

CHAPTER 13

AN ACT concerning the New Jersey Transportation Trust Fund Authority and amending various parts of the statutory law.

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

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

C.27:1B-3 Definitions.

3. The following words or terms as used in this act shall have the following meaning unless a different meaning clearly appears from the context:

a. "Act" means this New Jersey Transportation Trust Fund Authority Act of 1984 as amended and supplemented.

b. "Authority" means the New Jersey Transportation Trust Fund Authority created by section 4 of this act.

c. "Bonds" means bonds issued by the authority pursuant to the act and includes prior bonds and transportation program bonds.

d. "Commissioner" means the Commissioner of Transportation.

e. "Department" means the Department of Transportation.

f. "Federal aid highway" means any highway within the State in connection with which the State receives payment or reimbursement from the federal government under the terms of Title 23, United States Code or any amendment, successor, or replacement thereof, for the purposes contained in the act.

g. "Federal government" means the United States of America, and any officer, department, board, commission, bureau, division, corporation, agency or instrumentality thereof.

h. "South Jersey Transportation Authority" means the public corporation created by section 4 of P.L.1991, c.252 (C.27:25A-4) or its successor.

i. "New Jersey Highway Authority" means the public corporation created by section 4 of P.L.1952, c.16 (C.27:12B-4) or its successor.

j. "New Jersey Turnpike Authority" means the public corporation created by section 3 of P.L.1948, c.454 (C.27:23-3) or its successor.

k. "Notes" means the notes issued by the authority pursuant to the act.

l. "Public highways" means public roads, streets, expressways, freeways, parkways, motorways and boulevards, including bridges, tunnels, overpasses, underpasses, interchanges, rest areas, express bus roadways, bus pullouts and turnarounds, park-ride facilities, traffic circles, grade separations, traffic control devices, the elimination or improvement of crossings of railroads and highways, whether at grade or not at grade, bicycle and pedestrian pathways and pedestrian and bicycle bridges traversing public highways and any facilities, equipment, property, rights of way, easements and interests therein needed for the construction, improvement and maintenance of highways.

m. "Public transportation project" means, in connection with public transportation service, passenger stations, shelters and terminals, automobile parking facilities, ferries and ferry facilities, including capital projects for ferry terminals, approach roadways, pedestrian accommodations, parking, docks, and other necessary land-side improvements, ramps, track connections, signal systems, power systems, information and communication systems, roadbeds, transit lanes or rights of way, equipment storage, pedestrian walkways and bridges connecting to passenger stations and servicing facilities, bridges, grade crossings, rail cars, locomotives, motorbuses and other motor vehicles, maintenance and garage facilities,

revenue handling equipment and any other equipment, facility or property useful for or related to the provision of public transportation service.

n. "State agency" means any officer, department, board, commission, bureau, division, agency or instrumentality of the State.

o. "Toll road authorities" means and includes the New Jersey Turnpike Authority, the New Jersey Highway Authority and the South Jersey Transportation Authority.

p. "Transportation project" means, in addition to public highways and public transportation projects, any equipment, facility or property useful or related to the provision of any ground, waterborne or air transportation for the movement of people and goods including rail freight infrastructure, which equipment, facility, or property may be acquired by purchase or lease.

q. "Transportation system" means public highways, public transportation projects, other transportation projects, and all other surface, airborne and waterborne methods of transportation for the movement of people and goods.

r. "Permitted maintenance" means, in relation to public transportation projects, direct costs of work necessary for preserving or maintaining the useful life of public transportation projects, provided the work performed is associated with the acquisition, installation and rehabilitation of components which are not included in the normal operating maintenance of equipment and facilities or replaced on a scheduled basis. The work shall ensure the useful life of the project for not less than five years and shall not include routine maintenance or inspection of equipment and facilities that is conducted on a scheduled basis. This definition shall not apply to the term "maintenance" as used in subsection l. of this section. For purposes of this subsection, "permitted maintenance" means, in relation to public highways, the direct costs of work necessary for preserving or maintaining the useful life of public highways, provided the work is not associated with the regular and routine maintenance of public highways and their components. The work shall ensure the useful life of the project for not less than five years.

