



State of New Jersey
OFFICE OF THE STATE TREASURER
PO Box 002
TRENTON NJ 08625-0002

CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

ANDREW P. SIDAMON - ERISTOFF
State Treasurer

April 17, 2013

David L. Rosen
Office of Legislative Services
Legislative Budget and Finance Officer
State House Annex
P.O. Box 068
Trenton, NJ 08625-0608

Dear Dr. Rosen:

Included for your consideration are the questions Senator Sarlo posed at the April 8, 2013 Senate Budget and Appropriations Committee hearing and Treasury's responses.

The Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2012 indicates on pages 298 through 303 that some \$673 million in appropriated funds was lapsed into the General Fund at the end of FY 2012. Please list the FY 2012 lapses by account and in the same format as the anticipated FY 2012 lapses announced by the State Treasurer during the Department of the Treasury's revenue and budget hearing before the Senate Budget and Appropriations Committee on May 24, 2012.

- Attachment A provides the changes in FY 2012 lapses since May 24, 2012.
- Attachment B is a listing of FY 2012 lapses.

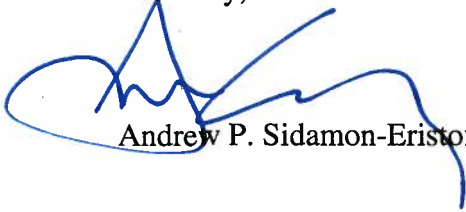
School districts that have relied on school construction bonds issued by the Economic Development Authority (EDA) to finance school construction and renovation projects must pay 15 percent of the debt service for their bond-financed projects, while the State covers the remaining 85 percent. On January 31, 2013, the EDA issued \$2.25 billion in School Facilities Construction Refunding Bonds. Please provide the debt service schedule for EDA-issued school construction bonds from FY 2012 through FY 2020.

- Attachment C includes the EDA's School Facilities Construction Bond annual debt service, FY 2012 to FY 2020.

The Administration has stated that it estimated the implementation of the Atlantic City-based Internet gaming initiative to increase FY 2014 Casino Gross Revenue Tax collections by \$180 million. Please provide a step-by-step description of the method the Administration employed to arrive at the \$180 million projection, including the specific sources of the data and assumptions used in the estimate's generation.

- At the time the legislation was passed, a prominent analyst of gaming at Wells Fargo Securities estimated that the potential size of the Internet gaming market in New Jersey could be as large as \$1.5 billion. At a 15 percent tax rate, this would yield \$225 million in revenue to the State. Wells Fargo estimated an initial impact which did not benefit from a specific knowledge of the final legislation or our ultimate plans governing how quickly we would be able to roll out a fully-functional system. We also feel that Wells Fargo's analysis underestimated the level of excitement, novelty, and publicity that such a rare opportunity would create.

Sincerely,



Andrew P. Sidamon-Eristoff

- c: Senator Paul A. Sarlo, Senate Budget Chairman
Senator Anthony R. Bucco, Republican Budget Officer
George LeBlanc, Senate Democratic Office
Christopher Emigholz, Senate Republican Office
Thomas Koenig, Office of Legislative Services
Charlene Holzbaur, Office of Management Budget
Eric D. Snyder, Treasurer's Office

Changes in FY 2012 Lapses

Attachment A

(In Thousands)

	<u>May</u> <u>Revised</u>	<u>Final</u>	<u>Difference</u>
Prior Year Lapses	\$ 31,216	\$ 50,327	\$ 19,111
Current Year Lapses	\$ 579,448	\$ 672,982	\$ 93,534

