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MEMORANDUM

TO: ~~_____~~

FROM: Herta Prager, Head, Bureau of Law & Legislative Reference

DATE: October 22, 1959

SUBJECT: Legislative History of New Jersey Highway Authority Tax Exemption. RS 27:12B-1 and 16; also RS 54:4-2.12 and 3.

Laws 1952 Chapter 16. RS 27:12B-1 et seq. Assembly 10, 1952. Simili.

The bill's statement says only that the purpose is expressed in the Title.

The bill as a whole was amended several times, however Sec. 16 was amended only once.

The Assembly Committee inserted in the third line before last after the word -bonds- the words "or notes".

We have looked through our files on the Garden State Parkway to see whether any material would clarify the tax exemption of the Highway Authority, however, we did not find anything on the subject. Most of the material deals with the Referendum on the Bond Issue without touching the tax angle.

Laws 1949 Chapter 177. RS 54:4-2.12 and 3 Senate L48 Armstrong.

Senate L43 with statement is enclosed in photostat.

It was amended by the Senate Committee on Taxation. A photostat of the Senate Journal of March 24 showing the amendments is enclosed.

The bill was amended again, twice in the Assembly. Both amendments are enclosed.

It then passed with the Amendments. No hearings or reports referring to this bill could be found.

We are enclosing the Illinois Statute with annotations, on which the New Jersey Statute was based according to the Statement.

the New Jersey Highway Authority to provide the service as a self-liquidating toll project.

The ferry will not be a part of the Garden State Parkway, as defined in the referendum act (P.L. 1952, c. 17), which authorized a State guaranty of certain bonds of the New Jersey Highway Authority. Accordingly, bonds issued by the New Jersey Highway Authority to finance the cost of the ferry will not be eligible for guaranty by the State.

It was not amended during passage.

Chapter 164 of 1953 repealed the Cape May-Lewes Ferry Act of 1951, c. 15 which had the following definition of project:

The word "project" shall mean any improvement, construction, development or operation devised or undertaken by the commissioner pursuant to the provisions of this act, together with all property, rights, easements, franchises and interests which may be acquired in connection therewith.

The 1951 act had no statement and had passed without amendment.

Section 2 of the Highway Authority Act was amended in 1961, by Laws 1961, chapter 25, Senate 102. The bills are enclosed.

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4 provisions or application and to this end the provisions of this act are de-
5 clared to be severable.

1 27. All other general or special laws, or parts thereof, inconsistent here-
2 with are hereby declared to be inapplicable to the provisions of this act.

1 28. This act shall take effect immediately.

Sponsor's STATEMENT

The object of this bill is stated in its title.

[THIRD OFFICIAL COPY REPRINT]

COMMITTEE SUBSTITUTE FOR

ASSEMBLY, No. 10

STATE OF NEW JERSEY

ADOPTED MARCH 17, 1952

AN Act to facilitate vehicular traffic in the State of New Jersey by providing for the acquisition, construction, maintenance, repair and operation of highway projects; creating the New Jersey Highway Authority and defining its powers and duties; authorizing and establishing the location for a highway project; providing for the regulation of traffic on such projects and prescribing proceedings and penalties for violations thereof; providing for issuance of bonds or notes of the Authority and the terms and security thereof; and providing for the collection of tolls and other charges to pay the cost of acquisition, construction, maintenance, repair and operation of such projects and to pay such bonds and notes and the interest thereon.

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

1 1. This act shall be known as, and may be cited as, "The New Jersey
2 Highway Authority Act."

1 2. In order to facilitate vehicular traffic and remove the present handi-
2 caps and hazards on the congested highways in the State, and to provide for
3 the construction of modern express highways embodying every known safety
4 device including center divisions, ample shoulder widths, long-sight distances,
5 multiple lanes in each direction and grade separations at all intersections
6 with other highways and railroads, the New Jersey Highway Authority
7 (hereinafter created) is hereby authorized and empowered to acquire, con-

8 struct, maintain, repair and operate highway projects (as hereinafter de-
9 fined) at the locations hereinafter established and at such other locations as
10 shall be established by law.

1 3. As used in this act, the following words and terms shall have the fol-
2 lowing meanings, unless the context shall indicate another or different mean-
3 ing or intent:

4 (a) "Authority" means the New Jersey Highway Authority, created by
5 section four of this act, or, if said Authority shall be abolished, the board,
6 body or commission succeeding to the principal functions thereof or to whom
7 the powers given by this act to the Authority shall be given by law.

8 (b) "Commissioner" means the State Highway Commissioner.

9 (c) "Department" means the State Highway Department.

10 (d) "Project" or "highway project" means any express highway, super-
11 highway or motorway at such locations and between such termini as herein
12 established or as may hereafter be established by law, and acquired or to be
13 acquired or constructed or to be constructed under the provisions of this act
14 by the Authority, over which abutters have no easement or right of light, air
15 or direct access by reason of the fact that their properties abut thereon, to-
16 gether with such adjoining park or recreational areas and facilities as the
17 Authority, with the concurrence of the Department of Conservation and Eco-
18 nomic Development, shall find to be necessary and desirable to promote the
19 public health and welfare and feasible for development pursuant to this act,
20 and shall include but not be limited to all bridges, tunnels, overpasses, under-
21 passes, interchanges, traffic circles, grade separations, entrance plazas, ap-
22 proaches, toll houses, service areas, service stations, service facilities, com-
23 munications facilities, and administration, storage and other buildings which
24 the Authority may deem necessary for the operation of such project, to-
25 gether with all property, rights, easements and interests which may be ac-

26 quired by the Authority for the construction or the operation of suc
27 project.

28 (e) "Bonds" or "revenue bonds" means bonds of the Authority au-
29 thorized under the provisions of this act.

30 (f) "Public highway" means and shall include any public highway, road
31 or street in the State, whether maintained by the State or by any county,
32 city, borough, town, township, village, or other political subdivision.

33 (g) "Feeder road" means any road which in the opinion of the Author-
34 ity is necessary to create or facilitate access to a project.

35 (h) "Owner" means and shall include all individuals, copartnerships,
36 associations, private or municipal corporations and all political subdivisions
37 of the State having any title or interest in any property, rights, easements
38 and interests authorized to be acquired by this act.

1 4. There is hereby established in the State Highway Department a body
2 corporate and politic, with corporate succession, to be known as the "New
3 Jersey Highway Authority." The Authority is hereby constituted an instru-
4 mentality exercising public and essential governmental functions, and the
5 exercise by the Authority of the powers conferred by this act in the construc-
6 tion, operation and maintenance of projects shall be deemed and held to be an
7 essential governmental function of the State.

8 The New Jersey Highway Authority shall consist of three members, each
9 of whom shall be a resident of the State, who shall have been a qualified
10 elector therein for a period of at least one year next preceding his appoint-
11 ment. Each member of the Authority shall be appointed by the Governor,
12 with the advice and consent of the Senate, for a term of nine years and shall
13 serve until his successor is appointed and has qualified; except that of the
14 first appointments hereunder, one shall be for a term of three years and one
15 for a term of six years, and they shall serve until their respective succes-
16 sors are appointed and have qualified. The term of each of the first appoint-
17 ees hereunder shall be designated by the Governor. Each member of the
18 Authority may be removed from office by the Governor, for cause, after a

19 public hearing. Each member of the Authority before entering upon his
20 duties shall take and subscribe an oath to perform the duties of his office
21 faithfully, impartially and justly to the best of his ability. A record of such
22 oaths shall be filed in the office of the Secretary of State.

23 Any vacancies in the membership of the Authority occurring other than
24 by expiration of term shall be filled in the same manner as the original ap-
25 pointment, but for the unexpired term only.

26 The Governor shall designate one of the members of the Authority as
27 chairman thereof and another member as vice-chairman thereof. The chair-
28 man and vice-chairman of the Authority so designated shall serve as such at
29 the pleasure of the Governor and until their respective successors have been
30 designated. The Authority shall elect a secretary and a treasurer who need
31 not be members. At the option of the Authority the same person may be
32 elected to serve both as secretary and treasurer. Two members of the Au-
33 thority shall constitute a quorum and the vote of two members shall be neces-
34 sary for any action taken by the Authority. No vacancy in the membership
35 of the Authority shall impair the right of a quorum to exercise all the rights
36 and perform all the duties of the Authority.