s. "Circle of Mobility" means an essential group of related transit projects that include (1) the New Jersey Urban Core Project, as defined in section 3031 of the "Intermodal Surface Transportation Efficiency Act of 1991," Pub.L.102-240, and consisting of the following elements: Secaucus Transfer, Kearny Connection, Waterfront Connection, Northeast Corridor Signal System, Hudson River Waterfront Transportation System, Newark-Newark International Airport-Elizabeth Transit Link, a rail connection between Penn Station Newark and Broad Street Station, Newark, New York Penn Station Concourse, and the equipment needed to operate revenue service associated with improvements made by the project, and (2) the modification and reconstruction of the West Shore Line in Bergen County connected to Allied Junction/Secaucus Transfer Meadowlands Rail Center; the construction of a rail station and associated components at the Meadowlands Sports Complex; the modification and reconstruction of the Susquehanna and Western Railway, as defined and provided in section 3035 (a) of the "Intermodal Surface Transportation Efficiency Act of 1991"; the modification and reconstruction of the Lackawanna Cutoff Commuter Rail Line connecting Morris, Sussex and Warren Counties to the North Jersey Transportation Rail Centers; and commuter rail service in the central New Jersey region terminating at the proposed Lakewood Transportation Center in Ocean County or other location, as determined by the Board of the New Jersey Transit Corporation, pursuant to a resolution of the board providing for the achievement of a consensus among the interested parties as to the direction of the proposed rail line; provided, however, that this 2000 amendatory act shall not be construed

as affecting any priorities which may have been assigned to any other project in the Circle of Mobility.

t. "Prior bonds" means bonds issued pursuant to the authorization contained in P.L.1995, c.108 and P.L.2006, c.3 and any bonds issued to refund such prior bonds.

u. "Transportation program bonds" means bonds issued pursuant to the authorization contained in P.L.2012, c.13, and any bonds issued to refund such transportation program bonds.

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

C.27:1B-7 Power to accept and use funds appropriated and paid by State.

7. The authority shall have the power to accept and use any funds appropriated and paid by the State to the authority, including, without limitation, appropriations and payments from the Transportation Trust Fund Account established pursuant to the act, for the purposes for which the appropriations and payments are made, provided that only those revenues which are dedicated pursuant to the New Jersey Constitution, including Article VIII, Section II, paragraph 4, may be used to pay debt service on the transportation program bonds and any agreement securing the repayment of the transportation program bonds. Debt service on prior bonds shall be paid for solely from amounts on deposit in the "Transportation Trust Fund Account – Subaccount for Debt Service for Prior Bonds," and debt service on transportation program bonds and any agreement securing the repayment of the transportation program bonds shall be paid for solely from amounts on deposit in the "Transportation Trust Fund Account – Subaccount for Debt Service for Transportation Program Bonds."

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

C.27:1B-9 Issuance of bonds.

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

b. Except as may be otherwise expressly provided in the act or by the authority:

(1) Every issue of bonds or notes shall be general obligations payable out of any revenues or funds of the authority, subject only to any agreements with the holders of particular bonds or notes pledging any particular revenues or funds. The authority may provide the security and payment provisions for its bonds or notes as it may determine, including (without

limiting the generality of the foregoing) bonds or notes as to which the principal and interest are payable from and secured by all or any portion of the revenues of and payments to the authority, and other moneys or funds as the authority shall determine, provided that for transportation program bonds or notes issued in anticipation of such transportation program bonds, only revenues dedicated pursuant to the New Jersey Constitution, including Article VIII, Section II, paragraph 4, and deposited into the "Transportation Trust Fund Account – Subaccount for Debt Service for Transportation Program Bonds," may be used for such payment;

