



ANALYSIS OF THE NEW JERSEY BUDGET

**DEPARTMENT OF TRANSPORTATION
AND
MOTOR VEHICLE COMMISSION**

FISCAL YEAR

2018-2019

NEW JERSEY STATE LEGISLATURE

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

Paul A. Sarlo (D), 36th District (Parts of Bergen and Passaic), *Chair*
Brian P. Stack (D), 33rd District (Part of Hudson), *Vice-Chair*
Dawn Marie Addiego (R), 8th District (Parts of Burlington and Camden)
Anthony R. Bucco (R), 25th District (Parts of Morris and Somerset)
Nilsa Cruz-Perez (D), 5th District (Parts of Camden and Gloucester)
Sandra B. Cunningham (D), 31st District (Part of Hudson)
Patrick J. Diegnan Jr. (D), 18th District (Part of Middlesex)
Linda R. Greenstein (D), 14th District (Parts of Mercer and Middlesex)
Declan J. O'Scanlon Jr. (R), 13th District (Part of Monmouth)
Steven V. Oroho (R), 24th District (All of Sussex, and parts of Morris and Warren)
M. Teresa Ruiz (D), 29th District (Part of Essex)
Troy Singleton (D), 29th District (Parts of Burlington)
Samuel D. Thompson (R), 12th District (Parts of Burlington, Middlesex, Monmouth and Ocean)

GENERAL ASSEMBLY BUDGET COMMITTEE

Eliana Pintor Marin (D), 29th District (Part of Essex), *Chair*
John J. Burzichelli (D), 3rd District (All of Salem, parts of Cumberland and Gloucester), *Vice-Chair*
Daniel R. Benson (D), 14th District (Parts of Mercer and Middlesex)
John D. Clifton (R), 12th District (Parts of Burlington, Middlesex, Monmouth and Ocean)
John DiMaio (R), 23rd District (Parts of Hunterdon, Somerset and Warren)
Gordon M. Johnson (D), 37th District (Part of Bergen)
Patricia Egan Jones (D), 5th District (Part of Camden and Gloucester)
John F. McKeon (D), 27th District (Parts of Essex and Morris)
Raj Mukherji (D), 33rd District (Part of Hudson)
Nancy F. Munoz (R), 21st District (Parts of Morris, Somerset and Union)
Carol A. Murphy (D), 7th District (Parts of Burlington)
Edward H. Thomson (R), 30th District (Parts of Monmouth and Ocean)
Benjie E. Wimberly (D), 35th District (Parts of Bergen and Passaic)

OFFICE OF LEGISLATIVE SERVICES

Frank W. Haines III, *Legislative Budget and Finance Officer*
Thomas Koenig, *Assistant Legislative Budget and Finance Officer*

Marvin W. Jiggetts, *Director, Central Staff*
Charles A. Buono, *Section Chief, Authorities, Utilities, Transportation, and Communications Section*

This report was prepared by the Authorities, Utilities, Transportation, and Communications Section of the Office of Legislative Services under the direction of the Legislative Budget and Finance Officer. The primary author was Patrick Brennan with additional contributions by Sheree D. Henderson.

Questions or comments may be directed to the OLS Authorities, Utilities, Transportation and Communications Section (Tel: 609-847-3840) or the Legislative Budget and Finance Office (Tel: 609-847-3105).

DEPARTMENT OF TRANSPORTATION AND MOTOR VEHICLE COMMISSION

Budget Pages..... C-3; C-6; C-14; C-22 to C-24; D-351 to
D-372; H-4; H-6

Fiscal Summary (\$000)

	Expended FY 2017	Adjusted Appropriation FY 2018	Recommended FY 2019	Percent Change 2018-19
State Budgeted	\$1,474,698	\$1,580,978	\$1,793,020	13.4%
Federal Funds	899,656	986,275	1,051,883	6.7%
<u>Other</u>	<u>2,797,874</u>	<u>3,530,039</u>	<u>3,467,772</u>	<u>(1.8%)</u>
Grand Total	\$5,172,228	\$6,097,292	\$6,312,675	3.5%

Personnel Summary - Positions By Funding Source

	Actual FY 2017	Revised FY 2018	Funded FY 2019	Percent Change 2018-19
State	1,576	1,609	1,620	.7%
Federal	837	884	888	.5%
Other	2,800	2,786	2,794	.3%
<u>NJ Transit</u>	<u>10,984</u>	<u>11,106</u>	<u>11,646</u>	<u>4.9%</u>
Total Positions	16,197	16,385	16,948	3.4%

FY 2017 (as of December) and revised FY 2018 (as of January) personnel data reflect actual payroll counts. FY 2019 data reflect the number of positions funded.