37 Before the issuance of any bonds or notes under the provisions of this
38 act, each member of the Authority shall execute a surety bond in the penal
39 sum of twenty-five thousand dollars (\$25,000.00), and the treasurer shall ex-
40 ecute a surety bond in the penal sum of fifty thousand dollars (\$50,000.00), each
41 such surety bond to be conditioned upon the faithful performance of the
42 duties of the office of such member or treasurer, as the case may be, to be ex-
43 ecuted by a surety company authorized to transact business in the State of
44 New Jersey as surety and to be approved by the Attorney-General and filed
45 in the office of the Secretary of State.

46 The members of the Authority shall not receive compensation for their
47 services as members of the Authority. Each member shall be reimbursed by
48 the Authority for his actual expenses necessarily incurred in the perform-
49 ance of his duties.

1 5. The Authority shall be a body corporate and politic and shall have
2 perpetual succession and shall have the following powers:

3 (a) To adopt by-laws for the regulation of its affairs and the conduct of
4 its business;

5 (b) To adopt an official seal and alter the same at pleasure;

6 (c) To maintain an office at such place or places within the State as it
7 may designate;

8 (d) To sue and be sued in its own name;

9 (e) To acquire, construct, maintain, repair and operate projects;

10 (f) To acquire in co-operation with the Department of Conservation and
11 Economic Development limited roadside areas adjoining said projects and
12 transfer any or all of such areas to the Department of Conservation and Eco-
13 nomic Development so that said department may maintain such areas as
14 roadside parks;

15 (g) To issue bonds or notes of the Authority and to provide for the
16-17 rights of the holders thereof as provided in this act;

18 (h) To fix and revise from time to time and charge and collect tolls or
19 other charges for transit over or use of any project acquired or constructed
20 by it;

21 (i) To establish rules and regulations for the use of any project;

22 (j) To acquire, hold and dispose of real and personal property in the
23 exercise of its powers and the performance of its duties under this act;

24 (k) To acquire in the name of the Authority by purchase or otherwise, on
25 such terms and conditions and in such manner as it may deem proper, or by
26 the exercise of the power of eminent domain, any land and other property
27 which it may determine is reasonably necessary for any project or for the
28 relocation or reconstruction of any public highway by the Authority under
29 the provisions of this act or for the construction of any feeder road which
30 the Authority is or may be authorized to construct and any and all rights,
31 title and interest in such land and other property, including public lands,

32 parks, playgrounds, reservations, highways or parkways, owned by or in
 33 which any county, city, borough, town, township, village, or other political
 34 subdivision of the State of New Jersey has any right, title or interest, or
 35 parts thereof or rights therein and any fee simple absolute or any lesser in-
 36 terest in private property, and any fee simple absolute in, easements upon,
 37 or the benefit of restrictions upon abutting property to preserve and protect
 38 projects;

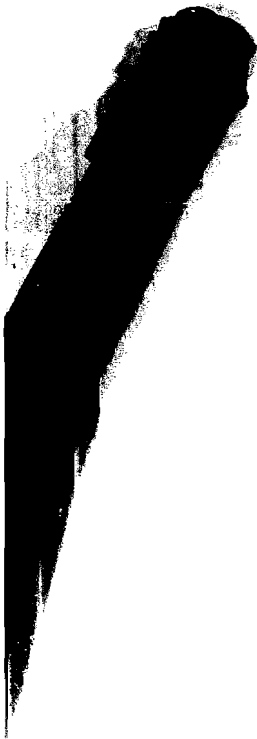
39 (l) To locate and designate, and to establish, limit and control such
 40 points of ingress to and egress from each project as may be necessary or de-
 41 sirable in the judgment of the Authority to insure the proper operation and
 42 maintenance of such project, and to prohibit entrance to such project from
 43 any point or points not so designated;

44 (m) To make and enter into all contracts and agreements necessary or
 45 incidental to the performance of its duties and the execution of its powers
 46 under this act;

47 (n) To construct, maintain, repair and operate any feeder road or any
 48 public highway connecting parts of a project or two or more projects which
 49 in the opinion of the Authority will increase the use of a project or projects,
 50 to take over for maintenance, repair and operation any existing public high-
 51 way as a feeder road, and to realign any such existing public highway and
 52 build additional sections of road over new alignment in connection with such
 53 existing public highway;

54 (o) To appoint such additional officers (who need not be members of the
 55 Authority) and employ such consulting engineers, attorneys, accountants,
 56 construction and financial experts, superintendents, managers and other em-
 57 ployees and agents as the Authority deems advisable and as may be neces-
 58 sary in its judgment; to fix their compensation; and to promote and discharge
 59 such officers, employees and agents; all without regard to the provisions of
 60 Title 11 of the Revised Statutes;

61 (p) To receive and accept from any Federal agency, subject to the ap-
 62 proval of the Governor, grants for or in aid of the acquisition or construc-



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tion of any project, and to receive and accept aid or contributions, except appropriations by the Legislature, from any source, of either money, property, labor or other things of value, to be held, used and applied only for the purposes for which such grants and contributions may be made; and

(q) To do all acts and things necessary or convenient to carry out the powers and duties expressly provided in this act.

Nothing contained in this act shall be construed to authorize or empower the Authority to acquire State property by the exercise of the power of eminent domain.

6. The Authority shall have power to construct and reconstruct traffic circles, interchanges and grade separations at intersections of any project with public highways and to change and adjust the lines and grades of such highways so as to accommodate the same to the design of such grade separation. The cost of construction and any damage incurred in changing and adjusting the lines and grades of such highways shall be ascertained and paid by the Authority as a part of the cost of such project.

If the Authority shall find it necessary in connection with any project to change the location of any portion of any public highway, it shall cause the same to be reconstructed at such location as the Authority shall deem most favorable and of substantially the same type and in as good condition as the original highway. The cost of such reconstruction and any damage incurred in changing the location of any such highway shall be ascertained and paid by the Authority as a part of the cost of such project.

Any public highway affected by the construction of any project may be vacated or relocated by the Authority in the manner now provided by law for the vacation or relocation of public roads and any damages awarded on account thereof shall be paid by the Authority as a part of the cost of such project.

In addition to the foregoing powers the Authority and its authorized agents and employees may enter upon any lands, waters and premises in the State for the purpose of making surveys, soundings, drillings and exam-

23 inations as it may deem necessary or convenient for the purposes of this
24 act, and such entry shall not be deemed a trespass, nor shall such entry for
25 such purpose be deemed an entry under any condemnation proceedings which
26 may be then pending. The Authority shall make reimbursement for any ac-
27 tual damages resulting to such lands, waters and premises as a result of
28 such activities.

29 The Authority shall also have power to make reasonable regulations for
30 the installation, construction, maintenance, repair, renewal, relocation and
31 removal of tracks, pipes, mains, conduits, cables, wires, towers, poles
32 and other equipment and appliances (herein called "public utility facilities")
33 of any public utility as defined in section 27:7-1 of the Revised Statutes, in,
34 on, along, over or under any project. Whenever the Authority shall deter-
35 mine that it is necessary that any such public utility facilities which now are,
36 or hereafter may be, located in, on, along, over or under any project should
37 be relocated in such project, or should be removed from such project, the
38 public utility owning or operating such facilities shall relocate or remove the
39 same in accordance with the order of the Authority; *provided, however*, that
40 the cost and expenses of such relocation or removal, including the cost of
41 installing such facilities in a new location, or new locations, and the cost of
42 any lands, or any rights or interests in lands, and any other rights acquired
43 to accomplish such relocation or removal, less the cost of any lands or any
44 rights or interests in lands or any other rights of the public utility paid to
45 the public utility in connection with the relocation or removal of such prop-
46 erty, shall be ascertained and paid by the Authority as a part of the cost of
47 such project. In case of any such relocation or removal of facilities, as
48 aforesaid, the public utility owning or operating the same, its successors or
49 assigns, may maintain and operate such facilities, with the necessary ap-
50 portenances, in the new location or new locations, for as long a period, and
51 upon the same terms and conditions, as it had the right to maintain and op-
52 erate such facilities in their former location or locations.

53 If the Authority, by resolution, determines that it is a reasonable public
54 necessity to acquire, for any project, lands owned by or under the control
55 or jurisdiction of any county park commission, it shall, within ten days after
56 its adoption of said resolution, serve a copy of said resolution upon the
57 said park commission. The park commission may within twenty days after
58 said service upon it appeal from the said determination of the Authority
59 to the Appellate Division of the Superior Court, which shall hear and de-
60 termine the question of whether or not the taking of the land in question in
61 preference to some other route, is a reasonable public necessity; and if said
62 court shall determine that said taking is such a reasonable public necessity,
63 the Authority may thereupon proceed therewith.

