



NJ Transportation Trust Fund Authority

New Jersey Transportation Trust Fund Authority Fiscal Year 2025 Financial Plan

Plan for Financing Anticipated NJDOT/NJ TRANSIT Capital Program Outlays for Fiscal Year 2025 As of June 2024

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New Jersey Transportation Trust Fund Authority

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A. INTRODUCTION

The New Jersey Transportation Trust Fund Authority (“TTFA”, or “Authority”) finances the State of New Jersey (“State”) portion of the capital programs of the New Jersey Department of Transportation (“NJDOT”) and New Jersey Transit Corporation (“NJ Transit”) as well as the State’s Local Aid transportation program. The New Jersey Transportation Trust Fund Authority Act, as amended and supplemented, constituting N.J.S.A. 27:1B-1 et seq. (the “TTFA Act”), requires the TTFA to adopt a financial plan (“Financial Plan”) which must meet the following requirements:

“The financial plan shall contain an enumeration of the bonds, notes or other obligations of the authority which the authority intends to issue, including the amounts thereof and the conditions therefor. The financial plan shall set forth a complete operating and financial statement covering the authority’s proposed operations during the ensuing fiscal year, including amounts of income from all sources, including but not limited to the proceeds of bonds, notes or other obligations to be issued, as well as interest earned. In addition, the plan shall contain proposed amounts to be appropriated and expended, as well as amounts for which the department anticipates to obligate during the ensuing fiscal year for any future expenditures.” [N.J.S.A. 27:1B-22d]

In March 2024, the TTFA Act was amended through P.L. 2024, c. 7 to renew the Transportation Trust Fund for Fiscal Year 2025 through Fiscal Year 2029. The bill authorizes a total of \$10.367 billion in appropriations for the State portion of the Transportation Capital Program for Fiscal Year 2025 through Fiscal Year 2029. Funding sources include revenues from the motor fuels tax, the petroleum products gross receipts tax (“PPGRT”), the sales and use tax, and contributions from toll road authorities. A new registration fee for zero emission vehicles to be effective on July 1, 2024, was also created, with such revenues being deposited into the Transportation Trust Fund – Subaccount for Capital Reserves and being available for appropriation for transportation projects. Additionally, the TTFA’s authorization for the issuance of Transportation Program Bonds was increased and extended to \$15.6 billion through June 30, 2029 (previously \$12 billion through June 30, 2024).

The Fiscal Year 2024 Appropriations Act appropriated \$2.0 billion for the State portion of the Transportation Capital Program. To fund capital projects in Fiscal Year 2024, the TTFA issued \$1,250,000,000 in Transportation Program Bonds, 2023 Series BB. Other resources include the remaining proceeds from the Transportation Program Bonds, 2022 Series CC, and an estimated \$286.4 million in Pay-As-You-Go funding from the Subaccount for Capital Reserves, which is funded by the excess of appropriations and revenues not needed to satisfy current year debt service costs.

The Fiscal Year 2025 Governor’s Budget Message recommends \$2.0 billion for the State portion of the Transportation Capital Program. To fund capital projects in Fiscal Year 2025, the TTFA plans to issue approximately \$1,500,000,000 in Transportation Program Bonds. Other resources include the remaining proceeds of the Transportation Program Bonds, 2023 Series BB, and an estimated \$247.8 million in Pay-As-You-Go funding from the Subaccount for Capital Reserves.

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B. SUMMARY OF OPERATIONS THROUGH FISCAL YEAR 2024

The following table summarizes the results of the TTFA's operations for Fiscal Years 1985 through 2023, as well as the unaudited estimated results of operations for Fiscal Year 2024.

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY SUMMARY OF OPERATIONS THROUGH FISCAL YEAR 2024 (in thousands)			
	1985-2023 ACTUAL	2024 ESTIMATED	1985-2024 ACT. & EST.
<u>RESOURCES</u>			
Revenue Appropriations	\$ 28,420,246	\$ 1,573,782	\$ 29,994,028
Subaccount for Capital Reserves – Pay-As-You-Go	\$ 2,605,168	\$ 286,435	\$ 2,891,603
Subaccount for Capital Reserves – Federal Project Costs	\$ 1,550,377	\$ 338,849	\$ 1,889,227
Build America Bonds Interest Subsidies	\$ 430,036	\$ 21,860	\$ 451,895
Interest Income	\$ 611,821	\$ 32,713	\$ 644,534
Net Bond Proceeds *	\$ 29,437,214	\$ 1,319,033	\$ 30,756,247
Capitalized Interest Fund **	\$ 245,761	-	\$ 245,761
PAYGO NJ Turnpike	\$ 66,000	-	\$ 66,000
Prior Year Carryforward	\$ 83,722	-	\$ 83,722
TOTAL RESOURCES:	\$ 63,540,344	\$ 3,572,673	\$ 67,023,017
<u>USES</u>			
Capital Program Appropriations	\$ 44,463,100	\$ 2,000,000	\$ 46,463,100
Debt Service ***	\$ 24,532,811	\$ 1,912,631	\$ 26,478,224
Operating Expenses	\$ 26,704	\$ 64	\$ 26,767
TOTAL USES:	\$ 69,022,614	\$ 3,912,695	\$ 72,935,309
NET BALANCE:	\$ (5,572,270)	\$ (340,022)	\$ (5,912,293)

