

§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:

¹Assembly ATR committee amendments adopted March 9, 2006.

²Assembly 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 ¹years beginning July 1, 2001, July 1, 2002 and July 1, 2003 year
29 beginning July 1, 2006 and each fiscal year thereafter¹ 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 ²j. 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) ¹, as amended by section 22 of
5 P.L.2000, c.73 and other law¹ .²
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 ¹[ending July 30 of
27 each year]¹, including bonding and expenditures from the annual
28 independent audit of the authority, and the amount of authority
29 funds programmed ¹[from] for¹ 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 ¹and the
35 authority¹ on February 1, 2008 and on each succeeding February 1,
36 if the board finds that the ¹[department] authority¹ 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 ¹[department] authority¹ 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."