1 7. Upon the exercise of the power of eminent domain by the Authority,
2 the compensation to be paid thereunder shall be ascertained and paid in the
3 manner provided in chapter one of Title 20 of the Revised Statutes in so far
4 as the provisions thereof are applicable and not inconsistent with the provi-
5 sions contained in this act. The Authority may join in separate subdivi-
6 sions in one petition or complaint the descriptions of any number of tracts
6a or parcels of land or property to be condemned, and the names of any
7 number of owners and other parties who may have an interest therein and
8 all such land or property included in said petition or complaint may be con-
9 demned in a single proceeding; *provided, however,* that separate awards be
10 made for each tract or parcel of land or property; *and provided, further,*
11 that each of said tracts or parcels of land or property lies wholly in or has a
12 substantial part of its value lying wholly within the same county.

13 Upon the filing of such petition or complaint or at any time thereafter
14 the Authority may file with the clerk of the county in which such property
15 is located and also with the Clerk of the Superior Court a declaration of tak-
16 ing, signed by the Authority, declaring that possession of one or more of the
17 tracts or parcels of land or property described in the petition or complaint is
18 thereby being taken by and for the use of the Authority. The said declara-
19 tion of taking shall be sufficient if it sets forth (1) a description of each

20 tract or parcel of land or property to be so taken sufficient for the identifica-
 21 tion thereof to which there may or may not be attached a plan or map
 22 thereof; (2) a statement of the estate or interest in the said land or property
 23 being taken; (3) a statement of the sum of money estimated by the Authority
 24 by resolution to be just compensation for the taking of the estate or interest
 25 in each tract or parcel of land or property described in said declaration; and
 26 (4) that, in compliance with the provisions of this act, the Authority has es-
 27 tablished and is maintaining a trust fund as hereinafter provided.

28 Upon the filing of the said declaration, the Authority shall deposit with
 29 the Clerk of the Superior Court the amount of the estimated compensation
 30 stated in said declaration. In addition to the said deposits with the Clerk
 31 of the Superior Court the Authority at all times shall maintain a special
 32 trust fund on deposit with a bank or trust company doing business in this
 33 State in an amount at least equal to twice the aggregate amount deposited
 34 with the Clerk of the Superior Court as estimated compensation for all
 35 property described in declarations of taking with respect to which the
 36 compensation has not been finally determined and paid to the persons entitled
 37 thereto or into court. Said trust fund shall consist of cash or securities
 38 readily convertible into cash constituting legal investments for trust funds
 39 under the laws of this State. Said trust fund shall be held solely to secure
 40 and may be applied to the payment of just compensation for the land or other
 41 property described in such declaration of taking. The Authority shall be
 42 entitled to withdraw from said trust fund from time to time so much as may
 43 then be in excess of twice the aggregate of the amount deposited with the
 44 Clerk of the Superior Court as estimated compensation for all property
 45 described in declarations of taking with respect to which the compensation
 46 has not been finally determined and paid to the persons entitled thereto
 47 or into court.

48 Upon the filing of the said declaration as aforesaid and depositing
 49 with the Clerk of the Superior Court the amount of the estimated compensa-
 50 tion stated in said declaration, the Authority, without other process or pro-

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51 ceedings, shall be entitled to the exclusive possession and use of each tract
52 of land or property described in said declaration and may forthwith enter
53 into and take possession of said land or property, it being the intent of
54 this provision that the proceedings for compensation or any other proceed-
55 ings relating to the taking of said land or interest therein or other property
56 shall not delay the taking of possession thereof and the use thereof by the
57 Authority for the purpose or purposes for which the Authority is authorized
58 by law to acquire or condemn such land or other property or interest therein.

59 The Authority shall cause notice of the filing of said declaration and
60 the making of said deposit to be served upon each party in interest named
61 in the petition residing in this State, either personally or by leaving a
62 copy thereof at his residence, if known and upon each party in interest
63 residing out of the State, by mailing a copy thereof to him at his residence,
64 if known. In the event that the residence of any such party or the name
65 of such party is unknown, such notice shall be published at least once in a
66 newspaper published or circulating in the county or counties in which the
67 land is located. Such service, mailing or publication shall be made within
68 ten days after filing such declaration. Upon the application of any party
69 in interest and after notice to other parties in interest, including the
70 Authority, any judge of the Superior Court assigned to sit for said county
71 may order that the money deposited with the Clerk of the Superior Court or
72 any part thereof be paid forthwith to the person or persons entitled thereto
73 for or on account of the just compensation to be awarded in said proceeding;
74 *provided*, that each person shall have filed with the Clerk of the Supe-
75 rior Court a consent in writing that, in the event the award in the con-
76 demnation proceeding shall be less than the amount deposited, the court,
77 after notice as herein provided and hearing, may determine his liability,
78 if any, for the return of such difference or any part thereof and enter
79 judgment therefor. If the amount of the award as finally determined shall
80 exceed the amount so deposited, the person or persons to whom the award
81 is payable shall be entitled to recover from the Authority the difference

82 between the amount of the deposit and the amount of the award, with interest
83 at the rate of six per centum (6%) per annum thereon from the date of
84 making the deposit. If the amount of the award shall be less than the
85 amount so deposited, the Clerk of the Superior Court shall return the
86 difference between the amount of the award and the deposit to the Authority
87 unless the amount of the deposit or any part thereof shall have theretofore
88 been distributed, in which event the court, on petition of the Authority and
89 notice to all persons interested in the award and affording them an oppor-
90 tunity to be heard, shall enter judgment in favor of the Authority for such
91 difference against the party or parties liable for the return thereof. The
92 Authority shall cause notice of the date fixed for such hearing to be served
93 upon each party thereto residing in this State either personally or by
94 leaving a copy thereof at his residence, if known, and upon each party
95 residing out of the State by mailing a copy to him at his residence, if
96 known. In the event that the residence of any party or the name of such
97 party is unknown, such notice shall be published at least once in a newspaper
98 published or circulating in the county or counties in which the land is
99 located. Such service, mailing or publication shall be made at least ten
100 days before the date fixed for such hearing.

101 Whenever under chapter one of Title 20 of the Revised Statutes the
102 amount of the award may be paid into court, payment may be made into the
103 Superior Court and may be distributed according to law. The Authority shall
104 not abandon any condemnation proceeding subsequent to the date upon which
105 it has taken possession of the land or property as herein provided.

1 8. (a) The Authority shall have the power and is hereby authorized
2 from time to time to issue its negotiable bonds or notes for any of its cor-
3 porate purposes, including the payment, funding or refunding of principal of
4 or interest or redemption premiums on any bonds or notes issued by it
5 whether the bonds or notes to be funded or refunded have or have not
6 matured.

7 (b) Except as may be otherwise expressly provided by the Authority,
8 every issue of bonds or notes shall be general obligations payable out of any

9 moneys or revenues of the Authority, subject only to any agreements with the
 10 holders of particular bonds or notes pledging any particular moneys or
 11 revenues.

12 (c) Whether or not bonds or notes issued by the Authority are of such
 13 form and character as to be negotiable instruments, such bonds and notes
 14 shall be fully negotiable within the meaning and for all the purposes of the
 15 Negotiable Instruments Law.

16 (d) The Authority may issue temporary or interim bonds, pending the
 17 preparation of definitive bonds, exchangeable for definitive bonds.

18 (e) Bonds and notes shall be authorized by resolution of the Authority and
 19 shall bear such date or dates, mature at such time or times, bear interest at
 20 such rate or rates not exceeding six per centum (6%) per annum, be in such
 21 denominations, be in such form either coupon or registered, carry such regis-
 22 tration privileges, be executed in such manner, be payable in such medium
 23 of payment and at such place or places, and be subject to such terms of re-
 24 demption with or without premium as such resolution or resolutions may pro-
 25 vide. Bonds or notes may be sold at public or private sale, for such price or
 26 prices as the Authority shall determine.

27 (f) Any resolution of the Authority authorizing the issuance of bonds or
 28 notes may appoint a trustee or trustees, a paying agent or paying agents,
 29 or such other fiduciaries as such resolution may provide. Any trustee, pay-
 30 ing agent and other fiduciary so appointed may be any trust company or bank
 31 having the powers of a trust company within or without the State.