Link to Website: <http://www.njleg.state.nj.us/legislativepub/finance.asp>

Highlights

Motor Vehicle Commission (MVC)

- The MVC is recommended to receive gross operating revenues of \$324.3 million in FY 2019 after subtracting General Fund contributions and revenues collected by MVC but transferred to other State agencies. This represents a \$48.5 million increase from the FY 2018 adjusted appropriation. Most MVC revenues are set by statute as a portion of a variety of driving and security related fees and fines. In FY 2019, the total amount being redirected through budget language from the MVC to the General Fund is \$50 million, a decrease of \$48.9 million. The total amount of General Fund revenue derived from motor vehicle fees for FY 2019 is \$463.3 million, down from \$500.2 million in FY 2018, largely reflecting the decrease in revenues being redirected from the MVC to the General Fund and partially offset by minor growth in overall revenue collections.

Department of Transportation (DOT)

- The recommended FY 2019 State appropriation for DOT Maintenance and Operations is \$36.6 million, a \$67 million decrease from FY 2018. The current FY 2018 adjusted appropriation of \$103.6 million includes a \$67 million supplemental appropriation for winter storm expenses. Current and proposed budget language authorizes supplemental funding as needed for DOT winter operations. The actual amount ultimately appropriated in FY 2018 could be higher due to late season storms.

Transportation Trust Fund Authority (TTFA)

- The State Transportation Capital Program of \$2 billion remains the same as last year. The TTFA has \$16 billion in spending authority from FY 2017-2024. Current spending plans will appropriate \$6 billion of that amount through the end of FY 2019, leaving \$10 billion for the final five years of the TTF renewal authorization.
- The FY 2019 budget recommends a \$1.348 billion appropriation to the Transportation Trust Fund (TTF) Account for debt service, \$36.6 million more than the FY 2018 adjusted appropriation. This appropriation is composed of \$633.1 million from the petroleum products gross receipts tax (ppgrt), \$12 million from transportation oriented authorities, \$200 million from the sales and use tax, and \$503 million from the motor fuels tax.
- The FY 2019 budget appropriates \$809.1 million to the newly established Subaccount for Capital Reserves. Once this amount is added to projected FY 2018 year-end balances, the TTFA capital reserve account will increase to nearly \$1.99 billion, less any uses of the reserve in FY 2019. The subaccount is available to fund debt service on TTFA bonds, if the current amount appropriated is insufficient for that purposes; to fund current year State capital project costs (pay-as-you-go); and to be held in reserve for future year needs of the TTFA. The Budget in Brief indicates that there will be \$800 million in pay-as-you-go spending in FY 2019. If the capital reserve account is utilized to support this pay-as-you-go spending, the balance at the end of FY 2019 will be reduced to \$1.19 billion.

Highlights (Cont'd)

- The New Jersey Transportation Capital Plan for FY 2019 is \$3.661 billion, a \$32.3 million increase from FY 2018 (see Budget pg. H-6). The increase is entirely attributable to federal and third-party funding for the capital program. The plan encompasses federal and State transportation trust fund support that is appropriated in the budget, as well as resources not appropriated in the budget for certain projects undertaken by regional transportation agencies, (e.g., the Port Authority of New York and New Jersey) that benefit New Jersey.

New Jersey Transit (NJT)

- The recommended General Fund operating subsidy to support NJT for FY 2019 is \$382.5 million, which is \$241.6 million more in General Fund support than was provided in FY 2018. The State operating subsidy is supplemented by \$129 million in support from the New Jersey Turnpike Authority and \$82.1 million from the Clean Energy Fund for a total level of non-capital State operating support of \$593.6 million.
- The overall NJT operations budget for FY 2019 is \$2.316 billion, a \$98.1 million (4.4%) increase from FY 2018. The largest component of this increase is an additional \$61.2 million in expenditures on salaries and wages. The agency expects to add 540 positions according to evaluation data. The growth in NJ Transit's operations budget is possible due to the notable increase in State support. Despite a larger budget for operations, farebox revenue is expected to decline by \$28.2 million or 2.8%.
- Transportation Assistance for Senior Citizens and Disabled Residents is recommended to increase to \$18.6 million in FY 2019, from \$17.8 million in FY 2018. This increase does not significantly change the general downward trend since FY 2008 when funding totaled \$36.9 million. Based on the Executive's revised estimates for FY 2018 casino tax collections, the level of support in FY 2020 will increase by approximately \$0.6 million.