* Includes bond premiums; net of costs of issuance.

** 2016 Series A Federal Highway Reimbursement Revenue Notes (Indirect GARVEE).

*** Transportation System Bonds, Transportation Program Bonds, and Indirect GARVEEs.

The negative \$5.6 billion "Net Balance" for Fiscal Years 1985 through 2023 in the chart above recognizes that the TTFA only issues bonds or notes to meet cash flow obligations, not the full value of capital program appropriations. The "Capital Program Appropriations" line item reflects the appropriation authority that the State Legislature provided to NJDOT and NJ Transit for State transportation capital projects since Fiscal Year 1985. However, transportation capital project costs are paid out over several years. This is particularly true of large road and bridge construction projects. The TTFA only issues bonds for cash outlays that are anticipated during the current fiscal year. Therefore, the estimated negative \$5.9 billion "Net Balance" through Fiscal Year 2024 reflects estimated and actual spending authority (i.e. inception to date) less total actual and estimated resources already provided or generated by the TTFA through June 30, 2024. The estimated increase in the negative "Net Balance" of \$340.0 million in Fiscal Year 2024 is primarily due to Fiscal Year 2024 capital program appropriations exceeding net new Transportation Program Bond proceeds and other available resources.

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C. FISCAL YEAR 2025 NEW JERSEY TRANSPORTATION CAPITAL PLAN

The TTFA Act, as amended in 2024, authorizes a total of \$10.367 billion in appropriations for the State portion of the Transportation Capital Program from Fiscal Year 2025 through Fiscal Year 2029:

- \$2.000 billion for capital projects in Fiscal Year 2025;
- \$2.000 billion for capital projects in Fiscal Year 2026;
- \$2.060 billion for capital projects in Fiscal Year 2027;
- \$2.122 billion for capital projects in Fiscal Year 2028; and
- \$2.185 billion for capital projects in Fiscal Year 2029.

The Fiscal Year 2025 Governor's Budget Message recommends a total of \$2.0 billion in appropriations for the State portion of the Transportation Capital Program:

NEW JERSEY TRANSPORTATION CAPITAL PLAN STATE FUNDS			
	FY 2024 Appropriations Act	FY 2025 Governor's Budget Message	CHANGE
NJDOT	\$ 810,000,000	\$ 803,000,000	\$ (7,000,000)
NJ TRANSIT	\$ 760,000,000	\$ 767,000,000	\$ 7,000,000
LOCAL AID	\$ 430,000,000	\$ 430,000,000	-
TOTAL	\$ 2,000,000,000	\$ 2,000,000,000	-

The Fiscal Year 2025 Governor's Budget Message recommends a total of \$1.658 billion in revenue appropriations to the TTFA, an increase of \$84.4 million (5.4%) from the amount appropriated in the Fiscal Year 2024 Appropriations Act.

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY REVENUE APPROPRIATIONS			
	FY 2024 Appropriations Act	FY 2025 Governor's Budget Message	CHANGE
MOTOR FUELS TAX	\$ 462,416,000	\$ 454,836,000	\$ (7,580,000)
PPGRT	\$ 899,366,000	\$ 991,383,000	\$ 92,017,000
SALES AND USE TAX	\$ 200,000,000	\$ 200,000,000	-
TOLL ROAD AUTHORITIES	\$ 12,000,000	\$ 12,000,000	-
TOTAL	\$ 1,573,782,000	\$ 1,658,219,000	\$ 84,437,000

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D. DEBT ISSUANCES AND AUTHORIZATION

The TTFA Act as amended in 2024 authorizes the issuance of up to a total of \$15.6 billion in Transportation Program Bonds between Fiscal Years 2017 and Fiscal Year 2029. Bonds issued for refunding/remarketing purposes are not subject to this limitation, except that net premiums received in connection with the issuance of Transportation Program Bonds (whether for new money, refunding, or remarketing purposes) do count against this limitation.