1 9. (a) In order to secure the payment of its bonds or notes, the Author-
 2 ity shall have power in the resolution authorizing the issuance thereof (which
 3 shall constitute a contract with the holders thereof):

4 (i) to pledge all or any part of its tolls or revenues to which its
 5 right then exists or may thereafter come into existence, and the moneys
 6 derived therefrom, and the proceeds of bonds or notes;

7 (ii) to covenant against pledging all or any part of its tolls or reve-
 8 nues, or against mortgaging all or any part of its real or personal prop-

erty then owned or thereafter acquired, or against permitting or suffering any lien on such tolls, revenues or property; to covenant with respect to limitations on any right to sell, lease or otherwise dispose of any project or any part thereof, or any property of any kind;

(iii) to covenant as to the bonds and notes to be issued and the limitations thereon and the terms and conditions thereof and as to the custody, application and disposition of the proceeds thereof, and to covenant as to the issuance of additional bonds or notes or as to limitations on the issuance of additional bonds or notes and on the incurring of other debts by it;

(iv) to covenant as to the payment of the principal of or interest on the bonds or notes, or any other obligations, as to the sources and methods of such payment, as to the rank or priority of any such bonds, notes or obligations with respect to any lien or security or as to the acceleration of the maturity of any such bonds, notes or obligations;

(v) to provide for the replacement of lost, destroyed or mutilated bonds or notes;

(vi) to covenant against extending the time for the payment of bonds or notes or interest thereon;

(vii) to covenant as to the redemption of bonds or notes and privileges of exchange thereof for other bonds or notes of the Authority;

(viii) to covenant as to the rates of toll and other charges to be established and charged, the amount to be raised each year or other period of time by tolls or other revenues and as to the use and disposition to be made thereof; to create or authorize the creation of special funds or moneys to be held in pledge or otherwise for construction, operating expenses, payment or redemption of bonds or notes, reserves or other purposes and to covenant as to the use and disposition of the moneys held in such funds;

(ix) to establish the procedure, if any, by which the terms of any contract or covenant with or for the benefit of the holders of bonds or

40 notes may be amended or abrogated, the amount of bonds or notes the
41 holders of which must consent thereto, and the manner in which such
42 consent may be given ;

43 (x) to covenant as to the maintenance of its real and personal
44 property, the replacement thereof, the insurance to be carried thereon,
45 and the use and disposition of insurance moneys ;

46 (xi) to provide for the rights and liabilities, powers and duties aris-
47 ing upon the breach of any covenant, condition or obligation; to pre-
48 scribe the events of default and the terms and conditions upon which any
49 or all of the bonds or notes shall become or may be declared due and
50 payable before maturity and the terms and conditions upon which any
51 such declaration and its consequences may be waived ;

52 (xii) to vest in a trustee or trustees such property, rights, powers
53 and duties in trust for the holders of bonds or notes as the Authority
54 may determine; to limit or abrogate the rights of the holders of such
55 bonds or notes to appoint such trustee, or to limit the rights, duties and
56 powers of such trustee ;

57 (xiii) to limit the rights of the holders of bonds or notes to enforce
58 any pledge or covenant securing the bonds or notes ; and

59 (xiv) to make covenants other than and in addition to the covenants
60 herein expressly authorized, of like or different character; and to make
61 such covenants to do or refrain from doing such acts and things as may
62 be necessary or convenient or desirable in order to better secure the
63 bonds or notes or which, in the absolute discretion of the Authority, will
64 tend to make the bonds or notes more marketable, notwithstanding that
65 such covenants, acts or things may not be enumerated herein.

66 (b) Any pledge of tolls or other revenues or other moneys made by the
67 Authority shall be valid and binding from the time when the pledge is made ;
68 the tolls or other revenues or other moneys so pledged and thereafter re-
69 ceived by the Authority shall immediately be subject to the lien of such pledge
70 without any physical delivery thereof or further act, and the lien of any such

71 pledge shall be valid and binding as against all parties having claims of any
72 kind in tort, contract or otherwise against the Authority, irrespective of
73 whether such parties have notice thereof. Neither the resolution nor any
74 other instrument by which a pledge is created need be filed or recorded ex-
75 cept in the records of the Authority. Resolutions providing for the issuance
76 of bonds or notes shall not convey or mortgage any project or any part thereof.

77 (c) Bonds or notes may be issued under the provisions of this act with-
78 out obtaining the consent of any department, division, commission, board,
79 bureau or agency of the State, and without any other proceeding or the hap-
80 pening of any other conditions or things than those proceedings, conditions
81 or things which are specifically required by this act.

82 (d) The Authority shall not have power to mortgage real property.

83 (e) Moneys of the Authority or moneys held in pledge or otherwise for
84 the payment of bonds or notes or in any way to secure bonds or notes and
85 deposits of such moneys may be secured in such manner as the Authority may
86 require and all banks and trust companies are authorized to give such secur-
87 ity therefor.

88 (f) Neither the members of the Authority nor any person executing
89 bonds or notes shall be liable personally on the bonds or notes or be subject to
90 any personal liability or accountability by reason of the issuance thereof.

91 (g) The Authority shall have the power to purchase bonds or notes out
92 of any funds available therefor. The Authority may hold, cancel or resell
93 such bonds or notes subject to and in accordance with agreements with
94 holders of its bonds and notes.

1 10. Except as otherwise provided by or pursuant to any law or laws here-
2 after submitted to the people pursuant to Section II of Article VIII of the
3 State Constitution and approved by a majority of the legally qualified voters
4 of the State voting thereon, bonds or notes issued under the provisions of
5 this act shall not constitute a debt or liability of the State or of any political
6 subdivision thereof or a pledge of the faith and credit of the State or of any
7 such political subdivision, and all such bonds or notes shall contain on the face
8 thereof a statement to that effect.

1 11. The State of New Jersey does pledge to and agree with the holders
 2 of the bonds or notes issued pursuant to authority contained in this act, that
 3 the State will not limit or restrict the rights hereby vested in the Authority
 4 to maintain, acquire, construct, reconstruct and operate any project as defined
 5 in this act or to establish and collect such tolls or other charges as may be
 6 convenient or necessary to produce sufficient revenues to meet the expenses
 7 of maintenance and operation thereof and to fulfill the terms of any agree-
 8 ments made with the holders of bonds or notes authorized by this act or in any
 9 way impair the rights or remedies of the holders of such bonds or notes until
 10 the bonds and notes, together with interest thereon, are fully paid and
 11 discharged.

1 12. Bonds and notes issued by the Authority under the provisions of this
 2 act are hereby made securities in which the State and all political subdivisions
 3 of this State, their officers, boards, commissions, departments or other agen-
 4 cies, all banks, bankers, savings banks, trust companies, savings and loan as-
 5 sociations, investment companies and other persons carrying on a banking
 6 business, all insurance companies, insurance associations, and other persons
 7 carrying on an insurance business, and all administrators, executors, guard-
 8 ians, trustees and other fiduciaries, and all other persons whatsoever
 9 who now are or may hereafter be authorized to invest in bonds or other
 10 obligations of the State, may properly and legally invest any funds, including
 11 capital belonging to them or within their control; and said bonds and notes
 12 are hereby made securities which may properly and legally be deposited
 13 with and received by any State or municipal officers or agency of the State
 14 for any purpose for which the deposit of bonds or other obligations of the
 15 State is now or may hereafter be authorized by law.

1 13. The Authority may by resolution determine to combine two or more
 2 projects described in such resolution, and the projects so described shall
 3 thereafter constitute and be deemed to be one project within the meaning and
 4 for all the purposes of this act.

1-11 14. The Authority is hereby authorized to fix, revise, charge and collect
 12 tolls and charges for the use of each project and the different parts or sec-

13 tions thereof, and to contract with any person, partnership, association or
14 corporation desiring the use of any part thereof, including the right-of-way
15 adjoining a paved portion, for placing thereon telephone, telegraph, electric
16 light or power lines, gas stations, garages, stores, hotels, and restaurants, or
17 for any other purpose except for tracks for railroad or railway use, and to
18 fix the terms, conditions, rents and rates of charges for such use; *provided*,
19 that a sufficient number of gas stations may be authorized to be established
20 in each service area along any project to permit reasonable competition by
21 private business in the public interest; and *provided, further*, that no con-
22 tract shall be required, and no rent, fee or other charge of any kind shall be
23 imposed, for the use and occupation of the highway portion of any project
24 for the installation, construction, use, operation, maintenance, repair, re-
25 newal, relocation or removal of tracks, pipes, mains, conduits, cables, wires,
26 towers, poles or other equipment or appliances in, on, along, over or under
27 any such project by any public utility as defined in section 27:7-1 of the Re-
28 vised Statutes which is subject to taxation pursuant to either chapter four
29 of the laws of nineteen hundred and forty, as amended (R. S. 54:31-15.14
30 et seq.), or chapter five of the laws of nineteen hundred and forty, as
31 amended (R. S. 54:31-45 et seq.), or pursuant to any other law imposing a
32 tax for the privilege of using the public streets, highways, roads or other
33 public places in this State. Such tolls and charges shall be so fixed and
34 adjusted as to effectuate the purposes of this act and in any event to carry
35 out and perform the terms and provisions of any contract with or for the
36 benefit of holders of bonds or notes. Such tolls and charges shall not be sub-
37 ject to supervision or regulation by any other commission, board, bureau or
38 agency of the State. The use and disposition of tolls, charges and revenues
39 shall be subject to the provisions of any resolution authorizing the issuance
40 of such bonds or notes.