(2) In addition, the authority may issue notes, in anticipation of the issuance of the bonds, provided that the issuance of such notes shall be subject to the bonding limitations as provided in subsection i. of this section, and the payment of such notes if issued in anticipation of the issuance of transportation program bonds shall be paid solely from revenues dedicated pursuant to the New Jersey Constitution, including Article VIII, Section II, paragraph 4, and deposited into the "Transportation Trust Fund Account – Subaccount for Debt Service for Transportation Program Bonds." The authority may also issue notes in anticipation of the receipt of appropriations, grants, reimbursements or other funds, including without limitation grants from the federal government for federal aid highways or public transportation systems, the principal of or interest on which, or both, shall be payable out of the proceeds of appropriations, grants, reimbursements or other funds, including without limitation grants from the federal government for federal aid highways or public transportation systems. Such notes shall not be subject to the bonding limitations as provided in subsection i. of this section; and

(3) The authority may also enter into bank loan agreements, lines of credit and other security agreements as authorized pursuant to subsection h. of section 6 of P.L.1984, c.73 (C.27:1B-6) and obtain for or on its behalf letters of credit in each case for the purpose of securing its bonds, notes or other obligations or to provide direct payment of any costs which the authority is authorized to pay by this act and to secure repayment of any borrowings under the loan agreement, line of credit, letter of credit or other security agreement by its bonds, notes or other obligations or the proceeds thereof or by any or all of the revenues of and payments to the authority or by any appropriation, grant or reimbursement to be received by the authority and other moneys or funds as the authority shall determine, provided that for any such agreements entered into in connection with transportation program bonds issued pursuant to the authorization contained in subsection i. of this section, or notes issued in anticipation of such transportation program bonds, only revenues dedicated pursuant to the New Jersey Constitution, including Article VIII, Section II, paragraph 4, and deposited into the "Transportation Trust Fund Account – Subaccount for Debt Service for Transportation Program Bonds," may be used for such payment.

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

d. Bonds or notes of the authority shall be authorized by a resolution or resolutions of the authority and may be issued in one or more series and shall bear the date, or dates, mature at the time or times, bear interest at the rate or rates of interest per annum, be in the denomination or denominations, be in the form, carry the conversion or registration privileges, have the rank or priority, be executed in the manner, be payable from the sources, in the medium of payment, at the place or places within or without the State, and be subject to the terms of redemption (with or without premium) as the resolution or resolutions may

provide. Bonds or notes may be further secured by a trust indenture between the authority and a corporate trustee within or without the State. All other obligations of the authority shall be authorized by resolution containing terms and conditions as the authority shall determine.

e. Bonds, notes or other obligations of the authority may be sold at public or private sale at a price or prices and in a manner as the authority shall determine, either on a negotiated or on a competitive basis. Every bond, or refunding bond, issued on or after the effective date of P.L.2006, c.3 (C.27:1B-22.2 et al.) shall mature and be paid no later than 31 years from the date of the issuance of that bond or refunding bond.

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

g. Bonds, notes and other obligations of the authority issued or incurred under the provisions of the act shall not be in any way a debt or liability of the State or of any political subdivision thereof other than the authority and shall not create or constitute any indebtedness, liability or obligation of the State or of any political subdivision or be or constitute a pledge of the faith and credit of the State or of any political subdivision, but all bonds, notes and obligations, unless funded or refunded by bonds, notes or other obligations of the authority, shall be payable solely from revenues or funds pledged or available for their payment as authorized in the act. Each bond, note or other obligation shall contain on its face a statement to the effect that the authority is obligated to pay the principal thereof or the interest thereon only from revenues or funds of the authority, and for transportation program bonds and agreements securing such transportation program bonds only from revenues dedicated pursuant to the New Jersey Constitution, including Article VIII, Section II, paragraph 4, and deposited into the "Transportation Trust Fund Account – Subaccount for Debt Service for Transportation Program Bonds," and that neither the State nor any political subdivision thereof is obligated to pay the principal or interest and that neither the faith and credit nor the taxing power of the State or any political subdivision thereof is pledged to the payment of the principal of or the interest on the bonds, notes or other obligations. For the purposes of this subsection, political subdivision does not include the authority.

