ASSEMBLY, No. 5386

STATE OF NEW JERSEY

222nd LEGISLATURE

INTRODUCED SEPTEMBER 10, 2026

Sponsored by:
Assemblywoman KATIE BRENNAN
District 32 (Hudson)
Assemblyman CLINTON CALABRESE
District 36 (Bergen and Passaic)

SYNOPSIS

Requires EDA to coordinate study of financing mechanisms and recommendations for supplemental funding of certain public transit projects.

CURRENT VERSION OF TEXT

As introduced.

(Sponsorship Updated As Of: 9/10/2026)

AN ACT requiring the study of financing mechanisms and recommendations for supplemental funding of certain public transit projects.

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

1. As used in P.L. , c. (pending before the Legislature as this bill):

"Authority" means the New Jersey Economic Development Authority established pursuant to section 4 of P.L.1974, c.80 (C.34:1B-4).

"Economic development program" means a program administered by the authority for the purpose of incentivizing an activity that is anticipated to encourage economic development within the State.

"Financing mechanism" means a method of generating sustainable supplemental public transit funding, which may include, but shall not be limited to: the implementation of value capture on public transit community development; the authorization for or securitization of bond financing; the imposition of payments in lieu of property taxes; the generation of revenues derived from ground leases; revenues from zoning or permitting, including, but not limited to, permissions related to air rights; and the provision of economic development incentives for the improvement or expansion of public transit service.

"Public transit community development" means development related to, encouraged by, or benefitting from the accessibility of public transit service in a local community.

"Public transit operator" means the New Jersey Transit Corporation established pursuant to section 4 of P.L.1979, c.150 (C.27:25-4) and the Port Authority Trans-Hudson Corporation. "Public transit operator" may also include, but shall not be limited to, another entity providing public transit service in this State, including a bi-state entity.

"Public transit project" means the development of infrastructure for use in the provision of public transit service, including, but not limited to: construction or renovation of a public transit terminal; and technological improvements for safety or efficiency.

"Public transit service" means the operation of railroad, subway, or light rail systems, including fixed and automated guideway systems, or the operation of bus transportation, for the purpose of carrying passengers to or from places in this State.

"Public transit terminal" means any bus terminal, multimodal transportation station, or rail station in this State in which public transit service is provided, including, but not limited to, any light rail station or underground rail station.

"Supplemental public transit funding" means funding that is in addition to the existing resources, including annual appropriations and operating revenues, of a public transit operator, which funding may be available to support the financing of capital expenses for a public transit project or the operating expenses of public transit service.

"Value capture" means strategies implemented by the State or a local government to recover a portion of the value created by public transit community development. "Value capture" may include, but shall not be limited to, tax increment financing, special assessments, joint development by public and private entities, and development impact fees.

2. a. The New Jersey Economic Development Authority shall, in consultation with the Division of Taxation in the Department of the Treasury and public transit operators, develop a report to study and make recommendations concerning the various financing mechanisms that could be implemented by the State to generate supplemental public transit funding. Before the publication of the report, the authority shall hold at least one public hearing during which opportunity is given for public discussion and comment concerning the contents of the report, including recommendations for the consideration of specific financing mechanisms.

b. For each financing mechanism considered as part of the report, the authority shall include, but shall not be limited to:

(1) the amount of estimated revenues, including the long-term sustainability of such revenues under various economic scenarios, to the degree such estimation is feasible;

(2) an explanation of any anticipated economic effects that the implementation of the financing mechanism may have on a State or local finances;

(3) a recommendation of whether the implementation of the financing mechanism should be mandatory or optional, as applicable;

(4) if applicable, an explanation of any conditions that should be met, such as the existence of areas in need of redevelopment, low-density zoning, or a major capital investment, as part of the implementation of the financing mechanism;

(5) a recommendation of whether the revenues generated by the financing mechanism should be restricted to supplemental public transit funding for public transit projects or public transit service;

(6) a recommendation of whether the revenues generated by the financing mechanism should be dedicated for use by specific municipalities, regions, public transit projects, or modes of public transit service;