Significant Changes in Current Year Lapses

ICF/MR Provider Tax - Offset by Corresponding Supplemental Appropriation	\$	37,061
Department of Human Services		24,783
Motor Vehicle Commission		20,000
Lapsed Balances Offset by Corresponding Revenue Decrease		16,379
Health Care Subsidy Fund Trend		15,000
AIDS Drug Distribution Program - Trend and One-time Accrual Savings		13,000
Employer Taxes/Employee Benefits/Salary Increases Trend		9,452
NJ STARS Trend		6,000
PAAD / Senior Gold Trend		5,961
Lifeline Trend		5,504
TANF Child Care Costs - Non-state Resource		4,000
Casino Control and Gaming Enforcement		3,213
Labor - Public Works Contractor Registration Excess Receipts		2,500
Education - Unknown District of Residence		2,235
Labor - Workers/Special Compensation		1,964
Nuclear Regulatory Commission Delegated State Programs		1,800
Military and Veterans Affairs - Additional Medicare Receipts Paramus		1,614
Teachers' FICA (before de-appropriation)		1,593
Division of Alcoholic Beverage Control		1,200
Office of Economic Growth		1,062
Homestead Benefit Program Trend		1,046
Department of Children and Families - Salary Surplus, Trend, and Non-state Resources		(3,897)
Lapses Changed to De-appropriations		(86,000)
Miscellaneous - None Greater than \$1 million (net)		8,064
Net Change in Current Year Lapses	\$	93,534