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

i. The authority shall minimize debt incurrence by first relying on appropriations and other revenues available to the authority before incurring debt secured by State revenues to meet its statutory purposes. Commencing with the fiscal year beginning July 1, 1995 and ending within the fiscal year beginning July 1, 2005, the authority shall not incur debt in any fiscal year in excess of \$650,000,000, except that if that permitted amount of debt, or any portion thereof, is not incurred in a fiscal year it may be incurred in a subsequent fiscal year. Commencing with the fiscal year beginning July 1, 2006 and ending with the fiscal year beginning on July 1, 2010, the authority shall not incur debt for any fiscal year in excess of \$1,600,000,000, reduced in each of those fiscal years by the amount by which the appropriation of State funds to the Transportation Trust Fund Account for that fiscal year shall exceed \$895,000,000; provided, however, that if a portion of that permitted amount of

debt, less any reduction as provided above, is not incurred in a fiscal year, an amount not greater than the unused portion may be incurred in a subsequent fiscal year in addition to the amount otherwise permitted. Debt permitted for the fiscal year beginning July 1, 2006 may be incurred prior to July 1, 2006. The authority shall not issue transportation program bonds in excess of \$1,247,000,000 for the fiscal year beginning July 1, 2012, in excess of \$849,200,000 for the fiscal year beginning July 1, 2013, in excess of \$735,300,000 for the fiscal year beginning July 1, 2014, and in excess of \$626,800,000 for the fiscal year beginning July 1, 2015, except that (1) if that permitted amount of transportation program bonds, or any portion thereof, is not incurred in a fiscal year, it may be issued in a subsequent fiscal year and (2) 30 percent of the permitted amount of transportation program bonds for a fiscal year may be issued in the fiscal year preceding such fiscal year provided that (a) any transportation program bonds issued pursuant to this paragraph shall be deducted from the authorization for the fiscal year from which it was taken, and (b) the proceeds of any such transportation program bonds shall not be encumbered until the fiscal year from which the deduction of the authorization was taken pursuant to this paragraph. Transportation program bonds authorized to be issued for the fiscal year beginning July 1, 2012 may be issued prior to July 1, 2012. Any increase in this limitation shall only occur if so provided for by law. In computing the foregoing limitation as to the amount of bonds the authority may issue, the authority may exclude any bonds, notes or other obligations, including subordinated obligations of the authority, issued for refunding purposes. The payment of debt service on transportation program bonds and any agreements issued in connection with such transportation program bonds shall be paid solely from revenues dedicated pursuant to the New Jersey Constitution, including Article VIII, Section II, paragraph 4, and deposited into the "Transportation Trust Fund Account – Subaccount for Debt Service for Transportation Program Bonds."

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

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

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

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

n. The Joint Budget Oversight Committee, or its successor, shall, however, review all information and reports submitted in accordance with this section and may, on its own

initiative, make observations and recommendations to the authority or to the Legislature, or both, as it deems appropriate.

o. No refunding bonds shall be issued unless the authority shall first determine that the present value of the aggregate principal of and interest on the refunding bonds is less than the present value of the aggregate principal of and interest on the outstanding bonds to be refinanced, except that, for the purposes of this limitation, present value shall be computed using a discount rate equal to the yield of those refunding bonds, and yield shall be computed using an actuarial method based upon a 360-day year with semiannual compounding and upon the prices paid to the authority by the initial purchasers of those refunding bonds.

4. Section 10 of P.L.1984, c.73 (C.27:1B-10) is amended to read as follows:

C.27:1B-10 Covenants with holders of bonds, notes or other obligations.

