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.
**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 recurring funding for environmental, transportation and open space capital expenditures. In addition, this budget recommends $86.6 million within Interdepartmental Accounts for non-recurring discretionary capital projects at State-owned facilities. Additional information on capital recommendations can be found in the individual departmental detail.

**CAPITAL CONSTRUCTION**

**Summary of Appropriations by Department**

(Thousands of dollars)

| Orig. & Reapp. & transfers & | Year Ending June 30, | 2021 Adjusted | Year Ending June 30, |
| Orig. & Reapp. & transfers & | 2020 | Appropriated | 2022 |
| $Supplemental | $Recepts. | $Transfers & | Total Available | Expended | | | |
| 58,486 | 105 | -58,401 | 190 | --- | Department of Agriculture | 56,268 | --- | --- |
| 500 | 530 | 40 | 1,070 | 344 | Department of Community Affairs | --- | --- | --- |
| --- | 4,049 | 3,832 | 7,881 | 1,533 | Department of Corrections | --- | --- | --- |
| --- | 135 | --- | 135 | 23 | Department of Education | --- | --- | --- |
| 209,019 | 154,092 | -3,984 | 359,127 | 68,099 | Department of Environmental Protection | 276,192 | 152,169 | 152,169 |
| --- | 4,158 | --- | 4,158 | 402 | Department of Health | --- | --- | --- |
| --- | 1,088 | 3,861 | 4,949 | 225 | Department of Human Services | --- | --- | --- |
| --- | 1,501 | 3,859 | 5,360 | 1,737 | Department of Law and Public Safety | --- | --- | --- |
| --- | 1,891 | 1,442 | 3,333 | 1,253 | Department of Military and Veterans’ Affairs | --- | --- | --- |
| 1,412,200 | --- | --- | 1,412,200 | 1,412,198 | Department of Transportation | 1,496,095 | 1,577,190 | 1,577,190 |
| 1,212,200 | --- | --- | 1,212,200 | 1,212,198 | (From General Fund) | 1,296,095 | 1,377,190 | 1,377,190 |
| 200,000 | --- | --- | 200,000 | 200,000 | (From Property Tax Relief Fund) | 200,000 | 200,000 | 200,000 |
| --- | --- | 300 | --- | 300 | --- | --- | --- | --- |
| 147,021 | 57,402 | -3,185 | 201,238 | 141,100 | Interdepartmental Accounts | 137,541 | 204,749 | 204,749 |
| 115,757 | 57,402 | -3,185 | 169,974 | 109,893 | (From General Fund) | 106,277 | 173,485 | 173,485 |
| 31,264 | --- | --- | 31,264 | 31,207 | (From Property Tax Relief Fund) | 31,264 | 31,264 | 31,264 |
| 1,827,226 | 224,951 | -52,236 | 1,999,941 | 1,626,914 | Total Appropriation | 1,966,096 | 1,934,108 | 1,934,108 |
| 1,593,962 | 224,951 | -52,236 | 1,768,677 | 1,395,707 | (From General Fund) | 1,734,832 | 1,702,844 | 1,702,844 |
| 231,264 | --- | --- | 231,264 | 231,207 | (From Property Tax Relief Fund) | 231,264 | 231,264 | 231,264 |
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 $44.8 billion, the debt limit is $448 million before voter approval must be sought. The current level of outstanding general obligation debt is $5.1 billion, including the COVID-19 General Obligation Emergency Bonds authorized in July of 2020. 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 $395.2 million for fiscal year 2022. This projected level of debt service for fiscal 2022 reflects $361.4 million for the payment of principal and interest on bonds currently outstanding and $33.8 million for new bond issues.

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, 2020. The outstanding debt as of that date is $1.6 billion. Also, there is $768.2 million of additional long-term debt authorized but unissued.

### DEBT SERVICE

(Thousands of dollars)

<table>
<thead>
<tr>
<th>Orig. &amp; (S)Supplemental</th>
<th>Year Ending June 30, 2020</th>
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<th>Year Ending June 30, 2022</th>
<th>Recommended</th>
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<td>---</td>
</tr>
</tbody>
</table>
### 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.

#### 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.

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.