Fiscal and Personnel Summary

AGENCY FUNDING BY SOURCE OF FUNDS (\$000)

	Expended FY 2017	Adj. Approp. FY 2018	Recom. FY 2019	Percent Change	
				2017-19	2018-19
General Fund					
Direct State Services	\$89,819	\$110,788	\$43,788	(51.2%)	(60.5%)
Grants-In-Aid	90,960	140,856	382,466	320.5%	171.5%
State Aid	0	0	0		
Capital Construction	1,276,396	1,111,533	1,148,180	(10.0%)	3.3%
Debt Service	0	0	0		
Sub-Total	\$1,457,175	\$1,363,177	\$1,574,434	8.0%	15.5%
Property Tax Relief Fund					
Direct State Services	\$0	\$0	\$0		
State Aid	0	0	18,586		
Capital Construction	\$0	200,000	200,000		0.0%
Sub-Total	\$0	\$200,000	\$218,586		9.3%
Casino Revenue Fund	\$17,523	\$17,801	\$0	(100.0%)	(100.0%)
Casino Control Fund	\$0	\$0	\$0		
State Total	\$1,474,698	\$1,580,978	\$1,793,020	21.6%	13.4%
Federal Funds	\$899,656	\$986,275	\$1,051,883	16.9%	6.7%
Other Funds	\$2,797,874	\$3,530,039	\$3,467,772	23.9%	(1.8%)
Grand Total	\$5,172,228	\$6,097,292	\$6,312,675	22.0%	3.5%

PERSONNEL SUMMARY - POSITIONS BY FUNDING SOURCE

	Actual FY 2017	Revised FY 2018	Funded FY 2019	Percent Change	
				2017-19	2018-19
State	1,576	1,609	1,620	2.8%	0.7%
Federal	837	884	888	6.1%	0.5%
All Other	2,800	2,786	2,794	(0.2%)	0.3%
NJ Transit	10,984	11,106	11,646	6.0%	4.9%
Total Positions	16,197	16,385	16,948	4.6%	3.4%

FY 2017 (as of December) and revised FY 2018 (as of January) personnel data reflect actual payroll counts. FY 2019 data reflect the number of positions funded.

AFFIRMATIVE ACTION DATA

Minority Percent – Department	35.4%	36.5%	N/A	---	---
Minority Percent – NJ Transit	62.4%	62.5%	N/A	---	---

Significant Changes/New Programs (\$000)

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2018</u>	<u>Recomm.</u> <u>FY 2019</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
--------------------	---------------------------------------	----------------------------------	--------------------------------	---------------------------------	------------------------------

I. Vehicular Safety – Motor Vehicle Commission

All Other Funds:

Motor Vehicle Services	\$353,968	\$402,940	\$48,972	13.8%	D-359
-------------------------------	------------------	------------------	-----------------	--------------	--------------

This line item aggregates revenues dedicated by law to support the operating costs of the Motor Vehicle Commission (MVC) and revenues collected by the MVC but dedicated to other agencies that will be transferred to them during the year. The increase in this line item is driven primarily by a smaller shift of dedicated MVC revenues to the General Fund. MVC funding is the result of a statutory formula which divides various motor vehicle-related charges and fee revenue between the General Fund and the MVC. Combined MVC base revenues increased by \$11.5 million from \$802.4 million to \$813.9 million. The increase in the portion that is provided to the MVC for its operating costs is mostly attributable to a reduction of \$48.9 million in the transfer to the General Fund. FY 2019 proposed language revisions decrease the diversion of MVC revenues from \$98.9 million to \$50.0 million in addition to the proportional split of revenue from the luxury and fuel-inefficient vehicle surcharge.

The OLS notes that, of the total \$402.9 million projected above, up to \$78.7 million is to be transferred to other agencies for non-MVC uses, either in accordance with statute or pursuant to budget language, of which about \$26.3 million is revenue that by law is dedicated to MVC purposes. Thus the portion projected to be retained by the MVC for its FY 2019 operating purposes is about \$324.3 million, an increase of \$48.5 million (+17.6%) from the FY 2018 amount.

II. State and Local Highway Facilities

Direct State Services

Maintenance and Operations

	\$103,583	\$36,583	(\$67,000)	(64.7%)	D-362
--	------------------	-----------------	-------------------	-----------------	--------------

The decrease in this line item reflects the elimination of a FY 2018 supplemental funding adjustment of \$67.0 million for winter operations. Because winter operations are funded through annual supplemental appropriations authorized pursuant to budget language, the cost does not appear in the FY 2019 recommendation, and will not be known until sometime later in FY 2019. The actual base appropriation for FY 2019 is \$10.34 million the same as FY 2018. The FY 2018 supplemental appropriation for winter operations of \$67 million is \$21.2 million higher than the amount of the FY 2017 supplemental appropriation of \$45.8 million. Subsequent to the publication of the Governor’s budget proposal there have been multiple winter storms. It is unclear whether this was anticipated when estimating the need for \$67 million in supplemental funding. There can be a notable variance between the estimated and actual amount needed for winter operations.

