



Capital Construction and Debt Service

The Capital Construction portion of this section includes an overview and summary of appropriations and expenditures for the design, construction and repair of major capital assets such as roads, bridges, parks or other physical facilities.

The Debt Service portion of this section shows the amounts necessary to pay principal and interest due on capital projects financed via general obligation bonds.

CAPITAL CONSTRUCTION

OVERVIEW

Capital Definition and Objectives

In New Jersey, a capital project is defined to include the acquisition of land, new structures and equipment, and other projects whose cost of land, planning, furnishing and equipment is estimated over \$50,000. Projects or acquisitions under \$50,000 are appropriated in the maintenance accounts in the Direct State Services section of the budget. New Jersey's Capital Program invests in critical short-term and long-term needs that prove to be essential to the citizens of the state. These needs include preservation of existing capital equipment and facilities; investments in the transportation system; improvements to wastewater treatment and water supply facilities; cleanup of hazardous waste sites; preservation of open space; and construction of local schools and higher education facilities. Together, these investments ensure a clean and healthy environment, provide recreational space, enhance mobility and generate economic growth and jobs for New Jersey citizens.

Capital Planning Process

The Capital budget is largely based on the recommendations of the New Jersey Commission on Capital Budgeting and Planning. This Commission is composed of members of the Executive Branch, Legislative Branch and the public. It prepares the State's annual Capital Improvement Plan and serves in an advisory role to the Governor and the Legislature. In addition to the Commission, the capital budgeting process includes the Governor's Office, the Office of Management and Budget, the Department of the Treasury and other State departments and agencies.

This budget recommends funding for recurring environmental, transportation and open space capital expenditures. Due to resource constraints, this budget recommends no significant funding for non-recurring capital expenditures.

Additional information on capital recommendations can be found in the individual departmental detail.

CAPITAL CONSTRUCTION

Summary of Appropriations by Department (thousands of dollars)

Year Ending June 30, 2018					Year Ending June 30, 2020			
Orig. & (S)Supple- mental	Reapp. & (R)Recpts.	Transfers & (E)Emer- gencies	Total Available	Expended	2019 Adjusted Approp.	Requested	Recom- mended	
50,319	---	-50,265	54	---	23,593	---	---	
---	---	3,701	3,701	411	---	---	---	
---	4,689	---	4,689	899	---	---	---	
---	193	---	193	---	---	---	---	
95,983	143,614	13,056	252,653	109,952	106,680	67,308	67,308	
---	658	---	658	642	---	---	---	
---	206	---	206	107	---	---	---	
---	1,383	1,225	2,608	1,242	---	---	---	
---	1,394	2,372	3,766	964	---	---	---	
1,312,448	---	---	1,312,448	1,274,741	1,349,180	1,471,839	1,471,839	
1,112,448	---	---	1,112,448	1,074,741	1,149,180	1,271,839	1,271,839	
200,000	---	---	200,000	200,000	200,000	200,000	200,000	
---	5	---	5	5	---	---	---	
204,599	32,137	730	237,466	190,319	198,340	152,521	152,521	
173,341	32,137	730	206,208	159,413	167,081	121,257	121,257	
31,258	---	---	31,258	30,906	31,259	31,264	31,264	
1,663,349	184,279	-29,181	1,818,447	1,579,282	1,677,793	1,691,668	1,691,668	
1,432,091	184,279	-29,181	1,587,189	1,348,376	1,446,534	1,460,404	1,460,404	
231,258	---	---	231,258	230,906	231,259	231,264	231,264	
					Total Appropriation			
					<i>(From General Fund)</i>	1,446,534	1,460,404	1,460,404
					<i>(From Property Tax Relief Fund)</i>	231,259	231,264	231,264

DEBT SERVICE

OVERVIEW

The State finances certain capital projects through the sale of general obligation bonds that have been approved by voters in a general election. The State must present debt before the voters in a general election under the statutory debt limitations in the State Constitution. The State Constitution provides that the State Legislature shall not create, in any fiscal year, debt or liability of the State, which, together with any previous debts or liabilities, exceeds at any time 1% of total appropriations, unless authorized by law and submitted to the people at a general election for approval by the voters. Since the recommended appropriation level is approximately \$38.6 billion, the debt limit is \$386 million before voter approval must be sought. The current level of outstanding general obligation debt is \$1.8 billion. Therefore, voter approval must be sought in order to authorize additional general obligation bonds. Voter approval is not required for any law authorizing the creation of a debt for a refinancing of all or any portion of the outstanding debts or liabilities of the State, so long as the refinancing

produces a debt service savings.