10. In any resolution of the authority authorizing or relating to the issuance of any bonds, notes or other obligations or in any indenture securing the bonds, notes or other obligations, the authority, in order to secure the payment of the bonds, notes or other obligations and in addition to its other powers, shall have the power by provisions therein, which shall constitute covenants by the authority and contracts with the holders of the bonds, notes or other obligations, provided that in any such resolution authorizing the issuance of transportation program bonds or in any indenture or agreement securing such transportation program bonds, the payment of such transportation program bonds or any agreement securing such transportation program bonds shall be made solely from revenues dedicated pursuant to the New Jersey Constitution, Article VIII, Section II, paragraph 4, and deposited into the "Transportation Trust Fund Account – Subaccount for Debt Service for Transportation Program Bonds":

a. To pledge all or any part of its revenues or receipts to which its right then exists or may thereafter come into existence and other moneys or funds as the authority shall determine and the moneys derived therefrom, and the proceeds of any bonds, notes or other obligations;

b. To pledge any agreement, including, without limitation, the contract or contracts referred to in section 23 of the act; contracts with the toll road authorities or other State agencies, except that any contracts with the toll road authorities or other State agencies may not be pledged to the payment of the transportation program bonds or to any agreement securing such transportation program bonds; and any grant, contract, or agreement with the federal government or the revenues or payments thereunder and the proceeds thereof;

c. To covenant against pledging all or any part of its revenues or receipts or its agreements and the revenues derived thereunder or the proceeds thereof and other moneys or funds as the authority shall determine and the moneys derived therefrom or against permitting or suffering any lien on any of the foregoing;

d. To covenant with respect to limitations on any right to sell, lease or otherwise dispose of any property of any kind;

e. To covenant as to any bonds, notes and other obligations to be issued and the limitations thereof and the terms and conditions thereof and as to the custody, application, investment, and disposition of the proceeds thereof;

f. To covenant as to the issuance of additional bonds, or notes or other obligations or as to limitations on the issuance of additional bonds, notes or other obligations and on the incurring of other debts by it;

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

h. To provide for the replacement of lost, stolen, destroyed or mutilated bonds, notes or other obligations;

i. To covenant against extending the time for the payment of bonds, notes or other obligations or interest thereon;

j. To covenant as to the redemption of bonds, notes or other obligations and privileges of exchange thereof for other bonds, notes or other obligations of the authority;

k. Subject to the rights and security interests of the holders from time to time of bonds, notes or other obligations heretofore or hereafter issued by each of the toll road authorities or other State agencies, to covenant as to the enforcement of any term in any agreement entered into pursuant to the act, to which the authority is a party or an assignee, fixing amounts of funds of the toll road authorities or other State agencies to be paid over to and received by the authority in each year or other period of time, including any term concerning the fixing of tolls and other charges by the toll road authorities or other State agencies, at rates as shall be necessary to provide the amounts of funds;

l. To covenant to create or authorize the creation of special funds or moneys to be held in pledge or otherwise for payment or redemption of bonds, notes, or other obligations, reserves or other purposes and as to the use, investment, and disposition of the moneys held in the funds;

m. To establish the procedure, if any, by which the terms of any contract or covenant with or for the benefit of the holders of bonds, notes or other obligations may be amended or abrogated, the amount of bonds, notes or other obligations the holders of which must consent thereto, and the manner in which the consent may be given;

n. To provide for the release of property, agreements, or revenues and receipts from any pledge and to reserve rights and powers in, or the right to dispose of, property which is subject to a pledge;

o. To provide for the rights and liabilities, powers and duties arising upon the breach of any covenant, condition or obligation and to prescribe the events of default and the terms and conditions upon which any or all of the bonds, notes or other obligations of the authority shall become or may be declared due and payable before maturity and the terms and conditions upon which any declaration and its consequences may be waived;

p. To vest in a trustee or trustees within or without the State such property, rights, powers and duties in trust as the authority may determine, and to limit the rights, duties and powers of such trustee;

q. To execute all bills of sale, conveyances, deeds of trust and other instruments necessary or convenient in the exercise of its powers or in the performance of its covenants or duties;