Significant Changes/New Programs (\$000) (Cont'd)

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2018</u>	<u>Recomm.</u> <u>FY 2019</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
<u>Capital Construction</u>					
Transportation Trust Fund – Subaccount for Debt Service for Prior Bonds	\$887,254	\$901,736	\$14,482	1.6%	D-363
Transportation Trust Fund – Subaccount for Debt Service for Prior Bonds (PTRF)	\$200,000	\$200,000	0	—	D-363
Transportation Trust Fund – Subaccount for Debt Service for Transportation Program Bonds	\$224,279	\$246,444	\$22,165	9.9%	D-363
Total Debt Service	\$1,311,533	\$1,348,180	\$36,647	2.8%	

The line item for debt service on program bonds reflects debt service for bonding amounts permitted by and subsequent to P.L.2012, c.13. When combined with the line items for debt service on prior bonds, which reflects debt service on bonding amounts permitted prior to P.L.2012, c.13, these amounts comprise the total State appropriation-backed debt service cost of the Transportation Trust Fund Authority (TTFA). The program bond line item represents the annual debt service costs on \$3.458 billion in par bond issuance authorized under P.L.2012, c.13. An additional \$12 billion in program bonds are authorized under P.L.2016, c.56. The par value of TTFA bonds outstanding on June 30, 2017 is \$15.03 billion, which does not include the \$3.2 billion Indirect GARVEE notes issued in November 2016.

The FY 2019 combined debt service appropriation is \$1.348 billion, an increase of \$36.6 million over the \$1.312 billion appropriated for FY 2018. This appropriation does not include debt service on \$3.2 billion in Indirect GARVEEs issued in November 2016. The debt service owed on that debt for FY 2019 is anticipated to be \$338.9 million and is to be repaid with federal reimbursements for the construction of federal transportation projects. State funds used to construct those federal projects will be the means by which the State indirectly pays debt service on those bonds.

All Other Funds

Transportation Trust Fund Authority	\$845,722	\$809,075	(\$36,647)	(4.3%)	D-363
--	------------------	------------------	-------------------	----------------	--------------

This line item represents the newly created Transportation Trust Fund Subaccount for Capital Reserves. This subaccount was created pursuant to P.L.2016, c.56, the FY 2017-2024 Transportation Trust Fund (TTF) renewal. This law created a new capital reserves account for

Significant Changes/New Programs (\$000) (Cont'd)

<u>Budget Item</u>	<u>Adj. Approp. FY 2018</u>	<u>Recomm. FY 2019</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
--------------------	---------------------------------	----------------------------	--------------------------	---------------------------	------------------------

appropriations of constitutionally dedicated revenues to the TTF that are not needed for annual debt service on TTFA bonds. Under prior law, any amounts appropriated to the TTFA beyond what was necessary for the payment of debt service was to be used to pay directly for project costs (pay-as-you-go). Pursuant to language recommended in the FY 2019 Governor’s Budget, constitutionally dedicated revenues in excess of the amount required for debt service on TTFA bonds or bond reserve requirements are first appropriated to the Transportation Trust Fund Subaccount for Capital Reserves.

Amounts in this subaccount must be used for the statutory purposes of the TTF, i.e., debt service on TTFA bonds or direct support of projects in the annual capital program. FY 2019 budget language allows the subaccount to be used for both purposes, but it is unclear at this point precisely when and how these funds will be used. Actual and estimated deposits into the account since its inception in FY 2017 through FY 2019, total nearly \$1.99 billion. According to the Budget in Brief, \$800 million in pay-as-you-go funding will support the FY 2019 capital program, which would leave the reserve account with an FY 2019 year-end balance of \$1.2 billion.

III. Special Transportation Trust Fund

**Transportation Trust
Fund– Local Highway
Funds**

\$510,160	\$437,700	(\$72,460)	(14.2%)	D-363/H-6
------------------	------------------	-------------------	-----------------	------------------

**Transportation Trust
Fund– State Highway
Funds**

\$813,840	\$802,300	(\$11,540)	(1.4%)	D-363/H-6
------------------	------------------	-------------------	----------------	------------------

**Transportation Trust
Fund Authority
(Public
Transportation)**

\$676,000	\$760,000	\$84,000	12.4%	D-363/H-6
------------------	------------------	-----------------	--------------	------------------

Subtotal:	\$2,000,000	\$2,000,000	0	—
------------------	--------------------	--------------------	----------	----------

These line items represent the State portion of the annual transportation capital program. The transportation capital program continues at the \$2.0 billion level for FY 2019. P.L.2016, c.56, the FY 2017-2024 TTF renewal law provides for \$16 billion in total transportation capital expenditures over the eight year period of the renewal, which is to be supported by \$12 billion in borrowing over the renewal period. The statute does not provide for year-by-year funding or borrowing levels, but the totals authorized equate to an average of \$2 billion per year in project spending, supported by \$1.5 billion per year in TTFA borrowing. A companion law enacted providing for an approximate 23 cent per gallon increase in the petroleum products gross receipts tax which will provide additional dedicated State revenue to support both the pay-as-you go portion of the program and debt service on newly issued program bonds.

