

SENATE, No. 2944

STATE OF NEW JERSEY 220th LEGISLATURE

INTRODUCED JUNE 27, 2022

Sponsored by:

Senator PAUL A. SARLO

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Senator M. TERESA RUIZ

District 29 (Essex)

Assemblyman ROY FREIMAN

District 16 (Hunterdon, Mercer, Middlesex and Somerset)

Assemblywoman GABRIELA M. MOSQUERA

District 4 (Camden and Gloucester)

Assemblywoman SADAF F. JAFFER

District 16 (Hunterdon, Mercer, Middlesex and Somerset)

Assemblyman PAUL D. MORIARTY

District 4 (Camden and Gloucester)

Assemblyman P. CHRISTOPHER TULLY

District 38 (Bergen and Passaic)

Assemblywoman LISA SWAIN

District 38 (Bergen and Passaic)

Co-Sponsored by:

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SYNOPSIS

Credits \$5.2 billion to “New Jersey Debt Defeasance and Prevention Fund”; appropriates \$2.9 billion to NJ Schools Development Authority, NJ DOT, and NJT; and establishes process for authorizing future appropriations for debt defeasance and capital projects.

CURRENT VERSION OF TEXT

As introduced.

(Sponsorship Updated As Of: 6/29/2022)

1 AN ACT concerning the “New Jersey Debt Defeasance and
2 Prevention Fund” and making appropriations.

3

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

6

7 1. There shall be credited \$5,150,000,000 from the General
8 Fund to the "New Jersey Debt Defeasance and Prevention Fund,"
9 established pursuant to section 1 of P.L.2021, c.125 (C.52:9H-2.2).

10

11 2. a. There is appropriated from the "New Jersey Debt
12 Defeasance and Prevention Fund" \$1,900,000,000 to the New
13 Jersey Schools Development Authority for the purpose of funding
14 school facilities projects, emergent needs, and capital maintenance
15 in school districts for which State debt is already authorized by law,
16 or for which funding would have been derived from future State
17 bond issuances, thereby constituting debt avoidance, subject to the
18 approval of the Director of the Division of Budget and Accounting.
19 Of the amount appropriated pursuant to this section, \$1,550,000,000
20 is appropriated for school facilities projects, emergent needs, and
21 capital maintenance in SDA districts and \$350,000,000 is
22 appropriated for school facilities projects, emergent needs, and
23 capital maintenance in all other districts.

24 b. The State Treasurer shall enter into a grant agreement with the
25 New Jersey Schools Development Authority which shall set forth
26 the terms and conditions for the provision of the grant, including the
27 schedule for disbursement of the grant. Notwithstanding any other
28 law or regulation to the contrary, the monies appropriated pursuant
29 to this section shall be invested by the State Treasurer pending the
30 disbursement of such monies in such obligations, securities and
31 other investments as shall be determined by the State Treasurer.

32

33 3. There is appropriated from the "New Jersey Debt
34 Defeasance and Prevention Fund" \$230,000,000 to the Department
35 of Transportation, which shall be allocated, expended, and
36 administered by the Department of Transportation in the following
37 amounts for the following projects, subject to the approval of the
38 Director of the Division of Budget and Accounting:

39 a. \$135,000,000 for the design and construction of the multiple
40 projects supported by the Lincoln Tunnel Access Program;

41 b. \$50,000,000 for the reconstruction of I-295 Direct Connect
42 Wall 22; and

43 c. \$45,000,000 for the engineering design of capital projects
44 identified by the Commissioner of Transportation that are the
45 subject of the multi-project solicitation pilot initiated by the
46 Department of Transportation and the Federal Highway
47 Administration.

1 4. There is appropriated from the "New Jersey Debt
2 Defeasance and Prevention Fund" \$814,000,000 to the New Jersey
3 Transit Corporation, which shall be allocated, expended, and
4 administered by the New Jersey Transit Corporation in the
5 following amounts for the following projects, subject to the
6 approval of the Director of the Division of Budget and Accounting:

7 a. \$191,000,000 for improvements to platforms, roof
8 replacement, lighting upgrades, and other interior and exterior
9 improvements at Newark Penn Station;

10 b. \$176,000,000 for infrastructure and access improvements at
11 the Hoboken Ferry Terminal Building and Hoboken Bus Terminal;

12 c. \$250,000,000 for the redevelopment of the Walter Rand
13 Transportation Center;

14 d. \$48,000,000 for improvements at the Bloomfield Station;

15 e. \$33,000,000 for improvements at the Brick Church Station;

16 f. \$49,000,000 for extending and replacing existing platforms,
17 rehabilitating and replacing the elevators and escalators, installing
18 new lighting and windows, upgrading HVAC systems, and other
19 internal and external improvements at the New Brunswick Station;

20 g. \$27,000,000 for platform replacement, repairs to access
21 stairs, and other internal and external improvements at the Roselle
22 Park Station; and

23 h. \$40,000,000 for construction of a Maintenance-of-Way
24 facility in Clifton, New Jersey.

