

LEGISLATIVE FISCAL ESTIMATE
SENATE, No. 2931
STATE OF NEW JERSEY
221st LEGISLATURE

DATED: MARCH 19, 2024

SUMMARY

- Synopsis:** Revises “New Jersey Transportation Trust Fund Authority Act,” revises calculation of gas tax rate, and establishes annual fee for zero emission vehicles.
- Types of Impact:** Increases in State and local government revenues and expenditures.
- Agencies Affected:** New Jersey Transportation Trust Fund Authority, Department of Transportation, New Jersey Transit Corporation, county governments, municipal governments.

Office of Legislative Services Estimate

Fiscal Impact	<u>FY 2025 through FY 2029</u>
Total State Expenditures	\$19.95 Billion Plus Indeterminate Amount of New Debt Service
Total State Revenue	\$12.70 Billion
Total State Bonding	(up to) \$8.87 Billion
Total Local Revenue	\$2.33 Billion
Total Local Expenditures	\$2.33 Billion

- The Office of Legislative Services (OLS) notes that the bill authorizes some \$10.37 billion in appropriations for the State’s Annual Transportation Capital Program from FY 2025 through FY 2029. Of that amount, an estimated \$2.33 billion would be passed on as State aid to counties and municipalities for transportation projects.
- In addition to the \$10.37 billion in new appropriations from FY 2025 through FY 2029, the Transportation Trust Fund would also have to pay \$9.58 billion in debt service on existing bonds from FY 2025 through FY 2029 and debt service on any new debt issuances. Although the bill provides \$8.87 billion in bonding authority to the Transportation Trust Fund Authority, the OLS lacks the informational basis to determine the par amount of bonds the Authority may newly issue between FY 2025 and FY 2029 as well as the debt service structure it would select.
- To cover the new capital program appropriations plus the cost of existing and future debt service on Transportation Trust Fund Authority bonds from FY 2025 through FY 2029 (at least



\$19.95 billion), the bill provides \$21.57 billion in estimated resources: some \$12.70 billion in revenue and \$8.87 billion in bonding authority.

- The \$1.62 billion in excess resources would be available for new debt service payments between FY 2025 and FY 2029. For reference, if the Transportation Trust Fund Authority were to sell \$1.75 billion in new bonds per year from FY 2025 to FY 2029, each with a 30-year maturity schedule and equal semi-annual debt service payments at a 5.0 percent interest rate, then new debt service payments from FY 2025 through FY 2029 would total \$1.70 billion.
- Of the \$12.70 billion in estimated revenue, some \$10.99 billion would be from the combined motor fuels tax and petroleum products gross receipts tax (\$1.19 billion more than under the FY 2024 revenue target for the two taxes), \$1.0 billion from the existing sales and use tax dedication (unchanged from current law), \$650 million from the new registration fee for electric vehicles, and \$60 million from the New Jersey Turnpike Authority (unchanged from current law).

BILL DESCRIPTION

This bill renews the Transportation Trust Fund for FY 2025 through FY 2029 and in support thereof establishes an annual registration fee for zero emission vehicles. Specifically, the bill:

- grants \$10.367 billion in capital program spending authority for the five-year period;
- reauthorizes the \$5.24 billion in unissued bonding capacity under the current eight-year transportation trust fund renewal that would otherwise expire on July 1, 2024;
- provides an additional \$3.60 billion in bonding capacity;
- provides another \$21 million in bonding capacity from newly allowing upward adjustments in bonding capacity for bond discounts granted in the sale of transportation program bonds since FY 2017; under current law bonding capacity is only reduced by the amount of premiums received in the sale of transportation program bonds;
- increases the statutory baseline revenue target for combined motor fuels tax and petroleum products gross receipts tax collections from sales of gasoline and diesel motor fuel, or the baseline “highway fuel cap,” from \$1.948 billion per year to the following amounts before continuing to adjust each fiscal year’s target for any over- or under-collection in the prior fiscal year relative to that year’s adjusted revenue target:
 - a) \$2.032 billion in FY 2025,
 - b) \$2.115 billion in FY 2026,
 - c) \$2.199 billion in FY 2027,
 - d) \$2.282 billion in FY 2028, and
 - e) \$2.366 billion in FY 2029;
- delays by three months, from October 1 to January 1, the implementation of the annual property tax gross receipts tax rate adjustment for sales of gasoline and diesel motor fuel to attain the fiscal year’s adjusted “highway fuel cap”; and
- imposes a new annual registration fee for zero emission vehicles at the rate of \$250 in FY 2025, increasing by \$10 annually until it reaches \$290 per year starting in FY 2029.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS notes that the bill authorizes some \$10.37 billion in appropriations for the State's Annual Transportation Capital Program from FY 2025 through FY 2029. Of that amount, an estimated \$2.33 billion would be passed on as State aid to counties and municipalities for transportation projects.

In addition to the \$10.37 billion in new appropriations from FY 2025 through FY 2029, the Transportation Trust Fund would also have to pay \$9.58 billion in debt service on existing bonds from FY 2025 through FY 2029 and debt service on any new debt issuances. Although the bill provides \$8.87 billion in bonding authority to the Transportation Trust Fund Authority, the OLS lacks the informational basis to determine the par amount of bonds the Authority may newly issue between FY 2025 and FY 2029 as well as the debt service structure it would select.

To cover the bill's capital program appropriations plus the cost of existing and future debt service on Transportation Trust Fund Authority-issued bonds from FY 2025 through FY 2029 (at least \$19.95 billion), the bill provides an estimated \$21.57 billion in resources: some \$12.70 billion in projected revenue and some \$8.87 billion in bonding authority.

The \$1.62 billion in excess resources would be available for cumulative new debt service payments in the concerned five-year period. For reference, if the Transportation Trust Fund Authority were to issue \$1.75 billion in new bonds per year from FY 2025 to FY 2029, each with a 30-year maturity schedule and equal semi-annual debt service payments at a 5.0 percent interest rate, then new debt service payments from FY 2025 through FY 2029 would total \$1.70 billion.

Of the estimated \$12.70 billion in revenue, some \$10.99 billion would be from the combined motor fuels tax and petroleum products gross receipts tax (\$1.19 billion more than under the FY 2024 revenue target for the two taxes), \$1.0 billion from the existing sales and use tax dedication (unchanged from current law), \$650 million from the new registration fee for electric vehicles, and \$60 million from the New Jersey Turnpike Authority (unchanged from current law). The OLS displays its annual revenue estimate for the new electric vehicle registration fee in the table below.

	Estimated Revenue Gain with Zero Emission Fee	Zero Emission Vehicles Registered
FY 2025	\$ 61,344,061	245,376
FY 2026	\$ 90,892,767	349,588
FY 2027	\$ 125,517,096	464,878
FY 2028	\$ 164,509,726	587,535
FY 2029	\$ 207,391,262	715,142

Section: Authorities, Utilities, Transportation and Communications

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This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).