Significant Changes/New Programs (\$000) (Cont'd)

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2018</u>	<u>Recomm.</u> <u>FY 2019</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
--------------------	---------------------------------------	----------------------------------	--------------------------------	---------------------------------	------------------------------

The distribution of capital funds in FY 2019 appears to reduce funding for local transportation projects by \$72.5 million and State transportation projects by \$11.5 million, allowing for an \$84 million increase in State capital support for NJ Transit projects. The \$437.7 million in local funding continues State support for the statutorily required local aid program expenditures under P.L.2016, c.56 at \$430 million, up from \$425 million in the FY 2018 capital program, and above the statutory minimum of \$400 million. The reduction is associated with a shift between State and federal capital funds. In recent years funding for projects selected by the Metropolitan Planning Organizations (MPO) was supported through State funds as local highway aid, separately from the statutory local aid programs, and a corresponding amount of federal funds was used to support NJ Transit capital-to-operating transfers. The FY 2019 allocation reverses this, by funding MPO selected projects with federal funds and increasing the amount of State funds used to support NJ Transit capital-to-operating transfers. This shifts the distribution of State funds from local system support to mass transit assets, and federal funds from mass transit assets to local system support, as reflected in the New Jersey Transportation Capital Plan displayed on page H-6 of the budget.

IV. Public Transportation – NJ Transit**D-368****NJ Transit – Distribution by Fund and Object****A. Expenditures**

1. Salaries and Wages	\$1,346,400	\$1,407,590	\$61,190	4.5%
2. Materials and Supplies	\$317,850	\$326,240	\$ 8,390	2.6%
3. Services Other Than Personal	\$142,900	\$152,380	\$ 9,480	6.6%
4. Purchased Transportation	\$243,600	\$255,840	\$12,240	5.0%
5. Insurance and Claims	\$33,200	\$35,200	\$ 2,000	6.0%
6. Tolls, Taxes, and Other	\$133,906	\$138,706	\$ 4,800	3.6%
Total Expenditures	\$2,217,856	\$2,315,956	\$98,100	4.4%

B. Revenues

1. State Subsidy	\$140,856	\$382,466	\$241,610	171.5%
2. NJT Resources:				
Farebox Revenue	\$1,013,980	\$985,770	(\$28,210)	(2.8%)
Other Commercial Revenue	\$115,200	\$117,500	\$ 2,300	2.0%
Other - Reimbursements	\$947,820	\$830,220	(\$117,600)	(12.4%)
Total Revenues	\$2,217,856	\$2,315,956	\$98,100	4.4%

Significant Changes/New Programs (\$000) (Cont'd)

<u>Budget Item</u>	<u>Adj. Approp. FY 2018</u>	<u>Recomm. FY 2019</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
--------------------	---------------------------------	----------------------------	--------------------------	---------------------------	------------------------

NJ Transit’s operating budget is proposed to increase by 4.4% or \$98.1 million in FY 2019, which is made possible by a larger General Fund contribution to NJ Transit’s total operating subsidy. The FY 2019 subsidy will increase by \$166.6 million, to \$593.6 million and is composed of three sources: \$129 million in support from the NJ Turnpike Authority, \$82.1 million from the Clean Energy Fund, and \$382.5 million in support from the General Fund. The General Fund portion of the subsidy is \$241.6 million above the FY 2018 amount. This increase is necessary to counteract projected declines in the agency’s two largest revenue sources - a \$28.2 million (2.8%) decrease in farebox revenue, and a \$117.6 million (12.4%) decrease in other reimbursements – and to provide an overall increase in total NJT operating revenue. The contribution from NJ Turnpike Authority resources, which is a portion of other reimbursements, is a reduction of \$75 million from the FY 2018 level of support. The remaining loss of \$42.6 million of other reimbursements is due to a lower reallocation of certain State and federal funds from capital purposes to NJ Transit operating expenses.