1 15. Before taking over any existing public highway as a feeder road,
2 the Authority shall obtain the consent of any authorities then exercising
3 jurisdiction over said highway, which are hereby authorized to give such

4 consent by resolution. Each feeder road or section thereof acquired, con-
 5 structed or taken over in connection with a project by the Authority shall
 6 for all purposes of this act be deemed to constitute part of the project,
 7 except that no toll shall be charged for transit between points on such
 8 feeder road and that the Authority may turn back to such authorities (a) any
 9 public highway taken over as a feeder road from such authorities or (b) any
 10 feeder road or section thereof constructed upon a new alignment in substi-
 11 tution for the previous alignment of a public highway so taken over unless
 12 eighty per centum (80%) or more of such feeder road is constructed upon
 13 a new alignment.

1 16. The exercise of the powers granted by this act will be in all respects
 2 for the benefit of the people of the State, for the increase of their commerce
 3 and prosperity, and for the improvement of their health and living condi-
 4 tions, and as the operation and maintenance of projects by the Authority will
 5 constitute the performance of essential governmental functions, the Author-
 6 ity shall not be required to pay any taxes or assessments upon any project
 7 or any property acquired or used by the Authority under the provisions of
 8 this act or upon the income therefrom, and every project and any property
 9 acquired or used by the Authority under the provisions of this act and the
 10 income therefrom, and the bonds or notes issued under the provisions of this
 11 act, their transfer and the income therefrom (including any profit made on
 12 the sale thereof) shall be exempt from taxation.

1 17. (a) Each project when constructed and opened to traffic shall be
 2 maintained and kept in good condition and repair by the Authority. Each
 3 such project and any part thereof shall be policed and operated by such
 4 force of police, toll-takers, operating employees and other persons as the
 5 Authority may employ or authorize.

6 (b) Subject to the terms of any agreement by it with the holders of
 7 bonds or notes, if the Authority shall find that any part of a project is not
 8 suitable or sufficient as a highway to carry mixed traffic, the Authority shall

9 have power to exclude from such part any traffic other than passenger motor
10 vehicles.

1 18. (a) No vehicle shall be permitted to make use of any project except
2 upon the payment of such tolls as may from time to time be prescribed by
3 the Authority. It is hereby declared to be unlawful for any person to re-
4 fuse to pay, or to evade or to attempt to evade the payment of such tolls.

5 (b) No vehicle shall be operated on any project carelessly or reck-
6 lessly, or in disregard of the rights or safety of others, or without due
7 caution or prudence, or in a manner so as to endanger unreasonably or
8 to be likely to endanger unreasonably persons or property, or while the
9 operator thereof is under the influence of intoxicating liquors or any nar-
10 cotic or habit-forming drug, nor shall any vehicle be so constructed, equipped,
11 lacking in equipment, loaded or operated in such a condition of disrepair as
12 to endanger unreasonably or to be likely to endanger unreasonably persons
13 or property.

14 (c) A person operating a vehicle on any project shall operate it at a
15 careful and prudent speed, having due regard to the rights and safety of
16 others and to the traffic, surface and width of the highway, and any other
17 conditions then existing; and no person shall operate a vehicle on any
18 project at such a speed as to endanger life, limb or property; *provided*,
19 *however*, that it shall be prima facie lawful for a driver of a vehicle to
20 operate it at a speed not exceeding a speed limit which is designated by the
21 Authority as a reasonable and safe speed limit, when appropriate signs
22 giving notice of such speed limit are erected at the roadside or otherwise
23 posted for the information of operators of vehicles.

24 (d) No person shall operate a vehicle on any project at such a slow
25 speed as to impede or block the normal and reasonable movement of traffic
26 except when reduced speed is necessary for safe operation thereof.

27 (e) No person shall operate a vehicle on any project in violation of any
28 speed limit designated by regulation adopted by the Authority as herein-
29 after provided.

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30 (f) All persons operating vehicles upon any project must at all times
31 comply with any lawful order, signal or direction by voice or hand of any
32 police officer engaged in the direction of traffic upon such project. When
33 traffic on a project is controlled by traffic lights, signs or by mechanical or
34 electrical signals, such lights, signs and signals shall be obeyed unless a
35 police officer directs otherwise.

36 (g) All persons operating vehicles upon any project, or seeking to do
37 so, must at all times comply with regulations, not inconsistent with the
38 other sections of this act, adopted by the Authority concerning types,
39 weights and sizes of vehicles permitted to use such project, and with regu-
40 lations adopted by the Authority for or prohibiting the parking of vehicles,
41 concerning the making of turns and the use of particular traffic lanes, to-
42 gether with any and all other regulations adopted by the Authority to control
43 traffic and prohibit acts hazardous in their nature or tending to impede or
44 block the normal and reasonable flow of traffic upon such project; *provided*,
45 *however*, that prior to the adoption of any regulation for the control of
46 traffic on any such project, including the designation of any speed limits,
47 the Authority shall investigate and consider the need for and desirability of
48 such regulation for the safety of persons and property, including the Au-
49 thority's property, and the contribution which any such regulation would
50 make toward the efficient and safe handling of traffic and use of such project,
51 and shall determine that such regulation is necessary or desirable to accom-
52 plish such purposes or one or some of them, and that upon or prior to the
53 effective date of any such regulation and during its continuance, notice
54 thereof shall be given to the drivers of vehicles by appropriate signs
55 erected at the roadside or otherwise posted. The Authority is hereby au-
56 thorized and empowered to make, adopt and promulgate regulations referred
57 to in this section in accordance with the provisions hereof. Regulations
58 adopted by the Authority pursuant to the provisions of this section shall
59 insofar as practicable, having due regard to the features of the project and

60 the characteristics of traffic thereon, be consistent with the provisions of
61 Title 39 of the Revised Statutes applicable to similar subjects. The Authority
62 shall have power to amend, supplement or repeal any regulation adopted by
63 it under the provisions of this section. No regulation and no amendment
64 or supplement thereto or repealer thereof adopted by the Authority shall
65 take effect until it is filed with the Secretary of State, by the filing of a
66 copy thereof certified by the secretary of the Authority.

67 (h) The operator of any vehicle upon a project involved in an accident
68 resulting in injury or death to any person or damage to any property shall
69 immediately stop such vehicle at the scene of the accident, render such
70 assistance as may be needed, and give his name, address, and operator's
71 license and registration number to the person injured and to any officer or
72 witness of the injury and shall make a report of such accident in accord-
73 ance with law.

74 (i) No person shall transport in or upon any project, any dynamite,
75 nitroglycerin, black powder, fire works, blasting caps or other explosives,
76 gasoline, alcohol, ether, liquid shellac, kerosene, turpentine, formaldehyde or
77 other inflammable or combustible liquids, ammonium nitrate, sodium chlorate,
78 wet hemp, powdered metallic magnesium, nitro-cellulose film, peroxides or
79 other readily inflammable solids or oxidizing materials, hydrochloric acid, sul-
80 furic acid, or other corrosive liquids, prussic acid, phosgene, arsenic, car-
81 bolic acid, potassium cyanide, tear gas, lewisite or any other poisonous sub-
82 stances, liquids or gases, or any compressed gas, or any radioactive article,
83 substance or material, at such time or place or in such manner or condition
84 as to endanger unreasonably or as to be likely to endanger unreasonably
85 persons or property.

86 (j) If the violation of any provision of this section or the violation of
87 any regulation adopted by the Authority under the provisions of this section,
88 would have been a violation of law or ordinance if committed on any public
89 road, street or highway in the municipality in which such violation occurred,

90 it shall be tried and punished in the same manner as if it had been commit-
91 ted in such municipality.