Currently, there is no remaining statutory debt authorization for the issuance of Transportation System Bonds for new money purposes (except for a nominal amount). Accordingly, Transportation System Bonds may only be issued for refunding purposes.

In Fiscal Year 2024, the TTFA issued \$1.25 billion in new money Transportation Program Bonds, 2023 Series BB. Through Fiscal Year 2024, the TTFA has utilized a total of \$6.7 billion of its statutory debt limitation. The TTFA currently has \$8.9 billion of remaining authorization available through Fiscal Year 2029.

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY TRANSPORTATION PROGRAM BONDS					
Total Authorization for Fiscal Years 2017 - 2029:				\$ 15,600,000,000	
Issue Date	Issue Name	Issue Type	Principal	Net Premium	Total
1/16/19	2019 Series AA	New Money	\$ 750,000,000	\$ 31,257,279	\$ 781,257,279
10/3/19	2019 Series BB	New Money	\$ 1,000,000,000	\$ 86,161,303	\$ 1,086,161,303
10/3/19	2014 Series BB-1	Remarketing		\$ 28,430,717	\$ 28,430,717
12/15/20	2020 Series AA	New Money	\$ 1,500,000,000	\$ 174,125,833	\$ 1,674,125,833
5/6/21	2014 Series BB-2	Remarketing		\$ 33,718,792	\$ 33,718,792
1/27/22	2022 Series BB	New Money	\$ 750,000,000	\$ 107,884,233	\$ 857,884,233
4/27/22	2022 Series AA	Refunding		\$ 122,977,948	\$ 122,977,948
12/8/22	2022 Series CC	New Money	\$ 750,000,000	\$ 45,355,704	\$ 795,355,704
6/1/23	2023 Series AA	Refunding		\$ 35,247,749	\$ 35,247,749
11/30/23	2023 Series BB	New Money	\$ 1,250,000,000	\$ 69,033,254	\$ 1,319,033,254
Total Utilization through Fiscal Year 2024:			\$ 6,000,000,000	\$ 734,192,813	\$ 6,734,192,813
Remaining Authorization through Fiscal Year 2029:				\$ 8,865,807,187	

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D. DEBT ISSUANCES AND AUTHORIZATION (continued)

In Fiscal Year 2025, the TTFA estimates that it will issue \$1.5 billion in new money Transportation Program Bonds. Additionally, there is a proposed refunding transaction of up to \$3.25 billion of Transportation System Bonds and Transportation Program Bonds contemplated for September 2024.

Transportation Program Bonds are issued as “state contract” debt pursuant to a contract between the State Treasurer and the TTFA, whereby the State Treasurer agrees to pay TTFA the amount appropriated and credited to the Transportation Trust Fund Subaccount, subject to appropriation by the State Legislature. The State Treasurer and the TTFA agree that the TTFA will pledge the State Contract as security for bonds issued by the TTFA. The State Legislature has no legal obligation to make any such appropriations; however, in all previous fiscal years, the State Legislature has always made sufficient appropriations to pay debt service for all obligations of the Authority.

The TTFA’s Transportation Program Bonds and Transportation System Bonds are currently rated ‘A’ by Fitch Ratings, ‘A2’ by Moody’s Investors Service, ‘A-’ by Standard & Poor’s, and, for Transportation Program Bonds only, ‘A’ by Kroll Bond Rating Agency.

The TTFA’s Federal Highway Reimbursement Revenue Notes, 2016 Series A are currently rated ‘A’ by Fitch Ratings, ‘A2’ by Moody’s Investors Service, and ‘A+’ by Standard & Poor’s. The TTFA’s Federal Highway Reimbursement Revenue Notes, 2016 Series B are not rated by the rating agencies.

E. OFFICIAL INTENT FOR FEDERAL INCOME TAX PURPOSES

For the purpose of permitting the proceeds of TTFA bonds to be used to reimburse expenditures paid after the date that this Financial Plan is adopted by the Authority (or within 60 days prior to such date), in accordance with the applicable regulations of the U.S. Treasury Department, this Financial Plan, upon its adoption by the Authority in accordance with law, shall constitute a declaration of the intent of the Authority to issue obligations, as more fully described in Section D above, in the estimated principal amount of \$1.5 billion, to pay or reimburse expenditures made prior to the date of issuance of such bonds for the costs of the Capital Program of NJDOT and NJ Transit for Fiscal Year 2025 and prior fiscal years.