25

26 5. a. Notwithstanding the provisions of section 3 of P.L.2021,
27 c.125, there is appropriated from the "New Jersey Debt Defeasance
28 and Prevention Fund" such amounts remaining therein after the
29 appropriations required pursuant to sections 2 through 4 of this act,
30 as determined by the State Treasurer, including any amounts
31 previously deposited therein, for the purpose of retiring and
32 defeasing debts of the State of New Jersey, and the costs thereof, in
33 such manner and at such times as the State Treasurer shall direct. If
34 money is used for debt retirement or defeasance, the State Treasurer
35 shall submit to the Joint Budget Oversight Committee a report
36 describing the manner in which debt retirement and defeasance has
37 been accomplished, including a description of the amounts to be
38 saved and an attestation that describes the manner in which the
39 retired debt benefits the State.

40 b. Notwithstanding the provisions of section 4 of P.L.2021,
41 c.125, there is appropriated from the "New Jersey Debt Defeasance
42 and Prevention Fund" such amounts remaining therein after the
43 appropriations required pursuant to sections 2 through 4 of this act,
44 as determined by the State Treasurer, including any amounts
45 previously deposited therein, for the purpose of funding capital
46 construction projects for which State debt is already authorized by
47 law, or for which funding would have been derived from future
48 State bond issuances, thereby constituting debt avoidance, subject

1 to the approval of the Director of the Division of Budget and
2 Accounting. The State Treasurer shall submit a list of proposed
3 capital projects to the Joint Budget Oversight Committee for
4 approval. The Joint Budget Oversight Committee shall meet not
5 less frequently than quarterly, with the first quarter of the fiscal
6 year beginning on July 1 and ending on September 30, to consider
7 lists of proposed capital projects submitted by the State Treasurer.
8 The Joint Budget Oversight Committee shall meet during the third
9 month of the first quarter of the fiscal year. In the event that the
10 Joint Budget Oversight Committee fails to meet during a given
11 quarter, any recommendation submitted to the Joint Budget
12 Oversight Committee more than 45 days prior to the last day of the
13 quarter shall be deemed approved.

14

15 6. This act shall take effect immediately.

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17

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STATEMENT

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20 This bill adds \$5.150 billion from the General Fund to the “New
21 Jersey Debt Defeasance and Prevention Fund,” and appropriates a
22 total of \$2.9 billion from the fund to the New Jersey Schools
23 Development Authority (SDA), \$814 million to the New Jersey
24 Transit Corporation (NJT) and \$230 million to the Department of
25 Transportation (DOT). The fund was established in 2021 for the
26 purpose of: retiring and defeasing State debt, including general
27 obligation bonds and appropriations-backed bonds, and the costs
28 thereof; and funding capital projects on a pay-as-you-go basis,
29 rather than issuing additional State debt.

30

Specific Debt Defeasance and Prevention Fund Appropriations

31

32 The specific appropriations in the bill are intended to support
33 various school and transportation capital projects. Of the \$1.9
34 billion appropriated to the SDA, \$1.550 billion is appropriated for
35 school facilities projects, emergent needs, and capital maintenance
36 in SDA districts and \$350 million is allocated for such projects in
37 non-SDA school districts. The \$814 million appropriated to NJT is
38 allocated for capital improvements and maintenance at various NJT
39 facilities. The \$230 million appropriated to the DOT allocated to
40 support the design and construction of multiple projects supported
41 by the Lincoln Tunnel Access Program, the reconstruction of the I-
42 295 Direct Connect Wall, and the engineering design of capital
43 projects identified by the DOT Commissioner that are subject to the
44 multi-project solicitation initiated by the DOT and the Federal
45 Highway Administration.

1 *Future Debt Defeasance and Prevention Fund Appropriations*

2 The bill authorizes balances remaining the fund, including
3 amounts previously credited to the fund by P.L.2021, c.125, to be
4 appropriated for the purpose of retiring and defeasing State debt and
5 funding capital projects on a pay-as-you-go basis rather than issuing
6 additional State debt.

7 The bill also establishes a process by which the Executive and
8 Legislative branches of State government will determine future
9 appropriations from the fund for capital projects. The bill requires
10 the Joint Budget Oversight Committee (JBOC) to meet at least once
11 each calendar quarter to consider appropriations for capital projects
12 on lists provided by the State Treasurer. JBOC may appropriate
13 funding for all, some, or none of the projects recommended by the
14 State Treasurer. If JBOC fails to meet during a given calendar
15 quarter, any recommendation submitted to JBOC more than 45 days
16 prior to the last day of the calendar quarter is deemed approved.