

LEGISLATIVE FISCAL ESTIMATE
ASSEMBLY, No. 2046
STATE OF NEW JERSEY
213th LEGISLATURE

DATED: OCTOBER 15, 2008

SUMMARY

- Synopsis:** Increases funding of Senior Citizen and Disabled Resident Transportation Program.
- Type of Impact:** Potential reallocation of funding among programs supported by “The Senior Citizen and Disabled Resident Transportation Program” from Casino Revenue Fund.
- Agencies Affected:** Department of Health and Senior Services, Department of Human Services, Department of Labor and Workforce Development, Department of Law and Public Safety, Department of Transportation, New Jersey Transit Corporation.

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
State Cost	No Impact - See comments below		
State Revenue	No Impact - See comments below		

- Enactment of the legislation will not increase or decrease State revenue or expenditures.
- No estimate is provided for the possible cost to the State. Data is not available to estimate whether the Casino Revenue Fund will have sufficient revenue to provide for the increase without affecting programs for which it is a source of funding.

BILL DESCRIPTION

Assembly Bill No. 2046 of 2008 increases the annual appropriation requirement for “The Senior Citizen and Disabled Resident Transportation Program” from 7.5 percent to 8.5 percent of the revenues deposited in the Casino Revenue Fund (CRF). This program, often referred to as the “paratransit program”, funds county coordinated paratransit services for senior citizens and people with disabilities, as well as accessibility improvements for New Jersey Transit’s fixed route bus and rail system. Paratransit services use lift equipped vans and minibuses which may



operate modified fixed route, curb to curb, door to door, or on an advance reservation basis. Services may also feed into existing mass transit bus stops, train or light rail stations. Currently, the Program receives 7.5 percent of total CRF funds, on an annual basis. A-2046 proposes to increase this appropriation by 1 percent, from 7.5 percent to 8.5 percent.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The Casino Revenue Fund (CRF) receives the revenue from taxes imposed on the casinos and other related activities. Appropriations from this fund are constitutionally required to be used for reductions in property taxes, rental, and utility charges and for specified health and transportation benefits to eligible senior and disabled citizens. There are approximately 15 State programs that receive CRF funding. The bill does not affect the revenue to the CRF, nor to the budgets of those programs, and thus has no financial impact upon the budget. The bill does affect the allocation of CRF funding among those programs. An increase in the proportion of CRF monies statutorily allocated to the paratransit program entails a reduction in the proportion of monies allocated to other programs. It would not, however, entail a reduction in the actual amount of funds that would be available under the lower allocation to those other programs if CRF revenue were to increase by a sufficient amount to offset the decrease in the allocation percentage.

For the current fiscal year (FY 2009), the amount of revenue anticipated to be available in the CRF is \$414.8 million. Of that amount, 7.5 percent is \$31.1 million. An increase in the allocation percentage to 8.5 percent of CRF revenue would have raised the amount of the statutory allocation to the paratransit program in this fiscal year to \$35.2 million, approximately \$4 million more than the statutory allocation as currently prescribed. Thus, under the statutory allocation, there would have been approximately \$4 million less available for other programs that benefit from the CRF if the provisions of A-2046 had been in effect for this year's budget. However, because the amount actually appropriated to the paratransit program in FY 2009 (\$33 million) was almost \$2 million greater than the amount prescribed under the statutory dedication, the effect of increasing that actual appropriation to the level prescribed under A-2046 would have been to reduce the amount of CRF funding available to other programs only by slightly more than \$2 million.

It is of course possible that the receipt of more total CRF revenue than is anticipated in the FY 2009 Appropriations Act could offset that \$2 million reduction in the allocation for other programs. There is, however, some indication that CRF revenues will actually decrease in the current and future years. The Casino Control Commission has reported that revenues for the first eight months of 2008 were down 5.2 percent from that same period in 2007; if revenues for FY 2009 decline at the rate they did for the first eight months of FY 2008, there would be 5.2 percent, or approximately \$8 million, less available in the CRF in this fiscal year. Any decline in CRF revenue will result in a decline in funding available for the programs it supports. Moreover the fact that the tax on casino comps will be eliminated entirely after FY 2009, coupled with the downward trend in overall casino revenues, raises the possibility that the CRF may experience a considerable decline in revenue in future years. In addition, slot machine venues that have

opened in the Philadelphia area are projected to have a negative impact on New Jersey casino revenues going forward.

It should be noted that if the CRF cannot fund a designated CRF-funded program, additional appropriations may be made from the General Fund to ensure that those programs are fully funded.

Section: Authorities, Utilities, Transportation and Communication

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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-1 et seq.).