Fiscal Year 2012 Lapses

Funds 100, 490, 491, 495, 496

Excluding Federal Accounting Period 13/2012

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Attachment B

CFS	CFS	CFS Account Number	IPB Account Number	IPB F	Program Description	IPB	App	Lapsed Amt
082	495	2012-495-082-2078-017	2012-2078-495-330200-6	495	HOMESTEAD PROPERTY TAX REBATES FOR HOMEOWNERS	6	PG	49,846,169
082	100	2012-100-082-2105-013	2012-2105-431-176840-	431	DDD COMMUNITY PLACEMENT		AL	37,060,942
046	100	2012-100-046-4275-281	2012-4275-140-245040-6	140	PHARMACEUTICAL ASSISTANCE TO THE AGED AND DISABLED -	6	GI	27,068,000
034	495	2012-495-034-5095-002	2012-5095-495-390030-6	495	SOCIAL SECURITY TAX	6	PF	24,399,618
078	100	2012-100-078-6050-003	2012-6050-140-040990-6	140	SUBSIDIZATION OF MASS TRANSIT OPERATIONS	6	GI	24,373,000
046	100	2012-100-046-4270-077	2012-4270-140-070020-6	140	CHARITY CARE HOSPITAL PAYMENTS	6	GI	22,836,000
094	100	2012-100-094-9430-008	2012-9430-100-056650-5	100	SALARY INCREASES AND OTHER BENEFITS	5	SS	20,850,000
078	100	2012-100-078-6400-255	2012-6400-420-010000-	420	REVENUE AND INFORMATION PROCESSING SYSTEMS		AL	20,000,000
054	100	2012-100-054-7550-121	2012-7550-150-158010-6	150	PAYMENTS TO MUNICIPALITIES FOR COST OF GENERAL ASSISTA	6	SA	17,530,662
046	100	2012-100-046-4245-108	2012-4245-403-124030-	403	AIDS DRUG DISTRIBUTION PROGRAM REBATES		AL	17,491,000
082	100	2012-100-082-2155-079	2012-2155-140-490130-6	140	HIGHER EDUCATION CAPITAL IMPROVEMENT PROGRAM - DEBT	6	GI	15,297,544
054	100	2012-100-054-7550-280	2012-7550-100-150450-5	100	WORK FIRST NEW JERSEY - TECHNOLOGY INVESTMENT	5	SS	15,000,000
016	100	2012-100-016-1610-001	2012-1610-100-010000-1	100	CHILD PROTECTIVE AND PERMANENCY SERVICES	1	SS	14,869,293
054	100	2012-100-054-7540-205	2012-7540-140-222020-6	140	MANAGED CARE INITIATIVE	6	GI	14,063,801
094	100	2012-100-094-9410-007	2012-9410-100-033600-5	100	SOCIAL SECURITY TAX - STATE	5	SS	12,703,014
074	100	2012-100-074-2405-313	2012-2405-140-459000-6	140	NJ STARS (STUDENT TUITION ASSISTANCE REWARD SCHOLARSH	6	GI	12,406,000
094	100	2012-100-094-9400-010	2012-9400-100-020030-5	100	WORKERS' COMPENSATION SELF-INSURANCE FUND	5	SS	10,043,053
016	100	2012-100-016-1620-007	2012-1620-140-020020-6	140	TREATMENT HOMES AND EMERGENCY BEHAVIORAL HEALTH SE	6	GI	9,394,408
046	100	2012-100-046-4220-460	2012-4220-140-021040-6	140	EARLY CHILDHOOD INTERVENTION PROGRAM	6	GI	9,137,020
026	100	2012-100-026-7025-001	2012-7025-100-070000-1	100	INSTITUTIONAL CONTROL AND SUPERVISION	1	SS	9,030,552
082	100	2012-100-082-2000-093	2012-2000-600-997770-55	600	REFUNDING BONDS (P.L. 1985, C.74, AS AMENDED BY P.L. 1992	55	DS	8,449,302
016	100	2012-100-016-1610-025	2012-1610-140-010430-6	140	FOSTER CARE	6	GI	7,387,278
016	100	2012-100-016-1610-022	2012-1610-140-010400-6	140	RESIDENTIAL PLACEMENTS	6	GI	6,894,841
046	100	2012-100-046-4245-159	2012-4245-140-120860-6	140	AIDS DRUG DISTRIBUTION PROGRAM	6	GI	6,509,000
062	100	2012-100-062-4545-008	2012-4545-423-091250-	423	NJ BUILD		AL	6,000,000
082	100	2012-100-082-2155-101	2012-2155-140-490360-6	140	DORMITORY SAFETY TRUST FUND, DEBT SERVICE	6	GI	5,758,168
054	100	2012-100-054-7740-001	2012-7740-100-100000-1	100	PATIENT CARE AND HEALTH SERVICES	1	SS	5,348,656
054	100	2012-100-054-7760-016	2012-7760-100-990000-1	100	MANAGEMENT AND ADMINISTRATIVE SERVICES	1	SS	5,180,835
074	100	2012-100-074-2405-311	2012-2405-140-450100-6	140	PART-TIME TUITION AID GRANTS FOR COUNTY COLLEGES	6	GI	5,023,000
078	100	2012-100-078-6100-051	2012-6100-400-060020-	400	HIGHWAY SAFETY FUND		AL	5,000,000