**Transportation Assistance for
Senior Citizens and Disabled
Residents**

	\$17,801	\$18,586	\$ 785	4.4%	
--	-----------------	-----------------	---------------	-------------	--

State support for the county transit systems has shifted from the Casino Revenue Fund to the Property Tax Relief Fund for FY 2019. N.J.S.A.27:25-28 requires an annual appropriation to NJ Transit for the Senior Citizen and Disabled Resident Transportation Assistance Program of 8.5% of the revenues deposited into the Casino Revenue Fund in the preceding year. \$18.6 million is the statutorily required amount of funding for the program in FY 2019. The program is responsible for assisting counties in providing transportation to elderly and disabled residents. This year’s 4.4% increase keeps funding within the range of \$17.5 million and \$18.8 million that has prevailed over the last five years. This level of funding is a notable decline from the FY 2008 funding level of \$36.9 million; hence, the recommended appropriation of \$18.6 million for FY 2019 still reflects a decline of nearly 50% since the FY 2008 peak. The response to the funding reduction has varied by county, with most engaging in a combination of reduced services, and increased funding from a variety of sources, including county, federal, and commercial (advertising) revenue.

Significant Language Changes

Motor Vehicle Commission Surcharges

Addition

2018 Handbook: n/a
2019 Budget: p. D-359

There are appropriated from the Unsafe Driving Surcharges Fund established pursuant to section 5 of P.L. 2004, c. 70 (C.34:1B-21.27), all amounts on deposit in such fund as required under the contract between the Treasurer and the New Jersey Economic Development Authority entered into pursuant to section 7 of P.L. 2004, c. 70 (C.34:1B-21.29).

There are appropriated from the Division of Motor Vehicles Surcharge Fund established pursuant to section 12 of P.L. 1994, c. 57 (C.34:1B-21.12), all amounts on deposit in such fund as required under the contract between the Treasurer and the New Jersey Economic Development Authority entered into pursuant to section 7 of P.L. 2004, c. 70 (C.34:1B-21.29)

Explanation

The new language appropriates amounts on deposit in the Unsafe Driving Surcharges Fund and the Division of Motor Vehicle Surcharge Fund to the New Jersey Economic Development Authority (EDA) for the payment of debt service on bonds secured by MVC surcharges. The EDA issued \$577.7 million in 2017 series A and B Motor Vehicle Surcharges Subordinate Revenue Refunding Bonds. These bonds are in addition to the unrefunded existing surcharge bonds which were payable through 2034. Some of the newly issued bonds are subject to a “turbo” repayment agreement under which, after certain fixed debt service payments and a \$7.5 million transfer to the “Alcohol Treatment Programs Fund are satisfied,” the entire remaining balance of these surcharge collections are utilized to retire those bonds before maturity. This language is needed to meet the conditions of the 2017 series A and B Motor Vehicle Surcharges Subordinate Revenue Refunding Bond contract.

Motor Vehicle Commission Revenue – Funding Shift

Revision

2018 Handbook: p. B-167
2019 Budget: p. D-360

Notwithstanding the provisions of section 105 of P.L.2003, c.13 (C.39:2A-36) or any law to the contrary, ~~\$88,908,000~~ 40,000,000 is appropriated from the revenues appropriated to the New Jersey Motor Vehicle Commission for deposit in the General Fund to reflect continuing savings initiatives, subject to the approval of the Director of the Division of Budget and Accounting.

EXPLANATION: FY 2017 language not recommended for FY 2018 denoted by strikethrough.
Recommended FY 2018 language that did not appear in FY 2017 denoted by underlining.

Significant Language Changes (Cont'd)

Explanation

The recommended budget language reduces by \$48.9 million the amount of MVC revenue directed to the General Fund as State revenue. This change decreases the amount of Motor Vehicle Fees available to the General Fund which, as a result, leaves more funding with the MVC to support commission operations. The total amount of Motor Vehicle Fees being directed to the General Fund in FY 2019 is \$50 million, in addition to the MVC’s proportional share of luxury and fuel inefficient vehicle fees. The reduced shift of MVC revenues to the General Fund will contribute to a 17.6% increase in FY 2019 revenues allocated to MVC operations.

State and Local Highway Facilities - Allocation of New Tire Surcharge

Revision

2018 Handbook: p. B-168
2019 Budget: p. D-364

Of the amount hereinabove appropriated for Maintenance and Operations, ~~\$9,800,000~~ 10,100,000 for winter operations, including snow removal costs, is appropriated from the receipts of the New Tire Surcharge pursuant to P.L.2004, c.46 (C.54:32F-1 et seq.).

Explanation

The recommended budget language increases by \$300,000, the amount of New Tire Surcharge revenue that is directed to the DOT for snow removal in the maintenance and operations budget, to match the revenue estimated from the tire cleanup surcharge in FY 2019. The language revision has no impact on department appropriations, but prevents an allocation to the “Tire Management and Cleanup Fund”.

By statute, this revenue is to first reimburse the Department of Treasury for the costs incurred in collecting the new tire fee, the next \$2.3 million is to be deposited into the “Tire Management and Cleanup Fund,” and the remaining revenue is to be appropriated to the Department of Transportation for snow removal costs.

