

LEGISLATIVE FISCAL ESTIMATE TO
ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY, No. 2370

STATE OF NEW JERSEY

DATED: JANUARY 27, 1997

Assembly Committee Substitute for Assembly Bill No. 2370 of 1996 authorizes the refunding of the outstanding bonds of the South Jersey Port Corporation (SJPC) and the transfer of the port facilities of that corporation, along with its assets, liabilities and obligations, to the New Jersey Economic Development Authority (EDA) for operation and maintenance of all or a portion of the facilities by a subsidiary corporation of the Delaware River Port Authority (DRPA).

The Office of Legislative Services (OLS) estimates that the State may incur financial obligations in the following areas under this bill: (1) annual debt service appropriations to help repay bonds that would be issued by EDA to refinance about \$85.4 million in outstanding SJPC debt; (2) indemnifying and saving harmless the SJPC, EDA, and DRPA or subsidiary thereof from certain actions, claims, judgments or awards arising from the transfer of port facilities; (3) the payment of premiums for liability insurance coverage for the SJPC and EDA regarding the transfer of port facilities; (4) the payment of annual EDA administrative expenses associated with the ownership and operation of the transferred port facilities; (5) the authorization to acquire or lease port facilities that are in addition to the transferred port facilities; and (6) an annual payment in lieu of taxes to the City of Camden which amount is equal to 40 percent of the value of port facilities used as marine facilities for commercial purposes, determined by the Department of the Treasury at the time of the transfer of the facilities, multiplied by the local purposes tax rate.

Although OLS has identified the major areas wherein the State may incur financial obligations, OLS cannot quantify these obligations because of the uncertainty as to when, if, or the amount of State assistance that would be requested.

However, for comparison, OLS would note that the Legislature appropriated \$3.148 million in FY 1997, pursuant to section 14 of P.L.1968, c.60 (C.12:11A-14), to assist the SJPC with its current year debt service requirement of about \$7.4 million. This \$3.148 million amount assumes savings and efficiencies that would occur as a result of the refinancing of outstanding SJPC bonds and the port unification contemplated by this bill, in contrast with the FY 1996 appropriation of \$3.648 million for SJPC debt service assistance.

The Legislature has not appropriated funds for an SJPC property tax reserve payment, pursuant to section 20 of P.L.1968, c.60

(C.12:11A-20), since FY 1994 when \$3.9 million was provided for that purpose.

As a final comment, OLS would note that a letter dated July 18, 1996 from the Department of Environmental Protection to EDA affirmed that the Industrial Site Recovery Act was not applicable to certain transactions contemplated by the proposed port unification legislation.

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.