The Debt Service section of the budget shows the amounts necessary to pay principal and interest due on capital projects financed via general obligation bonds. Appropriations for principal and interest payments on general obligation bonds are recommended at \$358.8 million for fiscal year 2020. This projected level of debt service for fiscal 2020 reflects \$343.8 million for the payment of principal and interest on bonds outstanding on July 1, 2018 and \$15.0 million for a new bond issue.

The Statement of General Long-Term Debt, which appears in the Appendix of this budget, shows the status of the State's general obligation bonded indebtedness as of June 30, 2018. The outstanding debt as of that date is \$1.8 billion. Also, there is \$593.2 million of additional long-term debt authorized but unissued.

DEBT SERVICE (thousands of dollars)

Year Ending June 30, 2018						Year Ending June 30, 2020		
Orig. & (S)Supple- mental	Reapp. & (R)Recpts.	Transfers & (E)Emer- gencies	Total Available	Expended		2019 Adjusted Approp.	Requested	Recom- mended
81,645	---	---	81,645	81,639	Interest on Bonds	79,992	81,733	81,733
244,725	---	---	244,725	244,725	Bond Redemption	244,570	277,025	277,025
326,370	---	---	326,370	326,364	Total Appropriation	324,562	358,758	358,758
12	---	---	12	12	Clean Waters Bonds (P.L. 1976, c. 92)	11	11	11
1,042	---	---	1,042	1,042	Water Supply Bonds (P.L. 1981, c. 261)	1,042	1,040	1,040
237,040	---	---	237,040	237,039	Refunding Bonds (P.L. 1985, c. 74, as amended by P.L. 1992, c. 182)	224,510	243,699	243,699
64	---	---	64	64	Pinelands Infrastructure Trust Bonds (P.L. 1985, c. 302)	66	63	63
747	---	---	747	747	Hazardous Discharge Bonds (P.L. 1986, c. 113)	748	748	748
420	---	---	420	420	Stormwater Management and Combined Sewer Overflow Abatement Bonds (P.L. 1989, c. 181)	417	423	423
362	---	---	362	361	New Jersey Open Space Preservation Bonds (P.L. 1989, c. 183)	526	525	525
562	---	---	562	562	Green Acres, Clean Water, Farmland and Historic Preservation Bonds (P.L. 1992, c. 88)	563	562	562
225	---	---	225	225	Green Acres, Farmland and Historic Preservation and Blue Acres Bonds (P.L. 1995, c. 204)	225	224	224
3,429	---	---	3,429	3,428	Port of New Jersey Revitalization, Dredging Bonds (P.L. 1996, c. 70)	3,429	3,434	3,434
1,422	---	---	1,422	1,421	Dam, Lake, Stream, Water Resources, and Wastewater Treatment Project Bonds (P.L. 2003, c. 162)	1,420	1,425	1,425
10,172	---	---	10,172	10,171	Green Acres, Farmland, Blue Acres, and Historic Preservation Bonds (P.L. 2007, c. 119)	10,667	10,667	10,667

DEBT SERVICE

Year Ending June 30, 2018						Year Ending June 30, 2020		
Orig. & (S)Supple- mental	Reapp. & (R)Recpts.	Transfers & (E)Emer- gencies	Total Available	Expended		2019 Adjusted Approp.	Requested	Recom- mended
20,589	---	---	20,589	20,588	Green Acres, Water Supply and Floodplain Protection, and Farmland and Historic Preservation Bonds (P.L. 2009, c. 117)	23,501	23,504	23,504
50,284	---	---	50,284	50,284	Building our Future Bonds (P.L. 2012, c. 41)	57,437	57,433	57,433
---	---	---	---	---	Payments on Future Bond Sales	---	15,000	15,000
326,370	---	---	326,370	326,364	Total Appropriation	324,562	358,758	358,758

DESCRIPTION OF BOND FUNDS FINANCED BY DEBT SERVICE APPROPRIATION

CLEAN WATERS BONDS - 1976

An amount of \$120 million was authorized for the conservation and development of water resources through construction of water supply and wastewater treatment facilities.