NEW JERSEY COVID-19 EMERGENCY BOND ACT - 2020
An amount of up to $9.9 billion was authorized for the purpose of responding to the fiscal exigencies caused by the COVID-19 Pandemic.
### DEBT SERVICE

#### APPROPRIATIONS DATA

*(thousands of dollars)*

#### 42. DEPARTMENT OF ENVIRONMENTAL PROTECTION

#### 40. COMMUNITY DEVELOPMENT AND ENVIRONMENTAL MANAGEMENT

#### 46. ENVIRONMENTAL PLANNING AND ADMINISTRATION

<table>
<thead>
<tr>
<th>Year Ending June 30, 2020</th>
<th>2021 Adjusted</th>
<th>Year Ending June 30, 2022</th>
<th>2021 Recommended</th>
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<td><strong>Orig. &amp; Transfers &amp;</strong></td>
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<td><strong>42,626</strong></td>
<td><strong>42,626</strong></td>
<td><strong>Total Appropriation</strong></td>
</tr>
</tbody>
</table>

### Distribution by Object

#### Special Purpose:

**Interest:**

- **1 Clean Waters Bonds** *(P.L. 1976, c. 92)*
  - 1

- **50 Water Supply Bonds** *(P.L. 1981, c. 261)*
  - 50

- **3 Pinelands Infrastructure Trust Bonds** *(P.L. 1985, c. 302)*
  - 3

- **328 Hazardous Discharge Bonds** *(P.L. 1986, c. 113)*
  - 328

- **200 New Jersey Open Space Preservation Bonds** *(P.L. 1989, c. 183)*
  - 200

- **123 Stormwater Management and Combined Sewer Overflow Abatement Bonds** *(P.L. 1989, c. 181)*
  - 123

- **27 Green Acres, Clean Water, Farmland and Historic Preservation Bonds** *(P.L. 1992, c. 88)*
  - 27

- **99 Green Acres, Farmland and Historic Preservation and Blue Acres Bonds** *(P.L. 1995, c. 204)*
  - 99

- **1,549 Port of New Jersey Revitalization, Dredging Bonds** *(P.L. 1996, c. 70)*
  - 1,549

- **170 Dam, Lake, Stream, Water Resources, and Wastewater Treatment Project Bonds** *(P.L. 2003, c. 162)*
  - 170

- **1,962 Green Acres, Farmland, Blue Acres, and Historic Preservation Bonds** *(P.L. 2007, c. 119)*
  - 1,962

- **11,379 Green Acres, Water Supply and Floodplain Protection, and Farmland and Historic Preservation Bonds** *(P.L. 2009, c. 117)*
  - 11,379

#### Redemption:

- **10 Clean Waters Bonds** *(P.L. 1976, c. 92)*
  - 10

- **990 Water Supply Bonds** *(P.L. 1981, c. 261)*
  - 990

- **60 Pinelands Infrastructure Trust Bonds** *(P.L. 1985, c. 302)*
  - 60

- **420 Hazardous Discharge Bonds** *(P.L. 1986, c. 113)*
  - 420

- **325 New Jersey Open Space Preservation Bonds** *(P.L. 1989, c. 183)*
  - 325

- **300 Stormwater Management and Combined Sewer Overflow Abatement Bonds** *(P.L. 1989, c. 181)*
  - 300

- **535 Green Acres, Clean Water, Farmland and Historic Preservation Bonds** *(P.L. 1992, c. 88)*
  - 535

- **125 Green Acres, Farmland and Historic Preservation and Blue Acres Bonds** *(P.L. 1995, c. 204)*
  - 125

- **1,885 Port of New Jersey Revitalization, Dredging Bonds** *(P.L. 1996, c. 70)*
  - 1,885

- **1,255 Dam, Lake, Stream, Water Resources, and Wastewater Treatment Project Bonds** *(P.L. 2003, c. 162)*
  - 1,255
**DEBT SERVICE**

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<th>Orig. &amp; (Supplemental) Reapp. &amp; (R)Repts. Transfers &amp; (E)Emergencies</th>
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<th>Expended</th>
<th>Interest on Bonds</th>
<th>Bond Redemption</th>
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<td>301,757</td>
<td>301,760</td>
</tr>
</tbody>
</table>

Distribution by Object

**Interest:**

- Payments on Future Bond Sales 360,000 33,762 33,762
- New Jersey Library Construction Bonds (P.L. 2017, c. 149) 2,752 --- ---
- Securing our Children’s Future Bonds (P.L. 2018, c. 119) 4,732 4,732 4,732
- COVID-19 General Obligation Emergency Bonds (P.L. 2020, c. 60) 166,304 166,304 166,304

**Redemption:**

- Refunding Bonds (P.L.1985, c.74, as amended by P.L.1992, c.182) 169,970 95,565 95,565
- (From General Fund) 169,970 95,565 95,565
- (From Property Tax Relief Fund) --- --- ---
- Building our Future Bonds (P.L. 2012, c. 41) 29,100 30,555 30,555

**Total Appropriation:** 606,384 363,138 363,138

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.