EXPLANATION: FY 2018 language not recommended for FY 2019 denoted by strikethrough.
Recommended FY 2019 language that did not appear in FY 2018 denoted by underlining.

Significant Language Changes (Cont'd)

Debt Service on Transportation Bonds – Dedicated Revenue

Revision

2018 Handbook: p. B-169

2019 Budget: p. D-364

The amount hereinabove appropriated for the Transportation Trust Fund Subaccount for Debt Service for Prior Bonds and ~~for~~ the Transportation Trust Fund Subaccount for Debt Service for Transportation Program Bonds shall be provided from the following revenues: (i) ~~\$552,529,000~~ 503,033,000 from motor fuels taxes, which are hereby appropriated for such purposes pursuant to Article VIII, Section II, paragraph 4 of the State Constitution; (ii) ~~\$547,004,000~~ 633,147,000 from the petroleum products gross receipts tax, which is hereby appropriated for such purposes pursuant to Article VIII, Section II, paragraph 4 of the State Constitution; and (iii) \$200,000,000 from the sales and use tax which is hereby appropriated for such purposes pursuant to Article VIII, Section II, paragraph 4 of the State Constitution.

Explanation

As in past years, the FY 2019 Budget recommends language directing the appropriations to the TTF accounts to be provided from revenues dedicated under the Constitution and under specified State laws, and from funds receivable under contract from various "transportation-oriented" (i.e., toll road) authorities. The minimum amounts dedicated under the Constitution include: (1) \$200 million from sales and use tax revenue; (2) all petroleum products gross receipts tax revenue (\$1.44 billion; and (3) all revenue from the motor fuels tax (\$503 million). The toll road authority support for the TTF is not constitutionally required, but represents an additional \$12 million in TTF funding.

The revised language identifies the constitutionally dedicated revenue sources of the debt service appropriations for Prior Bond and Program Bonds in FY 2019. The total amount of debt service payments on Prior Bonds increases from \$1,087,254,000 in FY 2018 to \$1,101,736,000 in FY 2019. The total amount of debt service payments on Program Bonds increases from \$224,279,000 in FY 2018 to \$246,444,000 in FY 2019.

The \$809.1 million difference between the total Petroleum Products Gross Receipts Tax revenue and the amount appropriated for TTFA debt service represents the amount that is being deposited into the Transportation Trust Fund Subaccount for Capital Reserves. This subaccount was created pursuant to P.L.2016, c.56, the FY 2017-2024 TTF renewal law, for appropriations of constitutionally dedicated revenues to the TTF that are not needed for annual debt service on TTFA bonds. Under prior law, any amount appropriated to the TTFA beyond what was necessary for the payment of debt service was to be used to pay directly for project costs (pay-as-you-go). Funds in this new subaccount are held for expenditure on TTF projects or debt service in future years.

EXPLANATION: FY 2018 language not recommended for FY 2019 denoted by strikethrough.
Recommended FY 2019 language that did not appear in FY 2018 denoted by underlining.

Significant Language Changes (Cont'd)

Transportation Trust Fund Subaccount for Capital Reserves

Addition

2018 Handbook: n/a
2019 Budget: p. D-364-365

Notwithstanding the provisions of any law or regulation to the contrary, the Department of Transportation is authorized to use monies in the Transportation Trust Fund - Subaccount for Capital Reserves for contracted federal projects until such time as federal funds become available for those projects, subject to the approval of the Director of the Division of Budget and Accounting. Subject to the receipt of federal funds, the Transportation Trust Fund - Subaccount for Capital Reserves may be reimbursed for all monies that were transferred to advance federally funded projects, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

This language mirrors a comparable language provision allowing for the transfer of Transportation Trust Fund monies for the same purpose, i.e., to make contracted payments on federally funded projects in advance of receipt of federal reimbursements. This language is needed because the federal transportation funding is provided to states on a reimbursement basis, requiring a State to make payments up front for federally supported transportation projects. This provision will allow those federal projects to receive initial support from the Subaccount for capital reserves in the same manner as Transportation Trust Fund monies are currently used, prior to federal reimbursement, enhancing the department's ability to manage project cash flow.

Capital Program – Route 52 Causeway Replacement Project

Deletion

2018 Handbook: B-170
2019 Budget: n/a

~~Federal funds received in conjunction with the Route 52 Causeway Replacement Contract A Construction Fund are hereby appropriated to the New Jersey Transportation Trust Fund Authority to pay debt service and other costs related to the Grant Anticipation Revenue Vehicles (GARVEE).~~

Explanation

The deletion of this language reflects that in FY 2018, the TTFA made the final debt service payment on the 2006 Series A Direct GARVEE Bond, which was used to fund the Route 52 Causeway Replacement Project. Now that this bond has been repaid, the TTFA has no outstanding Direct GARVEE bond issuances.

