

# SENATE BUDGET AND APPROPRIATIONS COMMITTEE

## STATEMENT TO

[First Reprint]

## **SENATE, No. 2863**

with committee amendments

# **STATE OF NEW JERSEY**

DATED: MARCH 18, 2019

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 2863 (1R), with committee amendments.

As amended, this bill revises requirements imposed upon the use of grant funds received by counties and municipalities through the transportation local aid program.

The bill requires that the New Jersey Department of Transportation (department) notify a county or municipality of the aid allotted to that county or municipality for the year and requires the department to execute an agreement with the county or municipality concerning the project for which the aid is allotted to that county or municipality within 90 days from the date that the department notifies the county or municipality of that year's allotment.

The bill requires counties and municipalities to begin expending aid allotments within one year from the date that the county or municipality receives notification from the department of that year's allotment. The bill provides that an allotment is to be rescinded, returned, or deducted from future allotments as a result of a county's or municipality's failure to award construction or other approved contracts for any amount of the allotment within this time frame, except that the one-year requirement is to be extended if a designated financial officer of the county or municipality certifies to the department that the project will not begin construction because: (1) the allotment will be aggregated with future funds, as permitted by the department, for the purpose of completing a specific project; (2) a permit needed for completion of the project has not been issued due to a delay in the permitting process; (3) the acquisition of an interest in State-owned land needed to complete the project is delayed due to the divestment of a deed restriction; (4) the project requires a utility to be relocated; or (5) a catastrophic event occurs and results in the declaration of a state of emergency. A designated financial officer is required to provide proof that the project meets one or more of these exceptions and is to certify that a construction or other approved contract will be awarded promptly upon resolution of the cause of the delay.

The bill also: (1) prohibits a local government entity from using local aid program funds to support the work of a local government entity's employees on local aid construction projects funded from local aid funds;

(2) requires construction contracts for projects funded out of funds from the local aid program to be bid in accordance with local public contracts law;

(3) requires all bidders on local aid program funded construction contracts valued at more than \$500,000 to be prequalified by the department; and

(4) permits local aid program grant recipients to use 10 percent of their awards on design costs in fiscal year 2019, and five percent of their awards on design costs in fiscal years 2020 and beyond.

#### COMMITTEE AMENDMENTS:

The amendments require counties and municipalities to begin expending aid allotments within one year from the time the county or municipality is provided notice of the award amount, rather than from the date the county or municipality receives the first payment of the allotment. The amendments also require that the department notify a county or municipality of the aid allotted to that county or municipality for the year and requires the department to execute an agreement with the county or municipality concerning the project for which the aid is allotted to that county or municipality within 90 days from the date that the department notifies the county or municipality of that year's allotment.

#### FISCAL IMPACT:

This bill has not been certified as requiring a fiscal note.