r. To pay the costs or expenses incident to the enforcement of the bonds, notes or other obligations or of the provisions of the resolution or of any covenant or agreement of the authority with the holders of its bonds, notes or other obligations;

s. To limit the rights of the holders of any bonds, notes or other obligations to enforce any pledge or covenant securing the bonds, notes or other obligations; and

t. To make covenants, in addition to the covenants herein expressly authorized, of like or different character, and to make covenants to do or refrain from doing acts and things as may be necessary, or convenient and desirable, in order to better secure bonds, notes or other

obligations or which in the absolute discretion of the authority will tend to make bonds, notes or other obligations more marketable, notwithstanding that the covenants, acts or things may not be enumerated herein.

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

C.27:1B-20 "Transportation Trust Fund Account."

20. There is hereby established in the General Fund an account entitled "Transportation Trust Fund Account," which shall consist of two subaccounts entitled: "Transportation Trust Fund Account – Subaccount for Debt Service for Prior Bonds" and "Transportation Trust Fund Account – Subaccount for Debt Service for Transportation Program Bonds." During the fiscal year beginning July 1, 1984 and during each succeeding fiscal year in which the authority has bonds, notes or other obligations outstanding, the treasurer shall credit to the "Transportation Trust Fund Account – Subaccount for Debt Service for Prior Bonds" a portion of the revenues derived from the following, as determined by the treasurer, and to the "Transportation Trust Fund Account – Subaccount for Debt Service for Transportation Program Bonds" only revenues derived under subsection a. of this section and from the petroleum and sales tax as set forth in subsection d. of this section:

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

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

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

The treasurer shall also credit to the "Transportation Trust Fund Account – Subaccount for Debt Service for Prior Bonds," in accordance with a contract between the treasurer and the authority, an amount equivalent to the sum of the revenues due from the increase of fees for motor vehicle registrations collected pursuant to the amendment to R.S.39:3-20 made by section 32 of P.L.1984, c.73 and from the increase in the tax on diesel fuels imposed pursuant to the amendment to R.S.54:39-27 made by section 35 of P.L.1984, c.73 and by P.L.1987, c.460, and as amended by section 18 of P.L.1992, c.23, and repealed by section 56 of P.L.2010, c.22 and now imposed pursuant to section 3 of P.L.2010, c.22 (C.54:39-103), provided that the total amount credited during the fiscal year beginning July 1, 1984 shall not be less than \$20,000,000.00 and that the total amount credited during the fiscal year beginning July 1, 1985 and during every fiscal year thereafter shall not be less than \$30,000,000.00.

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

d. In addition to the amount credited in subsection a. of this section, beginning January 1 following approval by the voters an amount equivalent to the revenue derived from the tax

imposed on the sale of petroleum products pursuant to P.L.1990, c.42 (C.54:15B-1 et seq.), provided, however, such amount shall not be less than \$100,000,000 in the period January 1 through June 30 following approval by the voters and shall not be less than \$200,000,000 in any fiscal year thereafter and for the fiscal year commencing July 1, 2001 and for each fiscal year thereafter an amount equivalent to the revenue derived from the tax imposed under the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.) on the sale of new motor vehicles, provided, however, that such amount shall not be less than \$200,000,000 for the fiscal year commencing July 1, 2003 and for each fiscal year thereafter, as provided in Article VIII, Section II, paragraph 4 of the State Constitution.

No later than the fifth business day of the month following the month in which a credit has been made, the treasurer shall pay to the authority, for its purposes as provided herein, the amounts then credited to the "Transportation Trust Fund Account – Subaccount for Debt Service for Prior Bonds" and "Transportation Trust Fund Account – Subaccount for Debt Service for Transportation Program Bonds," provided that the payments to the authority shall be subject to and dependent upon appropriations being made from time to time by the Legislature of the amounts thereof for the purposes of the act, and further provided that the revenues deposited into the "Transportation Trust Fund Account – Subaccount for Debt Service for Transportation Program Bonds" shall consist solely of revenues which are dedicated pursuant to the New Jersey Constitution, including Article VIII, Section II, paragraph 4, and subsections a. and d. of this section.