034	495	2012-495-034-5095-007	2012-5095-495-390040-6	495	TEACHERS' PENSION AND ANNUITY FUND - NON-CONTRIBUTOR	6	PF	4,895,342
054	100	2012-100-054-7540-015	2012-7540-100-215000-5	100	PAYMENTS TO FISCAL AGENTS	5	SS	4,726,668
026	100	2012-100-026-7040-001	2012-7040-100-070000-1	100	INSTITUTIONAL CONTROL AND SUPERVISION	1	SS	4,400,055
082	100	2012-100-082-2058-006	2012-2058-141-880020-6	141	PAYMENTS FOR LIFELINE CREDITS	6	GI	3,893,399
054	100	2012-100-054-7550-328	2012-7550-140-159820-6	140	SUBSTANCE ABUSE	6	GI	3,854,414
054	100	2012-100-054-7760-001	2012-7760-100-100000-1	100	PATIENT CARE AND HEALTH SERVICES	1	SS	3,681,784
094	100	2012-100-094-9420-051	2012-9420-100-040080-5	100	BANKING SERVICES	5	SS	3,587,696
054	100	2012-100-054-7700-143	2012-7700-140-084750-6	140	OLMSTEAD SUPPORT SERVICES	6	GI	3,371,188
054	100	2012-100-054-7720-001	2012-7720-100-100000-1	100	PATIENT CARE AND HEALTH SERVICES	1	SS	3,223,459
034	495	2012-495-034-5120-078	2012-5120-495-010010-6	495	EQUALIZATION AID	6	PF	2,876,602
046	491	2012-491-046-4275-059	2012-4275-493-245040-6	493	PHARMACEUTICAL ASSISTANCE TO THE AGED AND DISABLED -	6	CG	2,870,043
074	100	2012-100-074-2405-007	2012-2405-140-450070-6	140	TUITION AID GRANTS	6	GI	2,862,000
082	100	2012-100-082-2080-106	2012-2080-100-150370-5	100	NEW JERSEY PROPERTY ASSESSMENT TAX SYSTEM	5	SS	2,790,698
094	100	2012-100-094-9400-041	2012-9400-100-060050-2	100	PUBLIC HEALTH LABORATORY	2	SS	2,785,000
026	100	2012-100-026-7085-001	2012-7085-100-070000-1	100	INSTITUTIONAL CONTROL AND SUPERVISION	1	SS	2,704,671
094	100	2012-100-094-9410-160	2012-9410-100-032110-5	100	POLICE AND FIREMEN'S RETIREMENT SYSTEM - NON-CONTRIBU	5	SS	2,679,277
094	100	2012-100-094-9410-167	2012-9410-140-032310-5	140	ALTERNATE BENEFIT PROGRAM - NON-CONTRIBUTORY INSURA	5	GI	2,601,360
054	100	2012-100-054-7700-029	2012-7700-140-085800-6	140	COMMUNITY CARE	6	GI	2,540,197
062	100	2012-100-062-4550-086	2012-4550-101-121100-5	101	PUBLIC WORKS CONTRACTOR REGISTRATION ACT	5	SS	2,500,000
062	100	2012-100-062-4520-023	2012-4520-101-030000-3	101	STATE DISABILITY INSURANCE PLAN	3	SS	2,450,163
054	100	2012-100-054-7700-036	2012-7700-150-088070-6	150	SUPPORT OF PATIENTS IN COUNTY PSYCHIATRIC HOSPITALS	6	SA	2,447,140
066	100	2012-100-066-1310-041	2012-1310-101-145200-5	101	SECURITIES ENFORCEMENT FUND	5	SS	2,430,000
046	100	2012-100-046-4275-330	2012-4275-140-245050-6	140	SENIOR GOLD INITIATIVE	6	GI	2,327,287
016	100	2012-100-016-1610-097	2012-1610-140-018800-6	140	CHILD HEALTH UNITS	6	GI	2,247,900
034	495	2012-495-034-5120-005	2012-5120-495-030140-6	495	PAYMENTS FOR INSTITUTIONALIZED CHILDREN-UNKNOWN DIS	6	PF	2,235,017
082	100	2012-100-082-2066-001	2012-2066-100-080000-1	100	OFFICE OF THE STATE COMPROLLER	1	SS	2,164,633
054	100	2012-100-054-7550-284	2012-7550-140-150480-6	140	WORK FIRST NEW JERSEY - CHILD CARE	6	GI	2,000,000
054	100	2012-100-054-7550-425	2012-7550-140-150390-6	140	WFNJ CHILD CARE - MAINTENANCE OF EFFORT FUNDS	6	GI	2,000,000
066	100	2012-100-066-1500-048	2012-1500-438-994380-	438	SFEA FUNDS		AL	1,990,822
066	490	2012-490-066-1460-001	2012-1460-490-300000-1	490	GAMING ENFORCEMENT	1	CF	1,928,377
054	100	2012-100-054-7550-125	2012-7550-150-158040-6	150	PAYMENTS FOR SUPPLEMENTAL SECURITY INCOME	6	SA	1,883,628
016	100	2012-100-016-1610-039	2012-1610-140-017020-6	140	PURCHASE OF SOCIAL SERVICES	6	GI	1,854,879
026	100	2012-100-026-7000-168	2012-7000-590-991520-7	590	CRITICAL REPAIRS	7	CC	1,834,217
078	100	2012-100-078-6100-005	2012-6100-100-060000-4	100	MAINTENANCE AND OPERATIONS	4	SS	1,833,000