ENERGY CONSERVATION BONDS - 1980

An amount of \$50 million was authorized for energy audits and renovation of public buildings for the purpose of reducing energy consumption.

NATURAL RESOURCES BONDS - 1980

An amount of \$145 million was authorized for development, acquisition and construction of resource recovery facilities, sewage treatment facilities, water supply facilities, dam restoration projects and harbor cleanup. An amount of \$50 million was allocated for resource recovery; \$60 million for sewage treatment; \$12 million for harbor cleanup; \$15 million for dam restoration; and \$8 million for water supply.

WATER SUPPLY BONDS - 1981

An amount of \$350 million was authorized for State or local projects to rehabilitate, repair or consolidate antiquated, damaged or inadequately operating water supply facilities and to plan, design, acquire and construct various state water supply facilities.

PINELANDS INFRASTRUCTURE TRUST BONDS - 1985

An amount of \$30 million was authorized to provide grants and loans to local governments located in the Pinelands for infrastructure needs.

HAZARDOUS DISCHARGE BONDS - 1986

An amount of \$200 million was authorized for the identification, cleanup and removal of hazardous discharges.

NEW JERSEY GREEN ACRES, CULTURAL CENTERS AND HISTORIC PRESERVATION BONDS - 1987

An amount of \$100 million was authorized for the construction and development of cultural centers and for restoration, repair and rehabilitation of historic structures. An amount of \$40 million was allocated to the Department of State for State grants for cultural center development. The Department of Environmental Protection was allocated \$25 million for historic preservation grants and loans and \$35 million for grants and loans to local government units for Green Acres projects.

STORMWATER MANAGEMENT AND COMBINED SEWER OVERFLOW ABATEMENT BONDS - 1989

An amount of \$50 million was authorized for the purpose of providing grants and low interest loans to local government units for the costs of projects to manage stormwater and abate combined sewer overflows into the state's waters and other improper connections of stormwater and sewer systems.

OPEN SPACE PRESERVATION BONDS - 1989

An amount of \$300 million was authorized for the purchase and development of land for recreation and conservation purposes and to provide State matching funds for soil and water conservation projects. The Department of Environmental Protection was allocated \$230 million for acquisition of lands for recreational development and conservation purposes and \$20 million for funding development potential transfer banks. The Department of Agriculture was allocated \$50 million for the preservation of farmland for agricultural use and production.

DEBT SERVICE

PUBLIC PURPOSE BUILDINGS AND COMMUNITY-BASED FACILITIES CONSTRUCTION BONDS - 1989

An amount of \$125 million was authorized for the purchase, construction and renovation of public buildings. An amount of \$90 million was allocated to the Department of Human Services for facilities for the mentally ill and developmentally disabled. The Department of Corrections was allocated \$35 million for the construction of correctional facilities.

GREEN ACRES, CLEAN WATER, FARMLAND AND HISTORIC PRESERVATION BONDS - 1992

A total amount of \$345 million was authorized, of which the Department of Environmental Protection was authorized an amount of \$200 million for acquisition and development of lands for recreation and conservation purposes, \$25 million for historic preservation projects, \$20 million for dam restoration and inland waters projects and \$50 million for financing wastewater treatment system projects. The Department of Agriculture was provided with \$50 million for the preservation of farmland for agricultural use and production.

GREEN ACRES, FARMLAND AND HISTORIC PRESERVATION, AND BLUE ACRES BONDS - 1995

A total amount of \$340 million was authorized, of which the Department of Environmental Protection was allocated \$250 million for acquisition and development of lands for recreation and conservation purposes, and to provide State matching funds for recreation and conservation projects, \$10 million for historic preservation projects, \$15 million for the acquisition of coastal area lands that have, or are prone to damage by storms or storm-related flooding and \$15 million to purchase lands in the floodway of the Passaic River. The Department of Agriculture was allocated \$50 million for the preservation of farmland for agricultural use and production.

