

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

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

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

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

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

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

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

**EXPLANATION** – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

<sup>1</sup>Assembly ATR committee amendments adopted March 9, 2006.

<sup>2</sup>Assembly AAP committee amendments adopted March 13, 2006.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

20 No later than the fifth business day of the month following the  
21 month in which a credit has been made, the treasurer shall pay to  
22 the authority, for its purposes as provided herein, the amounts then  
23 credited to the Transportation Trust Fund Account, provided that  
24 the payments to the authority shall be subject to and dependent  
25 upon appropriations being made from time to time by the  
26 Legislature of the amounts thereof for the purposes of the act.  
27 (cf: P.L.2000, c.73, s.19)

28  
29 4. Section 8 of P.L.1987, c.460 (C.27:1B-21.1) is amended to  
30 read as follows:

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

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

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

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

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

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

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

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

31

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

23

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

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

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

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

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

$$\begin{array}{c}
 \text{Pc} \qquad \text{Cm} \\
 \text{DF} = \frac{\quad}{\quad} + \frac{\quad}{\quad} \\
 \text{Ps} \qquad \text{Sm}
 \end{array}$$

36 where, DF equals the distribution factor

38 Pc equals county population

40 Ps equals State population

42 Cm equals municipal road mileage within the county

44 Sm equals municipal road mileage within the State.

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

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

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

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

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

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

34

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

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

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

45

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

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

8

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

10

11 11. This act shall take effect immediately.

12

13

14

15

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