Fiscal Year 2012 Lapses

Funds 100, 490, 491, 495, 496

Excluding Federal Accounting Period 13/2012

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CFS #	CFS F	CFS Account Number	IPB Account Number	IPB F	Program Description	IPB App	Lapsed Amt
042	100	2012-100-042-4820-079	2012-4820-449-010100-	449	NUCLEAR REGULATORY COMMISSION - AGREEMENT STATE PROGR	AL	1,800,000
094	100	2012-100-094-9400-025	2012-9400-100-010060-4	100	ECONOMIC DEVELOPMENT AUTHORITY	4 SS	1,755,355
054	100	2012-100-054-7540-004	2012-7540-100-210000-3	100	HEALTH SERVICES ADMINISTRATION AND MANAGEMENT	3 SS	1,718,750
026	100	2012-100-026-7070-001	2012-7070-100-070000-1	100	INSTITUTIONAL CONTROL AND SUPERVISION	1 SS	1,711,896
046	100	2012-100-046-4220-501	2012-4220-140-020080-6	140	MATERNAL CHILD AND CHRONIC DISEASES	6 GI	1,695,000
067	100	2012-100-067-3640-001	2012-3640-100-200000-1	100	DOMICILIARY AND TREATMENT SERVICES	1 SS	1,614,711
082	100	2012-100-082-2058-007	2012-2058-141-880900-6	141	PAYMENTS FOR TENANTS' ASSISTANCE REBATES	6 GI	1,610,771
026	100	2012-100-026-7025-013	2012-7025-100-130000-1	100	INSTITUTIONAL PROGRAM SUPPORT	1 SS	1,589,970
062	100	2012-100-062-4525-009	2012-4525-101-050000-1	101	WORKERS' COMPENSATION	1 SS	1,567,803
014	100	2012-100-014-3110-064	2012-3110-101-060030-5	101	INSURANCE FRAUD PROSECUTION SERVICES	5 SS	1,547,397
026	100	2012-100-026-7080-001	2012-7080-100-070000-1	100	INSTITUTIONAL CONTROL AND SUPERVISION	1 SS	1,546,054
016	100	2012-100-016-1620-008	2012-1620-140-020030-6	140	YOUTH CASE MANAGERS	6 GI	1,461,002
054	100	2012-100-054-7550-072	2012-7550-140-153550-6	140	SOCIAL SERVICES FOR THE HOMELESS	6 GI	1,454,160
042	100	2012-100-042-4800-367	2012-4800-600-995690-55	600	GREEN ACRES	55 DS	1,452,000
094	100	2012-100-094-9410-137	2012-9410-140-033600-5	140	SOCIAL SECURITY TAX - STATE	5 GI	1,448,052
094	100	2012-100-094-9480-001	2012-9480-590-083500-7	590	GARDEN STATE TRUST FUND AUTHORITY - OPEN SPACE PRESER	7 CC	1,443,246
026	100	2012-100-026-7010-001	2012-7010-100-030000-1	100	PAROLE	1 SS	1,380,444
062	100	2012-100-062-4545-270	2012-4545-101-091060-1	101	WORKFORCE DEVELOPMENT PARTNERSHIP - COUNSELORS	1 SS	1,235,152
026	100	2012-100-026-7055-002	2012-7055-100-080000-1	100	INSTITUTIONAL CARE PROGRAM	1 SS	1,214,967
026	100	2012-100-026-7110-001	2012-7110-100-070000-1	100	INSTITUTIONAL CONTROL AND SUPERVISION	1 SS	1,210,346
066	100	2012-100-066-1400-022	2012-1400-404-210000-	404	REGULATION OF ALCOHOLIC BEVERAGES	AL	1,200,000
026	100	2012-100-026-7050-001	2012-7050-100-070000-1	100	INSTITUTIONAL CONTROL AND SUPERVISION	1 SS	1,191,055
094	100	2012-100-094-9420-006	2012-9420-100-040070-5	100	INTEREST ON SHORT TERM NOTES	5 SS	1,177,555
046	100	2012-100-046-4275-087	2012-4275-140-245010-6	140	PHARMACEUTICAL ASSISTANCE TO THE AGED - CLAIMS	6 GI	1,176,480
026	100	2012-100-026-7120-001	2012-7120-100-070000-1	100	INSTITUTIONAL CONTROL AND SUPERVISION	1 SS	1,157,829
046	100	2012-100-046-4280-006	2012-4280-100-080000-7	100	LABORATORY SERVICES	7 SS	1,154,000
082	490	2012-490-082-2095-001	2012-2095-490-250000-1	490	ADMINISTRATION OF CASINO GAMBLING	1 CF	1,126,003
062	100	2012-100-062-4520-028	2012-4520-101-035000-5	101	FAMILY LEAVE INSURANCE	5 SS	1,107,593
034	495	2012-495-034-5120-068	2012-5120-495-016630-6	495	SCHOOL CHOICE	6 PF	1,102,154
094	100	2012-100-094-9410-162	2012-9410-100-032410-5	100	STATE POLICE RETIREMENT SYSTEM - NON-CONTRIBUTORY INS	5 SS	1,097,393
074	100	2012-100-074-2510-001	2012-2510-100-020020-5	100	OFFICE OF ECONOMIC GROWTH	5 SS	1,062,001
078	100	2012-100-078-6100-003	2012-6100-100-060000-2	100	MAINTENANCE AND OPERATIONS	2 SS	1,021,000
094	100	2012-100-094-9400-002	2012-9400-100-010000-4	100	PROPERTY RENTALS	4 SS	1,004,000
054	100	2012-100-054-7601-014	2012-7601-100-020000-7	100	SOCIAL SUPERVISION AND CONSULTATION	7 SS	1,000,000
					Miscellaneous - None greater than \$1 million		87,526,173
					TOTAL FN15 LAPSE		\$ 672,982,382
	100				PRIOR YEAR - GENERAL FUND		49,646,559
	490				PRIOR YEAR - CASINO CONTROL FUND		11,890
	491				PRIOR YEAR - CASINO REVENUE FUND		666,430
	495				PRIOR YEAR - PROPERTY TAX RELIEF FUND		2,476
					TOTAL PRIOR YEAR LAPSE		\$ 50,327,355
					GRAND TOTAL LAPSE		\$ 723,309,737