PORT OF NEW JERSEY REVITALIZATION, DREDGING, ENVIRONMENTAL CLEANUP, LAKE RESTORATION, AND DELAWARE BAY AREA ECONOMIC DEVELOPMENT BONDS - 1996

The Department of Environmental Protection was authorized a total amount of \$300 million, of which \$185 million was allocated for the construction of subaqueous pits and a containment facility for the disposal of dredged material from the New Jersey/New York port region, \$20 million for dredging navigational channels not located in the port region, \$70 million for remediation of hazardous discharge sites, \$5 million for lake restoration projects and \$20 million for financing economic development sites in the Delaware River and Bay Region.

STATEWIDE TRANSPORTATION AND LOCAL BRIDGE BONDS - 1999

An amount of \$500 million was authorized for the purpose of rehabilitating and improving the state transportation system, including local bridges. Of the total amount authorized, \$250 million was allocated for grants to county and municipal governments for rehabilitation and improvement of structurally deficient bridges carrying county or municipal roads, including railroad overhead bridges. The remaining \$250 million was allocated for transportation projects.

DAM, LAKE, STREAM, AND WASTEWATER TREATMENT PROJECT BONDS - 2003

An amount of \$200 million was authorized for the purposes of dam restoration and repair projects, lake dredging and restoration projects, and stream cleaning and desnagging projects. Of the total amount authorized, \$15 million was allocated to restore and repair State-owned dams, \$105 million was allocated for low-interest loans to owners of private dams for dam restoration and repair projects, \$30 million was allocated for low-interest loans to owners of private lakes and streams and private lake associations for lake dredging, restoration, or stream cleaning and desnagging projects, necessary to diminish severe flooding, and \$50 million was allocated for wastewater treatment system projects.

GREEN ACRES, FARMLAND, BLUE ACRES, AND HISTORIC PRESERVATION BONDS - 2007

An amount of \$200 million was authorized for the purpose of acquisition and development of lands for recreation and conservation purposes; preservation of farmland for agricultural or horticultural use and production; acquisition, for recreation and conservation purposes, of properties in the floodways of the Delaware River, Passaic River and Raritan River, and their tributaries, that are prone to or have incurred flood or storm damage; and funding historic preservation projects.

GREEN ACRES, WATER SUPPLY AND FLOODPLAIN PROTECTION, AND FARMLAND AND HISTORIC PRESERVATION BONDS - 2009

An amount of \$400 million was authorized for the purpose of acquisition and development of lands for recreation and conservation purposes, including lands that protect water supplies; preservation of farmland for agricultural or horticultural use and production; acquisition, for recreation and conservation purposes, of properties that are prone to or have incurred flood or storm damage; and funding historic preservation projects.

BUILDING OUR FUTURE BONDS - 2012

An amount of \$750 million was authorized for the purpose of capital project grants for increasing academic capacity at New Jersey's public institutions and private institutions of higher education.

NEW JERSEY LIBRARY CONSTRUCTION BOND ACT - 2017

An amount of \$125 million was authorized for the purpose of the construction, reconstruction, development, extension, improvement and furnishing of New Jersey's public libraries.

SECURING OUR CHILDREN'S FUTURE BOND ACT - 2018

An amount of \$500 million was authorized for the purpose of capital project grants for increasing the career and technical education program capacity at county vocational school districts and county colleges, for school security upgrades, and for school district water infrastructure improvement projects.

APPROPRIATIONS DATA
(thousands of dollars)

42. DEPARTMENT OF ENVIRONMENTAL PROTECTION
40. COMMUNITY DEVELOPMENT AND ENVIRONMENTAL MANAGEMENT
46. ENVIRONMENTAL PLANNING AND ADMINISTRATION