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

C.27:1B-21 "Special Transportation Fund."

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

b. The department shall not expend any money except as appropriated by law. Commencing with appropriations for the fiscal years beginning on July 1, 1988, the department shall not expend any funds other than for permitted maintenance except as are appropriated by specific projects identified by a description of the projects, the county or counties within which they are located, and amounts to be expended on each project, in the annual appropriations act. Funds expended for permitted maintenance may be appropriated as one item of appropriation and subject to allocation at the commissioner's discretion.

c. No funds appropriated, authorized or expended pursuant to this act shall be used to finance the resurfacing of highways by department personnel, where that resurfacing would require the use of more than 100,000 tons of bituminous concrete for that purpose in any calendar year, except that the commissioner may waive this provision when he determines

the existence of emergency conditions requiring the use of department personnel for the resurfacing of highways, after the department has effectively reached the 100,000 ton limit.

d. In order to provide the department with flexibility in administering the specific appropriations by project identified in the annual appropriations act, the commissioner may transfer a part of any item to any other item subject to the approval of the Director of the Division of Budget and Accounting and of the Joint Budget Oversight Committee or its successor. Upon approval of the director and the committee, the transfer shall take effect.

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

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

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

h. The commissioner shall annually, on or before January 1 of each fiscal year, report to the Governor and the Legislature how much money was expended in the previous fiscal year for salaries and overhead of the department and the New Jersey Transit Corporation. However, the amount expended from the revenues and other funds of the authority for salaries and overhead of the department and the New Jersey Transit Corporation for the fiscal year beginning July 1, 2006 and each fiscal year thereafter shall not exceed 13 percent of the total funds appropriated from the revenues and other nonfederal funds of the authority for those fiscal years.

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

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

C.27:1B-21.1 Annual funding maximums.

8. a. Commencing with the report of the commissioner, as may be amended, required to be submitted pursuant to section 22 of P.L.1984, c.73 (C.27:1B-22) on or before March 1, 2006 and on each succeeding March 1 thereafter through March 1, 2015, the annual amount so reported by the commissioner for proposed projects shall not exceed \$1,600,000,000 exclusive of federal funds.

b. For the fiscal year beginning on July 1, 2006 and for each fiscal year thereafter through the fiscal year beginning on July 1, 2011, the total annual amount authorized to be appropriated from the revenues and other nonfederal funds of the New Jersey Transportation Trust Fund Authority for the projects listed in the appropriations act pursuant to section 21 of P.L.1984, c.73 (C.27:1B-21) shall not exceed \$1,600,000,000, all amounts exclusive of federal funds. The total amount authorized to be appropriated from the revenues and other

nonfederal funds of the New Jersey Transportation Trust Fund Authority for the projects listed in the appropriations act pursuant to section 21 of P.L.1984, c.73 (C.27:1B-21) shall not exceed: \$1,247,000,000 for the fiscal year beginning on July 1, 2012; \$1,224,000,000 for the fiscal year beginning on July 1, 2013; \$1,225,000,000 for the fiscal year beginning on July 1, 2014; and \$1,247,000,000 for the fiscal year beginning on July 1, 2015.

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

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

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

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

8. Section 23 of P.L.1984, c.73 (C.27:1B-23) is amended to read as follows:

C.27:1B-23 Contracts by treasurer, commissioner and authority.

