

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 2649

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 20, 2005

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 2649 with committee amendments.

This bill authorizes the financing of the cost of planning, construction, reconstruction, development, erection, acquisition, extension, improvement, rehabilitation and equipping of facilities in the State to be used for stem cell research and biomedical research, and financing other authorized capital projects supporting the State park and forest system and wildlife management areas with the proceeds of cigarette tax securitization bonds to be issued by the New Jersey Economic Development Authority. During State fiscal year 2005 these bonds were issued to provide \$1,190,000,000 in General Fund revenues to support the annual appropriations act. However, that debt did not require the securitization of the full dedicated revenue which is an amount equal to the revenue collected by the State during each State fiscal year beginning on and after July 1, 2006 from \$0.0325 of the cigarette tax.

A portion of that revenue stream will be securitized under this bill to issue bonds to fund the following capital projects: up to \$150,000,000 for the capital costs of stem cell research facilities; up to \$75,000,000 for the capital costs of projects supporting the park and forest system and wildlife management areas of the State of New Jersey; and up to \$60,000,000 in the aggregate for the capital costs of biomedical research facilities.

COMMITTEE AMENDMENTS:

The committee amendments to this bill: remove the requirement that the amount for each biomedical research facility capital project be subject to appropriation enacted by law and that transfers between projects be subject to Joint Budget Oversight Committee approval; and adds wildlife management areas to the types of capital projects which may be funded from the \$75,000,000 allocation the bill provides to support the park and forest system.

FISCAL IMPACT:

This bill authorizes the issuance of additional bonds by the New Jersey Economic Development Authority to fund up to \$285 million in capital projects. The bonds would be backed by available dedicated cigarette tax revenues collected by the State during each State fiscal year beginning on and after July 1, 2006. Under current law, during State fiscal year 2005 bonds totaling \$1.461 billion, backed by a portion of the cigarette tax revenues generated by 65 cents of the total \$2.40 per pack tax rate, were issued to provide \$1,190,000,000 in General Fund revenues to support the annual appropriations act. The 2005 bonds resulted in the securitization of about 79 percent of the full dedicated revenue or between \$165-\$170 million annually. The portion of the cigarette tax that remains for appropriation to repay the bonds that would be authorized under this bill is therefore expected to total between \$45 and \$50 million per year.”