92 (k) Notwithstanding the provisions of paragraph (j) of this section, if
93 the violation within the State of the provisions of paragraph (i) of this
94 section shall result in injury or death to a person or persons or damage to
95 property in excess of the value of five thousand dollars (\$5,000.00), such
96 violation shall constitute a high misdemeanor.

97 (l) Except as provided in paragraph (j) or (k) of this section, any vio-
98 lation of any of the provisions of this section, including but not limited to
99 those regarding the payment of tolls, and any violation of any regulation
100 adopted by the Authority under the provisions of this section shall be pun-
101 ishable by a fine not exceeding two hundred dollars (\$200.00) or by imprison-
102 ment not exceeding thirty days or by both such fine and imprisonment.
102a Such a violation shall be tried in a summary way and shall be within
103 the jurisdiction of and may be brought in the county district court, or any
104 criminal judicial district court, or municipal court in the county where the
105 offense was committed. The rules of the Supreme Court shall govern the
106 practice and procedure in such proceedings. Proceedings under this section
107 may be instituted on any day of the week, and the institution of the pro-
108 ceedings on a Sunday or a holiday shall be no bar to the successful prosecu-
109 tion thereof. Any process served on a Sunday or a holiday shall be as valid
110 as if served on any other day of the week. When imposing any penalty un-
111 der the provisions of this paragraph the court having jurisdiction shall be
112 guided by the appropriate provisions of any statute fixing uniform penalties
113 for violation of provisions of the motor vehicle and traffic laws contained in
114 Title 39 of the Revised Statutes.

115 (m) In any prosecution for violating a regulation of the Authority
116 adopted pursuant to the provisions of this section copies of any such regu-
117 lation when authenticated under the seal of the Authority by its secretary or
118 assistant secretary shall be evidence in like manner and equal effect as the
119 original.

120 (n) No resolution or ordinance heretofore or hereafter adopted by the
121 governing body of any county or municipality for the control and regula-
122 tion of traffic shall be applicable to vehicles while upon any project operated
123 by the Authority.

124 (o) In addition to any punishment or penalty provided by other para-
125 graphs of this section, every registration certificate and every license certifi-
126 cate to drive motor vehicles may be suspended or revoked and any person
127 may be prohibited from obtaining a driver's license or a registration certifi-
128 cate and the reciprocity privileges of a nonresident may be suspended or re-
129 voked by the Director of the Division of Motor Vehicles for a violation of
130 any of the provisions of this section, after due notice in writing of such pro-
131 posed suspension, revocation or prohibition and the ground thereof, and
132 otherwise in accordance with the powers, practice and procedure established
133 by those provisions of Title 39 of the Revised Statutes applicable to such
134 suspension, revocation or prohibition.

135 (p) Except as otherwise provided by this section or by any regulation of
136 the Authority made in accordance with the provisions hereof, the require-
137 ments of Title 39 of the Revised Statutes applicable to persons using, driv-
138 ing or operating vehicles on the public highways of this State and to vehicles
139 so used, driven or operated shall be applicable to persons using, driving or
140 operating vehicles on any project and to vehicles so used, driven or operated.

1 19. On or before the thirtieth day of January in each year the Authority
2 shall make an annual report of its activities for the preceding calendar year
3 to the Governor and to the Legislature. Each such report shall set forth a
4 complete operating and financial statement covering its operations during
5 the year. The Authority shall cause an audit of its books and accounts to be
6 made at least once in each year by certified public accountants and the cost
7 thereof may be treated as a part of the cost of construction or of operation
8 of a project or projects, and a copy thereof shall be filed with the State
8a Treasurer.

9 Any member, agent or employee of the Authority who is interested,
10 either directly or indirectly, in any contract of another with the Authority or

11 in the sale of any property, either real or personal, to the Authority shall be
 12 guilty of a misdemeanor and punished by a fine of not more than one thou-
 13 sand dollars (\$1,000.00) or by imprisonment for not more than one year, or
 14 both.

1 20. The Authority, pursuant to the provisions of this act, is hereby au-
 2 thorized to construct, maintain, repair and operate a project to be known as
 3 "The Garden State Parkway," consisting of a highway at the following lo-
 4 cation or such part or parts thereof as the Authority may determine to be
 5 suitable for a project as contemplated by this act: Beginning at such points
 6 as the Authority may select as most feasible and practicable at Paterson and
 7 also at State Highway Route No. 17 in Paramus or Ridgewood and thence in
 8 a general southerly direction to a junction in Passaic county and thence gen-
 9 erally along the State highway route referred to in section twenty-one hereof
 10 through Clifton, Passaic county, Essex county and Union county to Wood-
 11 bridge and thence in a general southerly direction to the vicinity of the Edi-
 12 son bridge and thence over the Raritan river through Middlesex county and
 13 Monmouth county to Toms River and thence to a point at or near the city of
 14 Cape May; but, notwithstanding any of the prior provisions of this act, the
 15 Authority: (1) shall exclude from any part of such highway north of Ocean
 16 county all traffic except passenger motor vehicles, omnibuses and taxicabs,
 17 and may further regulate the use thereof pursuant to the provisions of sec-
 18 tion seventeen (b) hereof; and (2) shall not fix, prescribe, charge or collect tolls
 19 or other charges for transit over or use of any part or parts of said project
 20 acquired from the State pursuant to section twenty-one hereof which may be
 21 designated as toll-free by written certificate of the State Highway Department
 22 filed with the Secretary of State prior to October first, one thousand nine
 23 hundred and fifty-two; and (3) shall, with respect to any part of said project
 24 located in Essex county, provide connections therewith by means of parallel
 25 or other feeder or service roads or otherwise, to and from existing county
 26 highways intersecting such part of said project between and including
 27 Springfield avenue, Irvington and Belleville avenue, Bloomfield, or such of

28 said county highways as, prior to September fifteenth, one thousand nine
 29 hundred and fifty-two or such later date as may be fixed by the Authority,
 30 shall be designated by certificate of the county engineer of Essex county, ap-
 31 proved by resolution of the Authority; and (4) shall not collect tolls on such
 32 project at Springfield avenue, Irvington or Belleville avenue, Bloomfield, or
 33 at any point between said avenues, except with respect to vehicles entering
 34 or leaving the project south of said Springfield avenue or north of said
 35 Belleville avenue. In the design, construction and operation of such project,
 36 it shall be the duty of the Authority, so far as may be deemed practicable
 37 by it and may be permitted by the terms of any agreement by it with the
 38 holders of its bonds or notes, to permit the largest possible toll-free use of
 39 the project by intracounty or short-haul traffic and provide the largest pos-
 40 sible number of points of connection between public highways and the
 41 project consistent with safe and efficient use of such project and public
 42 highways and safe and economical construction and operation of the project
 43 on a self-supporting basis.

1 21. All counties, cities, boroughs, towns, townships, villages and other
 2 political subdivisions and all public departments, agencies and commissions
 3 of the State of New Jersey, notwithstanding any contrary provision of law,
 4 are hereby authorized and empowered to lease, lend, grant or convey to the
 5 Authority at its request upon such terms and conditions as the proper au-
 6 thorities of such counties, cities, boroughs, towns, townships, villages and
 7 political subdivisions and departments, agencies, or commissions of the State
 8 may deem reasonable and fair and without the necessity for any advertise-
 9 ment, order of court or other action or formality, other than the authoriz-
 10 ing resolution of the governing body of the county, city, borough, town,
 11 township or village concerned or the regular and formal action of any other
 12 authority concerned, any real property which may be necessary or conven-
 13 ient to the effectuation of the authorized purposes of the Authority, including
 14 public highways and other real property already devoted to public use and
 15 including any portion of the State highway route established by the act en-

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16 titled "An act adding a new route to the State highway system and designating the same in part as a parkway and in part as a freeway," approved April twenty-second, one thousand nine hundred and forty-six (P. L. 1946, c. 117), as said title was amended by chapter one hundred ninety-eight of the laws of one thousand nine hundred and fifty. At such time as the Authority shall undertake to construct any part of the project described in section twenty hereof or shall acquire any portion of said State highway route as part of such project, the jurisdiction and authority of the Department over such part shall cease and section two of said chapter one hundred seventeen of the laws of one thousand nine hundred and forty-six, as amended, shall be inapplicable to such part. No property of the State shall be so granted, leased or conveyed to the Authority except upon payment to the State of such price therefor as may be fixed by the State House Commission.