EXPLANATION: FY 2018 language not recommended for FY 2019 denoted by strikethrough. Recommended FY 2019 language that did not appear in FY 2018 denoted by underlining.

Significant Language Changes (Cont'd)

Transportation Trust Fund – Transportation Infrastructure Bank

Addition

2018 Handbook: n/a
2019 Budget: p. D-366

Notwithstanding the provisions of any law or regulation to the contrary, of the amount hereinabove appropriated from the revenues and other funds of the New Jersey Transportation Trust Fund Authority for the Local Aid Infrastructure Fund – State Transportation Infrastructure Bank Fund, an amount not to exceed \$2,600,000 is appropriated for the payment of operating expenses of the New Jersey Infrastructure Bank for the purpose of administering the Transportation Financing Program which provides loan assistance programs for local road projects, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

P.L.2016, c.56 provided for the establishment of a Transportation Infrastructure Bank to be administered by the New Jersey Infrastructure Bank (formerly New Jersey Environmental Infrastructure Trust) upon an appropriation to provide funds for administrative capacity. That appropriation was made by P.L.2017, c.327, which allocated \$2.6 million from amounts previously appropriated in the FY 2018 capital program for the Local Aid Infrastructure Fund. The FY 2019 draft capital program proposes an appropriation of \$22.6 million to support the Transportation Infrastructure Bank. The bank provides loans or other assistance to public or private entities for the purpose of financing all or a portion of the costs incurred for the planning, acquisition, engineering, construction, reconstruction, repair or rehabilitation of a transportation project or for any other purpose permitted under the federal infrastructure bank program.

Property Tax Relief Fund – Senior Citizen and Disabled Resident Transportation

Addition

2018 Handbook: n/a
2019 Budget: p. D-369

Notwithstanding the provisions of subsection b. of section 4 of P.L.1983, c.578 (C.27:25-28) or any other law or regulation to the contrary, the amount hereinabove appropriated for Transportation Assistance for Senior Citizens and Disabled Residents is appropriated from the Property Tax Relief Fund, subject to the approval of the Director of the Division of Budget and Accounting.

EXPLANATION: FY 2018 language not recommended for FY 2019 denoted by strikethrough. Recommended FY 2019 language that did not appear in FY 2018 denoted by underlining.

Significant Language Changes (Cont'd)**Explanation**

N.J.S.A.27:25-28 requires an annual appropriation to NJ Transit of 8.5% from the revenues deposited into the casino revenue fund in the preceding year. In FY 2019, \$18.6 million is the statutorily required amount of funding for the Senior Citizen and Disabled Resident Transportation Assistance Program, which is responsible for assisting counties in providing transportation to elderly and disabled residents. The language provision provides this amount from the Property Tax Relief Fund, rather than from the Casino Revenue Fund.

EXPLANATION: FY 2018 language not recommended for FY 2019 denoted by strikethrough.
Recommended FY 2019 language that did not appear in FY 2018 denoted by underlining.

OFFICE OF LEGISLATIVE SERVICES

The Office of Legislative Services provides nonpartisan assistance to the State Legislature in the areas of legal, fiscal, research, bill drafting, committee staffing and administrative services. It operates under the jurisdiction of the Legislative Services Commission, a bipartisan body consisting of eight members of each House. The Executive Director supervises and directs the Office of Legislative Services.

The Legislative Budget and Finance Officer is the chief fiscal officer for the Legislature. The Legislative Budget and Finance Officer collects and presents fiscal information for the Legislature; serves as Secretary to the Joint Budget Oversight Committee; attends upon the Appropriations Committees during review of the Governor's Budget recommendations; reports on such matters as the committees or Legislature may direct; administers the fiscal note process and has statutory responsibilities for the review of appropriations transfers and other State fiscal transactions.

The Office of Legislative Services Central Staff provides a variety of legal, fiscal, research and administrative services to individual legislators, legislative officers, legislative committees and commissions, and partisan staff. The central staff is organized under the Central Management Unit into ten subject area sections. Each section, under a section chief, includes legal, fiscal, and research staff for the standing reference committees of the Legislature and, upon request, to special commissions created by the Legislature. The central staff assists the Legislative Budget and Finance Officer in providing services to the Appropriations Committees during the budget review process.

Individuals wishing information and committee schedules on the FY 2019 budget are encouraged to contact:

**Legislative Budget and Finance Office
State House Annex
Room 140 PO Box 068
Trenton, NJ 08625
(609) 847-3105 • Fax (609) 777-2442**