**Economic Development Authority
School Facilities Construction Bond
Debt Service Schedule
FY2012 - 2020**

<u>Fiscal Year</u>	<u>Debt Service*</u>
2012	\$ 370,113,309
2013	\$ 331,446,362
2014	\$ 484,797,657
2015	\$ 755,188,561
2016	\$ 790,194,165
2017	\$ 942,216,066
2018	\$ 936,269,061
2019	\$ 870,737,796
2020	\$ 701,526,820

Notes:

*Amounts represent School Construction debt service allocable to local entities. FY13 and FY14 debt service amounts include January 2013 refunding issue. FY14 debt service before January 2013 refunding was \$686,925,000. FY14 -20 debt service amounts include anticipated \$150,000,000 January 2014 new money bond issuance.

Debt service amounts do not include other potential future new money bond issuances.

FY15 debt service amount excludes \$119,060,000 of Floating Rate Notes principal expected to be refunded prior to maturity.

FY16 debt service amount excludes \$242,495,000 of Floating Rate Notes principal expected to be refunded prior to maturity.

FY17 debt service amount excludes \$119,060,000 of Floating Rate Notes principal expected to be refunded prior to maturity.

FY18 debt service amount excludes \$285,620,000 of Floating Rate Notes principal expected to be refunded prior to maturity.