22. Subject to the terms of any agreement by it with the holders of bonds or notes, the Authority shall have power to lend, lease, grant or convey to the Department of Conservation and Economic Development at its request upon such terms and conditions and with such reservations as the Authority shall deem reasonable and fair, any park or recreational areas or facilities owned by the Authority, and after such loan, lease, grant or conveyance the park or recreational areas or facilities so loaned, leased, granted or conveyed shall no longer constitute part of a project.

23. The foregoing sections of this act shall be deemed to provide an additional and alternative method for the doing of the things authorized thereby, and shall be regarded as supplemental and additional to powers conferred by other laws, and shall not be regarded as in derogation of any powers now existing; *provided, however*, that the issuance of bonds or notes under the provisions of this act need not comply with the requirements of any other law applicable to the issuance of bonds or notes.

24. This act, being necessary for the welfare of the State and its inhabitants, shall be liberally construed to effect the purposes thereof.

25. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provi-

3 sions or applications of the act which can be given effect without the invalid
4 provisions or application and to this end the provisions of this act are de-
5 clared to be severable.

1 26. All other general or special laws, or parts thereof, inconsistent here-
2 with are hereby declared to be inapplicable to the provisions of this act.

1 27. This act shall take effect immediately.

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[THIRD OFFICIAL COPY REPRINT]

SENATE, No. 148

STATE OF NEW JERSEY

INTRODUCED MARCH 17, 1949

By Mr. ARMSTRONG

Referred to Committee on Taxation

AN ACT concerning the taxation of leasehold interests in exempt real estate,
and supplementing chapter four of Title 54 of the Revised Statutes.

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

1 1. When real estate exempt from taxation is leased to another whose
2 property is not exempt, and the leasing of which does not make the real
3 estate taxable, the leasehold estate and the appurtenances shall be listed as
4 the property of the lessee thereof, or his assignee, and assessed as real
5 estate.

1 2. Where the whole or any part of the term of such leasehold estate in
2 any calendar year is less than the whole of such calendar year, the assess-
3 ment for such year shall be that proportion of the amount of the assess-
4 ment for the full year which the number of days said leasehold estate ex-
5 ists in said calendar year bears to three hundred sixty-five.

1 3. Assessments on such leasehold estates commencing between Janu-
2 ary first and October first of any year shall be entered in the Added As-
3 sessment List, 19, for such year, and assessments on such leasehold ea-
4 tates commencing between October first and January first of any year shall
5 be entered in the Added Assessment List, 19, for the subsequent year; and
6 taxes thereon, whether said leasehold estate consists of improved or un-
7 improved real estate, shall be billed and shall be payable as are taxes on
8 real estate, assessment of which is entered in said Added Assessment List, 19.

1 4. Taxes on such leasehold estate shall be collected, accounted for, and
2 the amount thereof to be paid to the county shall be determined and paid,
3 as are taxes on real estate entered in the Added Assessment List, 19.

1 5. Lessees of such leasehold estates shall have the same right of appeal
2 and shall be subject to the same limitations thereon as owners of real es-
3 tate; and said appeals shall be governed by the laws concerning appeals
4 from other real property, assessment of which is entered in said Added
5 Assessment List, 19.

1 6. Such taxes shall, until paid, be a lien upon said leasehold estate and
2 the lessee, or his assignee, shall be personally liable therefor.

1 7. Any lessee or his assignee whose estate is terminated prior to the
2 term granted by the lessor, upon presentation to the governing body of the
3 municipality of proof of the cancellation by said lessor of said lease and of
4 the surrender of his possession thereunder, shall be entitled to a propor-
5 tionate cancellation of the assessment and to the refund of taxes paid on the
6 portion of the assessment so canceled.

1 8. Any municipality may anticipate as revenue for budget purposes the
2 taxes to be collected from such leasehold estates which are or may be in exist-
3 ence on January first of any year and which, according to the terms of the
4 letting, will continue to exist for the whole or part of such year.

1 9. All such leasehold estates existing on October first, one thousand nine
2 hundred and forty-nine, shall be assessed and taxed as if said leasehold
3 estates commenced October first, one thousand nine hundred and forty-nine.

1 10. This act shall not affect or apply to:

2 (1) property leased to or by any interstate agency existing under any
3 interstate compact between the State of New Jersey and any other State or
4 Commonwealth; or

5 (2) the leasehold estates and the appurtenances or tenancies of any per-
6 son heretofore or hereafter renting or leasing real property owned by any
7 municipality whether acquired by said municipality for public use pursuant
8 to law or in any other manner or for any other lawful purpose whatsoever;
9 or

10 (3) leasehold estates or tenancies of any person renting or leasing for
11 residential use any house or apartment constructed or renovated under the
12 "Local Housing Authorities Law" (P. L. 1938, c. 19, as amended), "Housing
13 Co-operation Law" (P. L. 1938, c. 26), "Redevelopment Companies Law"
14 (P. L. 1944, c. 169), "Urban Redevelopment Law" (P. L. 1946, c. 52), "Pub-
15 lic Housing Law" (P. L. 1933, c. 78), or any law of this State or of the United
16 States granting, requiring, or authorizing tax assistance or total or partial
17 tax exemption to real estate or improvements thereon used in connection
18 with any public housing project or any veterans' housing project.

1 11. This act shall take effect October first, one thousand nine hundred
2 and forty-nine.

SENATE, No. 148

STATE OF NEW JERSEY

INTRODUCED MARCH 7, 1949

By Mr. ARMSTRONG

Referred to Committee on Taxation

AN ACT concerning the taxation of leasehold interests in exempt real estate,
and supplementing chapter four of Title 54 of the Revised Statutes.

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

1 1. When real estate exempt from taxation is leased to another whose
2 property is not exempt, and the leasing of which does not make the real
3 estate taxable, the leasehold estate and the appurtenances shall be listed as
4 the property of the lessee thereof, or his assignee, and assessed as real
5 estate.

1 2. Where the whole or any part of the term of such leasehold estate in
2 any calendar year is less than the whole of such calendar year, the assess-
3 ment for such year shall be that proportion of the amount of the assess-
4 ment for the full year which the number of days said leasehold estate ex-
5 ists in said calendar year bears to three hundred sixty-five.

1 3. Assessments on such leasehold estates commencing between Janu-
2 ary first and October first of any year shall be entered in the Added As-
3 sessment List, 19, for such year, and assessments on such leasehold es-
4 tates commencing between October first and January first of any year shall
5 be entered in the Added Assessment List, 19, for the subsequent year; and
6 taxes thereon, whether said leasehold estate consists of improved or un-
7 improved real estate, shall be billed and shall be payable as are taxes on
8 real estate, assessment of which is entered in said Added Assessment List, 19.

1 4. Taxes on such leasehold estate shall be collected, accounted for, and
2 the amount thereof to be paid to the county shall be determined and paid,
3 as are taxes on real estate entered in the Added Assessment List, 19.

1 5. Lessees of such leasehold estates shall have the same right of appeal
2 and shall be subject to the same limitations thereon as owners of real es-
3 tate; and said appeals shall be governed by the laws concerning appeals
4 from other real property, assessment of which is entered in said Added
5 Assessment List, 19.

1 6. Such taxes shall, until paid, be a lien upon said leasehold estate and
2 the lessee, or his assignee, shall be personally liable therefor.

1 7. Any lessee or his assignee whose estate is terminated prior to the
2 term granted by the lessor, upon presentation to the governing body of the
3 municipality of proof of the cancellation by said lessor of said lease and of
4 the surrender of his possession thereunder, shall be entitled to a propor-
5 tionate cancellation of the assessment and to the refund of taxes paid on the
6 portion of the assessment so canceled.

1 8. Any municipality may anticipate as revenue for budget purposes the
2 taxes to be collected from such leasehold estates which are or may be in exist-
3 ence on January first of any year and which, according to the terms of the
4 letting, will continue to exist for the whole or part of such year.

1 9. All such leasehold estates existing on October first, one thousand nine
2 hundred and forty-nine, shall be assessed and taxed as if said leasehold
3 estates commenced October first, one thousand nine hundred and forty-nine.

1 10. This act shall take effect October first, one thousand nine hundred
2 and forty-nine.

STATEMENT

The purpose of this bill is to permit municipalities to levy and assess taxes on exempt property when the same is leased for private use. In many munici-

palties the Federal Government leases its exempt property to business and industry while the same remains exempt from taxation.