23. In order to implement the arrangement provided for in the act, the treasurer, the commissioner and the authority are hereby authorized to enter into one or more contracts. The contracts shall commence with the fiscal year beginning July 1, 1984, and provide for the credit to the "Transportation Trust Fund Account" in the amounts provided for in section 20 of the act and for the payment to the authority of the amounts credited to the "Transportation Trust Fund Account" in accordance with the provisions of section 20 of the act. The contracts shall also provide for the payment by the authority of the amounts provided for in section 21 of the act and for expenditures from the "Special Transportation Fund," as provided in section 21 of the act. The contract or contracts shall be on terms and conditions as determined by the parties and may contain terms and conditions necessary and desirable to secure the bonds, notes and other obligations of the authority, provided, however, that the incurrence of any obligation by the State under the contract or contracts, including any payments to be made thereunder from the "Transportation Trust Fund Account" or the "Special Transportation Fund," shall be subject to and dependent upon appropriations being made from time to time by the Legislature for the purposes of the act. Any contract providing for the payment of transportation program bonds and any agreements securing such transportation program bonds shall provide that such payment shall be made solely from revenues dedicated pursuant to the New Jersey Constitution, including Article VIII, Section II, paragraph 4, and deposited into the "Transportation Trust Fund Account – Subaccount for Debt Service for Transportation Program Bonds."

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

C.27:1B-25 County, municipal projects.

25. a. Notwithstanding the provisions of subtitle 4 of Title 27 of the Revised Statutes and P.L.1946, c.301 (C.27:15A-1 et seq.), the commissioner may, pursuant to appropriations or authorizations being made from time to time by the Legislature according to law, allocate to counties and municipalities funds for the planning, acquisition, engineering, construction, reconstruction, repair, resurfacing and rehabilitation of public highways and the planning, acquisition, engineering, construction, reconstruction, repair, maintenance and rehabilitation of public transportation projects and of other transportation projects which a county or municipality may be authorized by law to undertake.

b. The commissioner shall, pursuant to appropriations or authorizations being made from time to time by the Legislature according to law, allocate at his discretion State aid to counties and municipalities for transportation projects, except that the amount to be appropriated for this program shall be 10% of the total amount appropriated for the total county and municipal aid programs. This State aid shall be set aside prior to any formula allocations provided for in subsections c., d., and e. of this section.

c. The commissioner shall, pursuant to appropriations or authorizations being made from time to time by the Legislature according to law and pursuant to the provisions of subsections b. and d. of this section, allocate State aid to municipalities for public highways under their jurisdiction. The amount to be appropriated shall be allocated on the basis of the following distribution factor:

$$DF = \frac{Pc}{Ps} + \frac{Cm}{Sm}$$

where, DF equals the distribution factor

Pc equals county population

Ps equals State population

Cm equals municipal road mileage within the county

Sm equals municipal road mileage within the State.

After the amount of aid has been allocated based on the above formula, the commissioner shall determine priority for the funding of municipal projects within each county, based upon criteria relating to volume of traffic, safety considerations, growth potential, readiness to obligate funds and local taxing capacity. In addition to the above criteria used in determining priority of funding of municipal projects in each county, the commissioner shall consider whether a project is intended to remedy hazardous conditions as identified for the purposes of providing transportation pursuant to N.J.S.18A:39-1.2 for school pupils or to improve pedestrian safety.

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

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

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

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

C.27:1B-25.1 Aid to counties, municipalities, basis.

9. Aid to counties and municipalities administered by the department may, at the discretion of the commissioner, be disbursed to any individual county or municipality on a grant basis or on a cost reimbursement basis. Distribution of the portion of the grant provided initially to a county or municipality may be contingent on its performance in spending prior grants. Failure to award construction or other approved contracts for 100 percent of a county's allotment within three years of notification by the department of that year's allotment shall result in the allotment being immediately rescinded or the funds returned to the department, as applicable, or in the event such funds are not immediately returned, deducted by the department from future allocations of aid to such county. Any such funds may be reallocated by the commissioner on a grant basis or a cost reimbursement basis to such other counties or municipalities as the commissioner shall so determine. Failure to award construction or other approved contracts for 100 percent of a municipality's allotment within two years of notification by the department of that year's allotment shall result in that year's allocation being immediately rescinded. Any such funds may be reallocated by the commissioner on a grant basis or a cost reimbursement basis to such other counties or municipalities as the commissioner shall determine.

11. This act shall take effect immediately.

Approved June 29, 2012.