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F. FISCAL YEAR 2025 STATEMENT OF ANTICIPATED CHANGES IN CASH POSITION

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY FISCAL YEAR 2025 STATEMENT OF ANTICIPATED CHANGES IN CASH POSITION	
ESTIMATED CASH BALANCE ON JULY 1, 2024:	\$ 765,079,431
RECEIPTS	
Revenue Appropriations	\$ 1,658,219,000
<i>Motor Fuels Tax</i>	\$ 454,836,000
<i>PPGRT</i>	\$ 991,383,000
<i>Sales and Use Tax</i>	\$ 200,000,000
<i>Toll Road Authorities Contributions</i>	\$12,000,000
Subaccount for Capital Reserves – Pay-As-You-Go	\$ 247,840,732
Subaccount for Capital Reserves – Federal Project Costs	\$ 338,850,268
Subaccount for Capital Reserves – ZEV Registration Fee	\$ 61,344,000
Interest Income	\$ 30,000,000
Build America Bonds Interest Subsidies	\$ 21,747,000
Bond Proceeds	\$ 1,500,000,000
TOTAL RECEIPTS:	\$ 3,858,001,000
DISBURSEMENTS	
Transportation Capital Project Expenditures	\$ 1,807,547,000
Debt Service	\$ 1,997,069,268
Operating Expenses	\$ 108,000
TOTAL DISBURSEMENTS:	\$ 3,804,724,268
ESTIMATED CASH BALANCE ON JULY 1, 2025:	\$ 818,356,163

G. FISCAL YEAR 2025 OPERATING BUDGET

The TTFA estimates the following operating expenses will be required during Fiscal Year 2025. The operating budget does not include costs of issuance in connection with bond issuances or interest payments on debt service. The operating budget is funded from the legislative appropriations to the TTFA.

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY FISCAL YEAR 2025 OPERATING EXPENSES	
Legal Notices	\$ 3,000
Professional Services	\$ 45,000
Trustee Administrative Fees	\$ 35,000
Contingency	\$ 25,000
ESTIMATED TOTAL EXPENSES:	\$ 108,000

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H. CONSTITUTIONAL DEDICATION OF REVENUES

Pursuant to Article VIII, Section II, Paragraph 4 of the State Constitution, certain revenues are dedicated to the purposes of paying or financing the cost of planning, acquisition, engineering, construction, reconstruction, repair and rehabilitation of the transportation system in the State. The relevant text is copied below, reflecting the most recent constitutional amendment approved by the voters in November 2016.

“There shall be credited to a special account in the General Fund:

(a) for each State fiscal year commencing on and after July 1, 2007 through the State fiscal year commencing on July 1, 2015 an amount equivalent to the revenue derived from \$0.105 per gallon from the tax imposed on the sale of motor fuels pursuant to chapter 39 of Title 54 of the Revised Statutes, and for each State fiscal year thereafter, an amount equivalent to all revenue derived from the collection of the tax imposed on the sale of motor fuels pursuant to chapter 39 of Title 54 of the Revised Statutes or any other subsequent law of similar effect;

(b) for the State fiscal year 2001 an amount not less than \$100,000,000 derived from the State revenues collected from the tax on the gross receipts of the sale of petroleum products imposed pursuant to P.L.1990, c.42 (C.54:15B-1 et seq.) as amended and supplemented, or any other subsequent law of similar effect, for each State fiscal year from State fiscal year 2002 through State fiscal year 2016 an amount not less than \$200,000,000 derived from those revenues, and for each State fiscal year thereafter, an amount equivalent to all revenue derived from the collection of the tax on the gross receipts of the sale of petroleum products imposed pursuant to P.L.1990, c.42 (C.54:15B-1 et seq.) as amended and supplemented, or any other subsequent law of similar effect; and

(c) for the State fiscal year 2002 an amount not less than \$80,000,000 from the State revenue collected from the State tax imposed under the "Sales and Use Tax Act," pursuant to P.L.1966, c.30 (C.54:32B-1 et seq.), as amended and supplemented, or any other subsequent law of similar effect, for the State fiscal year 2003 an amount not less than \$140,000,000 from those revenues, and for each State fiscal year thereafter an amount not less than \$200,000,000 from those revenues; provided, however, the dedication and use of such revenues as provided in this paragraph shall be subject and subordinate to (a) all appropriations of revenues from such taxes made by laws enacted on or before December 7, 2006 in accordance with Article VIII, Section II, paragraph 3 of the State Constitution in order to provide the ways and means to pay the principal and interest on bonds of the State presently outstanding or authorized to be issued under such laws or (b) any other use of those revenues enacted into law on or before December 7, 2006. These amounts shall be appropriated from time to time by the Legislature, only for the purposes of paying or financing the cost of planning, acquisition, engineering, construction, reconstruction, repair and rehabilitation of the transportation system in this State and it shall not be competent for the Legislature to borrow, appropriate or use these amounts or any part thereof for any other purpose, under any pretense whatever.”