The first section of this bill is taken from the Illinois Annotated Statutes (Chapter 120, Section 507). It has been upheld by the courts of Illinois.

Many other States tax the leasehold estate in lands leased from the United States as the personal property of the lessee. To tax the leasehold estate as real estate avoids the complications inherent in appraising the value of the lease as personal property. A statute is needed for that purpose. A tax on leasehold estates in property owned by the United States is not considered as a tax on the United States (see 23 A. I. R., page 248).

54:4-2.3 et seq.

Legislative History

L. 1949, c. 177, was S. 148, concerning the taxation of leasehold interests in exempt real estate, and supplementing chapter four of Title 54 of the Revised Statutes.

S.J. p. 155 - March 7, 1949 - Introduced by Senator Farley, and referred to Committee on Taxation.

S.J. p. 243 - March 14, 1949 - Mr. Summerill, Chairman of the Committee on Taxation reported it favorably without amendment.

S.J. p. 266 - March 14, 1949 - Taken up, read a second time, considered by sections, agreed to, ordered to be printed, and to have a third reading.

S.J. p. 458 - March 24, 1949 - Taken up, read a second time, considered by sections, agreed to, ordered to be printed, and to have a third reading.

S.J. p. 461 - March 24, 1949 -

Mr. Summerill, Chairman of the Committee on Taxation, reported

Senate Bill No. 148, With amendments.

Signed - John W. Summerill, Jr., David Young, 3d, Alfred C. Clapp.

The following committee amendments to Senate Bill No. 148 were read and upon the motion of Mr. Summerill the committee amendments were adopted.

Senate amendments to Senate Bill No. 148:

Amend page 2, after section 9, add a new section to read as follows:

"10. This act shall not affect property leased to or by any interstate agency existing under any interstate compact between the State of New Jersey and any other State or Commonwealth, nor the leasehold estates or tenancies of any person renting for residential use any house or apartment constructed or renovated under the "Local Housing Authorities Law" (P.L. 1938, c. 19, as amended); "Housing Co-operation Law" (P.L. 1938, c. 20); "Redevelopment Companies Law" (P.L. 1944, c. 169); "Urban Redevelopment Law" (P.L. 1946, c. 52); "Public Housing Law" (P.L. 1933, c. 75); or under any law of this State or of the United States granting, requiring, or authorizing tax assistance or total or partial tax exemption to real estate or improvements thereon used in connection with any public housing project or any veterans' housing project."

Amend page 2, Section 10, line 1, omit "10" and substitute "11".

S.J. p. 487 - March 28, 1949 -

Senate Bill No. 148, entitled "An act concerning the taxation of leasehold interests in exempt real estate, and supplementing chapter four of Title 54 of the Revised Statutes,"

Was taken up and read a third time.

Upon the question, "Shall this Senate Bill pass?" it was decided as follows:

In the affirmative were--

Messrs. Armstrong, Bodine, Caffero, Clapp, Davis, Farley, Hund, Hunnold, Herbert, Hess, Hull, Littell, Meyner, O'Mara, Summerill, Van Alstyne (President), Vogel, Wallace, Wene, Young --20.

In the negative --None.

The Secretary was directed by the President to carry said bill to the House of Assembly and inform that body that the Senate has passed the same, and requests its concurrence therein.

~~S.S.~~ ^{H.H.} p. 719 - March 28, 1949 - Reserved in Assembly.

~~S.S.~~ ^{H.H.} p. 722 - March 28, 1949 - Read for first time and ordered to have 2nd reading.

~~S.S.~~ ^{H.H.} p. 733 - March 31, 1949 -

Mr. Clemens offered the following amendments to Senate Bill No. 143, which was read.

Proposed amendment to Senate Bill No. 143:

Amend page 2, section 10, line 4, after "renting" insert "or leasing real property owned by any municipality, nor leasehold estates or tenancies of any person renting or leasing".

Mr. Clemens moved the adoption of the Assembly amendment to Senate Bill No. 143.

Which motion was adopted.

Senate Bill No. 143, entitled "An act concerning the taxation of leasehold interests in exempt real estate, and supplementing chapter four of Title 54 of the Revised Statutes,"

With Assembly amendment,

Was taken up, read a second time, considered by sections, agreed to, and ordered to have a third reading.

~~S.S.~~ ^{H.H.} p. 751 - March 31, 1949

Mr. Artaserse asked for the record on Senate Bill No. 143, which was furnished by the Clerk.

The Clerk reported Senate Bill No. 143 had received second hearing today.

Mr. Artaserse offered the following resolution, which was read by

the Clerk and adopted:

Resolved, That Senate Bill No. 148 be placed back on second reading for the purpose of amendment.

Mr. Artasense offered the following amendment to Senate Bill No. 148, which was read.

Proposed Assembly amendment to Senate Bill No. 148:

Amend page 2, section 10, line 3, after the word "estates", and before the word "or" insert the following: "and the appurtenances".

Mr. Artasense moved the adoption of Assembly amendment to Senate No. 148.

Which motion was adopted.

Senate Bill No. 148, entitled "An act concerning the taxation of leasehold interests in exempt real estate, and supplementing chapter four of Title 54 of the Revised Statutes,"

As amended,

was taken up, read a second time, considered by sections, agreed to, and ordered to have a third reading.

H. H.
Stat. 766, March 31, 1949

Mr. Clemens offered the following resolution, which was read by the Clerk and adopted:

Resolved, That Senate Bill No. 148 be placed back on second reading for the purpose of amendment.

Mr. Clemens offered the following amendment to Senate Bill No. 148, which was read.

Assembly amendment proposed to Senate Bill No. 148:

Amend page 2, section 10, line 1, strike out entire section 10 and insert a new section 10 to read as follows:

"10. This act shall not affect or apply to:

(1) property leased to or by any interstate agency existing under any interstate compact between the State of New Jersey and any other State or Commonwealth; or

(2) the leasehold estates and the appurtenances or tenancies of any person heretofore or hereafter renting or leasing real property owned by any municipality whether acquired by said municipality for public use pursuant to law or in any other manner or for any other lawful purpose whatsoever; or

(3) leasehold estates or tenancies of any person renting or leasing for residential use any house or apartment constructed or renovated under

the "Local Housing Authorities Law" (P.L. 1938, c. 19, as amended), "Housing Cooperation Law" (P.L. 1936, c. 20), "Redevelopment Companies Law" (P.L. 1944, c. 169), "Urban Redevelopment Law" (P.L. 1946, c. 52), "Public Housing Law" (P.L. 1933, c. 73), or any law of this State or of the United States granting, requiring, or authorizing tax assistance or total or partial tax exemption to real estate or improvements thereon used in connection with any public housing project or any veterans' housing project."

Mr. Clemens moved the adoption of the Assembly amendment.

Which motion was adopted.

Senate Bill No. 148, entitled "An act concerning the taxation of leasehold interests in exempt real estate, and supplementing chapter four of Title 54 of the Revised Statutes",

With Assembly amendment,

Was taken up, read a second time, considered by sections, agreed to, and ordered to have a third reading.

S.J. p. 827 - April 4, 1949.

Senate Bill No. 148, entitled "An act concerning the taxation of leasehold interests in exempt real estate, and supplementing chapter four of Title 54 of the Revised Statutes,"

With assembly amendments.

Was taken up, and, on motion of Mr. Clemens, was read a third time by its title and passed by the following vote:

In the affirmative were:

Messrs. Artabese, Atkinson, Bixie, Cavinato, Clemens, Cozzoline, Curtis, Dickson, W.H., Dilger, Dixon, A.F., Field, Fowler, Fraser, Freeman, Friedland, Greenbaum, Harris, Hauser, Herrmann, Hillery, Hoff, Jamieson, Jones, C.C., Jones, W.H., Kafes, Kates, Keim, Litveny, Mackey, Marggraff, Mehorter (Speaker), Miller, Mills, Pike, Salzburg, Sanderson, Savage, Schaeffer, Sharp, Simmill, Smith, Snediker, Thomas, Thompson, Tumulty, Urbanski-Courtney, Widnall, Wilson, Zangara--49

In the negative--None.

Ordered, that the Speaker sign the said bill, and that the Clerk carry it to the Senate and inform the Senate that the House of Assembly has passed the same, and requests its concurrence in the Assembly amendments.

S.J. p. 717 - April 4, 1949 - Received in Senate with Assembly amendments.

S.J. p. 750 - April 4, 1949 - Second Reading.

S.J. p. 814 - April 8, 1949 - Passed.

Approved, May 20, 1949.