

# ASSEMBLY TRANSPORTATION AND INDEPENDENT AUTHORITIES COMMITTEE

## STATEMENT TO **ASSEMBLY, No. 5057**

with committee amendments

# STATE OF NEW JERSEY

DATED: DECEMBER 10, 2020

The Assembly Transportation and Independent Authorities Committee reports favorably and with committee amendments Assembly Bill No.5057.

As amended and reported, this bill authorizes the New Jersey Infrastructure Bank (NJIB) to finance the construction of aviation and marine infrastructure projects, and make various other changes to the NJIB's enabling act.

The NJIB is an independent State financing authority authorized to issue revenue bonds to make low interest loans and other assistance to finance the construction of environmental and transportation infrastructure projects in the State. This bill expands the scope of projects that the NJIB is authorized to finance to enable the bank to finance aviation projects and marine projects, as those terms are defined in the bill. The projects newly authorized by the bill will fall under the purview of the NJIB's New Jersey Transportation Infrastructure Financing Program, and are subject to many of the same requirements as transportation projects. For instance, aviation and marine projects will be included in the transportation program's project priority and project eligibility lists, and in its annual financial plan. The bill establishes new subaccounts within the State Transportation Infrastructure Bank Fund to receive funds related to aviation and marine projects, and segregates State and federal funds for transportation projects. Bonds issued by the NJIB to finance aviation and marine projects will be required to mature not later than 31 years from the effective date of the bonds, or the certified useful life of the projects to be financed.

The bill also makes various other changes to the NJIB's enabling act, P.L.1985, c.334 (C.58:11B-1 et seq.). The bill clarifies that the NJIB is authorized to provide other forms of financial assistance, in addition to loans, to local government units to finance wastewater, water supply, transportation, aviation, and marine projects. The bill provides that each bond, note, or other obligation funded pursuant to the federal "Water Infrastructure Finance and Innovation Act of

2014,” 33 U.S.C. s.3901 et seq., or the federal “Transportation Infrastructure Finance and Innovation Act of 1998,” 23 U.S.C. s.601 et seq., is to mature and be paid not later than the maximum time period allowed by those federal laws. The bill also provides that short term or temporary loans issued with funding obtained under those federal laws will mature by the end of the respective draw periods. The bill authorizes the NJIB to conduct private, negotiated bond sales, in addition to competitive, public sales.

Existing law sets forth the maturity dates for short-term or temporary loans and planning, design, and construction loans issued by the NJIB for environmental and transportation infrastructure projects. This bill provides that those types of loans may mature in a shorter period of time as may be necessary to align with construction completion. The bill clarifies that only projects funded in whole or in part by the Department of Environmental Protection (DEP) require a determination and certification, in writing, from the DEP, that the project activities meet program requirements. The bill removes the requirement in existing law that all transportation project activities receive written notification of award concurrence from the Department of Transportation (DOT) prior to fund disbursement. Under the bill, only construction activities for transportation projects require written notification of award concurrence from the DOT.

Current law authorizes the NJIB to make emergency short-term or temporary loans to local government units to finance or refinance costs associated with environmental infrastructure projects. The bill expands this program and authorizes the NJIB to make emergency short-term or temporary disaster relief loans to local government units to finance or refinance transportation, aviation, and marine projects. The bill creates two separate subaccounts within the “Disaster Relief Emergency Financing Program” – one subaccount for environmental infrastructure projects and one subaccount for transportation, aviation, and marine projects. Under current law, emergency short-term or temporary loans are only disbursed to repair damages directly arising from an act of terrorism, seismic activity, or weather conditions that occurred within three years after a declaration by the Governor of a state of emergency. This bill expands this list to include “other emergency events” that result in a declaration of emergency.

The bill authorizes the NJIB to receive or access any emergency or relief federal funds to make loans or grants for environmental, transportation, aviation, and marine infrastructure projects subsequent to a federal or State declaration of emergency. The bill also authorizes the NJIB to make non-project related loans and provide other assistance, including “CAP payments,” on behalf of or as a conduit for local government units. A “CAP payment” means a payment made by a project sponsor pursuant to a State or

federal relief program for utility customers or a consumer assistance program.

The bill removes the requirement in existing law that the Transportation Finance Program Project Eligibility List be considered by the budget committees of each House of the Legislature for inclusion in the annual appropriations act. Instead, the bill requires the NJIB to submit the transportation project eligibility list, on or before May 15, to the Legislature. The list will be introduced in each House in the form of legislative appropriations bills, which are referred to the Senate Transportation Committee and the Assembly Transportation and Independent Authorities Committee, respectively, for consideration. The bill requires each House, on or before July 1 of each year, to approve an appropriations act containing the eligibility list. The bills are required to include the authorization of an aggregate amount of funds of the NJIB to be expended for long-term loans and guarantees for the specific transportation projects, aviation projects, and marine projects, including the individual amounts therefor. The NJIB is not be authorized to expend any money for a long-term loan or guarantee unless the expenditure is authorized in an appropriations act.

The bill provides that the NJIB is not required to include certain information concerning Disaster Relief Emergency Financing Program loans in its financial plans. Finally, the bill makes technical and clarifying changes throughout the NJIB's enabling act to reflect the changes described above and to correct references and citations in existing law.

#### COMMITTEE AMENDMENTS

The committee amended the bill to provide that short-term or temporary loans made under the Interim Environmental Financing Program utilizing funding from the federal "Water Infrastructure Finance and Innovation Act of 2014" (WIFIA) is to mature by the end of the WIFIA draw period, and that short-term or temporary loans made under the Interim Transportation Financing Program utilizing funding from the federal "Transportation Infrastructure Finance and Innovation Act of 1998" (TIFIA) is to mature by the end of the TIFIA draw period.