Year Ending June 30, 2018					Year Ending June 30, 2020			
Orig. & (S)Supplemental	Reapp. & (R)Repts.	Transfers & (E)Emergencies	Total Available	Expended		2019 Adjusted Approp.	Requested	Recommended
14,801	---	---	14,801	14,796	Interest on Bonds	17,165	15,891	15,891
<u>24,245</u>	<u>---</u>	<u>---</u>	<u>24,245</u>	<u>24,245</u>	Bond Redemption	<u>25,450</u>	<u>26,735</u>	<u>26,735</u>
39,046	---	---	39,046	39,041	Total Appropriation	42,615	42,626	42,626
Distribution by Object								
<i>Interest:</i>								
2	---	---	2	2	Clean Waters Bonds (P.L. 1976, c. 92)	1	1	1
142	---	---	142	142	Water Supply Bonds (P.L. 1981, c. 261)	97	50	50
9	---	---	9	9	Pinelands Infrastructure Trust Bonds (P.L. 1985, c. 302)	6	3	3
367	---	---	367	367	Hazardous Discharge Bonds (P.L. 1986, c. 113)	348	328	328
67	---	---	67	66	New Jersey Open Space Preservation Bonds (P.L. 1989, c. 183)	216	200	200
150	---	---	150	150	Stormwater Management and Combined Sewer Overflow Abatement Bonds (P.L. 1989, c. 181)	137	123	123
77	---	---	77	77	Green Acres, Clean Water, Farmland and Historic Preservation Bonds (P.L. 1992, c. 88)	53	27	27
110	---	---	110	110	Green Acres, Farmland and Historic Preservation and Blue Acres Bonds (P.L. 1995, c. 204)	105	99	99
1,724	---	---	1,724	1,723	Port of New Jersey Revitalization, Dredging Bonds (P.L. 1996, c. 70)	1,639	1,549	1,549
287	---	---	287	286	Dam, Lake, Stream, Water Resources, and Wastewater Treatment Project Bonds (P.L. 2003, c. 162)	230	170	170
2,272	---	---	2,272	2,271	Green Acres, Farmland, Blue Acres, and Historic Preservation Bonds (P.L. 2007, c. 119)	2,377	1,962	1,962
9,594	---	---	9,594	9,593	Green Acres, Water Supply and Floodplain Protection, and Farmland and Historic Preservation Bonds (P.L. 2009, c. 117)	11,956	11,379	11,379
<i>Redemption:</i>								
10	---	---	10	10	Clean Waters Bonds (P.L. 1976, c. 92)	10	10	10
900	---	---	900	900	Water Supply Bonds (P.L. 1981, c. 261)	945	990	990
55	---	---	55	55	Pinelands Infrastructure Trust Bonds (P.L. 1985, c. 302)	60	60	60
380	---	---	380	380	Hazardous Discharge Bonds (P.L. 1986, c. 113)	400	420	420
295	---	---	295	295	New Jersey Open Space Preservation Bonds (P.L. 1989, c. 183)	310	325	325

DEBT SERVICE

Year Ending June 30, 2018					Year Ending June 30, 2020			
Orig. & (S)Supple- mental	Reapp. & (R)Recpts.	Transfers & (E)Emer- gencies	Total Available	Expended		2019 Adjusted Approp.	Requested	Recom- mended
270	---	---	270	270	Stormwater Management and Combined Sewer Overflow Abatement Bonds (P.L. 1989, c. 181)	280	300	300
485	---	---	485	485	Green Acres, Clean Water, Farmland and Historic Preservation Bonds (P.L. 1992, c. 88)	510	535	535
115	---	---	115	115	Green Acres, Farmland and Historic Preservation and Blue Acres Bonds (P.L. 1995, c. 204)	120	125	125
1,705	---	---	1,705	1,705	Port of New Jersey Revitalization, Dredging Bonds (P.L. 1996, c. 70)	1,790	1,885	1,885
1,135	---	---	1,135	1,135	Dam, Lake, Stream, Water Resources, and Wastewater Treatment Project Bonds (P.L. 2003, c. 162)	1,190	1,255	1,255
7,900	---	---	7,900	7,900	Green Acres, Farmland, Blue Acres, and Historic Preservation Bonds (P.L. 2007, c. 119)	8,290	8,705	8,705
10,995	---	---	10,995	10,995	Green Acres, Water Supply and Floodplain Protection, and Farmland and Historic Preservation Bonds (P.L. 2009, c. 117)	11,545	12,125	12,125
39,046	---	---	39,046	39,041	Total Appropriation, Department of Environmental Protection	42,615	42,626	42,626