(7) an explanation and recommendation of the manner in which the financing mechanism may be best implemented and

administered, including whether the financing mechanism should be implemented by the State, a municipality, or any other entity;

(8) an explanation of the communities, modes of public transit service, or public transit operators that would most benefit from the implementation of the financing mechanism;

(9) an explanation of any logistical or legal challenges to the implementation of the financing mechanism, including, but not limited to, any constitutional limitations on the implementation of such financing mechanism; and

(10) an explanation of any anticipated coordination, duplication, or conflict that the implementation of the financing mechanism may have with any current federal, State, or local incentive or tax, including, but not limited to, economic development programs.

c. The authority shall submit, to the Governor and, pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), to the Legislature, a written report on the findings of the study coordinated pursuant to subsections a. and b. of this section and any resulting recommendations. The authority shall publish the report produced pursuant to this subsection on its Internet website.

d. The Commissioner of Community Affairs shall publish guidance or model ordinances to assist municipalities in implementing any of the recommendations contained in the report published by the authority pursuant to this section.

3. This act shall take effect immediately.

STATEMENT

This bill requires the New Jersey Economic Development Authority (authority), in consultation with the Division of Taxation in the Department of the Treasury and public transit operators, to study and make recommendations concerning the various financing mechanisms that the State may implement to generate supplemental public transit funding.

Under the bill, "public transit operator" means the New Jersey Transit Corporation or the Port Authority Trans-Hudson Corporation. "Public transit operator" may also include, but is not limited to, another entity providing public transit service in this State, including a bi-state entity.

The bill defines "financing mechanism" as a method of generating sustainable supplemental public transit funding, which may include, but shall not be limited to: the implementation of value capture on public transit community development; the authorization for or securitization of bond financing; the imposition of payments in lieu of property taxes; the generation of revenues derived from ground leases; revenues from zoning or permitting, including, but not limited to, permissions related to air rights; and

the provision of economic development incentives for the improvement or expansion of public transit service. "Value capture" means strategies implemented by the State or a local government to recover a portion of the value created by public transit community development. "Value capture" may include, but is not limited to, tax increment financing, special assessments, joint development by public and private entities, and development impact fees.

The authority is required to submit a written report on the findings of the study and any resulting recommendations to the Governor and the Legislature and to publish the report online. Before the completion of the report, the authority is required to hold at least one public hearing during which opportunity for public discussion and comment concerning the contents of the report, including recommendations for the consideration of specific financing mechanisms.

For each financing mechanism considered as part of the report, the authority is required to include, but is not limited to: (1) the amount of estimated revenues, including the long-term sustainability of such revenues under various economic scenarios, to the degree such estimation is feasible; (2) an explanation of any anticipated economic effects that the implementation of the financing mechanism may have on a State or local finances; (3) a recommendation of whether the implementation of the financing mechanism should be mandatory or optional, as applicable; (4) if applicable, an explanation of any conditions that should be met, such as the existence of areas in need of redevelopment, low-density zoning, or a major capital investment, as part of the implementation of the financing mechanism; (5) a recommendation of whether the revenues generated by the financing mechanism should be restricted to supplemental public transit funding for public transit projects or public transit service; (6) a recommendation of whether the revenues generated by the financing mechanism should be dedicated for use by specific municipalities, regions, public transit projects, or modes of public transit service; (7) an explanation and recommendation of the manner in which the financing mechanism may be best implemented and administered, including whether the financing mechanism should be implemented by the State, a municipality, or any other entity; (8) an explanation of the communities, modes of public transit service, or public transit operators that would most benefit from the implementation of the financing mechanism; (9) an explanation of any logistical or legal challenges to the implementation of the financing mechanism, including, but not limited to, any constitutional limitations on the implementation of such financing mechanism; and (10) an explanation of any anticipated coordination, duplication, or conflict that the implementation of the financing mechanism may have with any

current federal, State, or local incentive or tax, including, but not limited to, economic development programs.

After the publication of the report, the bill also requires the Commissioner of Community Affairs to publish guidance or model ordinances to assist municipalities in implementing any of the recommendations contained in the report.