent with the repayment provisions of section 129(a)(7) of title 23, United States Code, except to the extent the Secretary determines that such provisions are not consistent with this section:

(5) ensure that any loan from the bank will bear interest at or below market interest rates, as determined by the State, to make the project that is the subject of the loan feasible.

(6) ensure that repayment of any loan from the bank will commence not later than 5 years after the project has been

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completed or, in the case of a highway project, the facility has opened to traffic, whichever is later;

(7) ensure that the term for repaying any loan will not exceed 30 years after the date of the first payment on the loan under paragraph (6); and

(8) require the bank to make an annual report to the Secretary on its status no later than September 30, 1996, and September 30, 1997, and to make such other reports as the Secretary may require by guidelines.

Reports.

(f) LIMITATION ON REPAYMENTS.—Notwithstanding any other provision of law, the repayment of a loan or other assistance provided from an infrastructure bank under this section may not be credited towards the non-Federal share of the cost of any project.

(g) SECRETARIAL REQUIREMENTS.—In administering this section, the Secretary shall—

(1) ensure that Federal disbursements shall be at a rate consistent with historic rates for the Federal-aid highway program and the Federal transit program, respectively;

Guidelines.

(2) issue guidelines to ensure that all requirements of title 23, United States Code, or title 49, United States Code, that would otherwise apply to funds made available under such title and projects assisted with such funds apply to—

(A) funds made available under such title and contributed to an infrastructure bank established under this section; and

(B) projects assisted by the bank through the use of such funds;

except to the extent that the Secretary determines that any requirement of such title is not consistent with the objectives of this section; and

(3) specify procedures and guidelines for establishing, operating, and providing assistance from the bank.

(h) UNITED STATES NOT OBLIGATED.—The contribution of Federal funds into an infrastructure bank established under this section shall not be construed as a commitment, guarantee, or obligation on the part of the United States to any third party, nor shall any third party have any right against the United States for payment solely by virtue of the contribution. Any security or debt financing instrument issued by the infrastructure bank shall expressly state that the security or instrument does not constitute a commitment, guarantee, or obligation of the United States.

(i) MANAGEMENT OF FEDERAL FUNDS.—Sections 3335 and 6503 of title 31, United States Code, shall not apply to funds contributed under this section.

(j) PROGRAM ADMINISTRATION.—For each of fiscal years 1996 and 1997, a State may expend not to exceed 2 percent of the Federal funds contributed to an infrastructure bank established by the State under this section to pay the reasonable costs of administering the bank.

(k) SECRETARIAL REVIEW.—The Secretary shall review the financial condition of each infrastructure bank established under this section and transmit to Congress a report on the results of such review not later than March 1, 1997. In addition, the report shall contain—

Reports.

(1) an evaluation of the pilot program conducted under this section and the ability of such program to increase public investment and attract non-Federal capital; and