**82. DEPARTMENT OF THE TREASURY
70. GOVERNMENT DIRECTION, MANAGEMENT, AND CONTROL
76. MANAGEMENT AND ADMINISTRATION**

Year Ending June 30, 2018					Year Ending June 30, 2020			
Orig. & (S)Supple- mental	Reapp. & (R)Recpts.	Transfers & (E)Emer- gencies	Total Available	Expended		2019 Adjusted Approp.	Requested	Recom- mended
66,844	---	---	66,844	66,843	Interest on Bonds	62,827	65,842	65,842
<u>220,480</u>	---	---	<u>220,480</u>	<u>220,480</u>	Bond Redemption	<u>219,120</u>	<u>250,290</u>	<u>250,290</u>
<u>287,324</u>	---	---	<u>287,324</u>	<u>287,323</u>	Total Appropriation	281,947	316,132	316,132
Distribution by Object								
<i>Interest:</i>								
---	---	---	---	---	Payments on Future Bond Sales	---	15,000	15,000
41,695	---	---	41,695	41,694	Refunding Bonds (P.L.1985, c.74, as amended by P.L.1992, c.182)	31,785	21,119	21,119
<i>41,695</i>	---	---	<i>41,695</i>	<i>41,694</i>	<i>(From General Fund)</i>	<i>28,386</i>	<i>18,868</i>	<i>18,868</i>
---	---	---	---	---	<i>(From Property Tax Relief Fund)</i>	<i>3,399</i>	<i>2,251</i>	<i>2,251</i>
25,149	---	---	25,149	25,149	Building our Future Bonds (P.L. 2012, c. 41)	31,042	29,723	29,723
<i>Redemption:</i>								
195,345	---	---	195,345	195,345	Refunding Bonds (P.L.1985, c.74, as amended by P.L.1992, c.182)	192,725	222,580	222,580
195,345	---	---	195,345	195,345	<i>(From General Fund)</i>	<i>172,739</i>	<i>195,960</i>	<i>195,960</i>
---	---	---	---	---	<i>(From Property Tax Relief Fund)</i>	<i>19,986</i>	<i>26,620</i>	<i>26,620</i>
25,135	---	---	25,135	25,135	Building our Future Bonds (P.L. 2012, c. 41)	26,395	27,710	27,710
287,324	---	---	287,324	287,323	Total Appropriation, Department of the Treasury	281,947	316,132	316,132
<i>287,324</i>	---	---	<i>287,324</i>	<i>287,323</i>	<i>(From General Fund)</i>	<i>258,562</i>	<i>287,261</i>	<i>287,261</i>
---	---	---	---	---	<i>(From Property Tax Relief Fund)</i>	<i>23,385</i>	<i>28,871</i>	<i>28,871</i>

Language Recommendations -- Debt Service

Notwithstanding the provisions of any law or regulation to the contrary, such amounts as may be needed for the payment of interest and principal due from the issuance of any bonds authorized under the several bond acts of the State, or bonds issued to refund such bonds, are appropriated and first shall be charged to the earnings from the investments of such bond proceeds, or repayments of loans, or any other monies in the applicable bond funds, or all of these, established under such bond acts, and monies are appropriated from such bond funds for the purpose of paying interest and principal on the bonds issued pursuant to such bond acts. Where required by law, such amounts shall be used to fund a reserve for the payment of interest and principal on the bonds authorized under the bond act. Furthermore, where required by law, the amounts hereinabove appropriated are allocated to the projects heretofore approved by the Legislature pursuant to those bond acts. The Director of the Division of Budget and Accounting is authorized to reallocate amounts hereinabove appropriated among the various debt service accounts to permit the proper debt service payments.

There are appropriated such amounts as may be needed for the payment of debt service administrative costs.

Subsequent to the refunding of bonds in the current fiscal year, the Director of the Division of Budget and Accounting is authorized to allocate amounts hereinabove appropriated among the various debt service accounts to reflect the debt service savings of the refunding and to permit the proper debt service payments.

326,370	---	---	326,370	326,364	Grand Total, Debt Service	324,562	358,758	358,758
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