

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 1228

STATE OF NEW JERSEY 220th LEGISLATURE

DATED: NOVEMBER 22, 2022

SUMMARY

- Synopsis:** Allows certain airports to carry over certain grant money into future years.
- Type of Impact:** Annual State revenue loss.
- Agencies Affected:** Department of Transportation.

Office of Legislative Services Estimate

Fiscal Impact	<u>Annual</u>
State Revenue Decrease	\$122,000 - \$340,000

- The Office of Legislative Services (OLS) estimates that the Department of Transportation may experience an annual revenue loss by allowing certain airports to carry forward unused grant monies instead of requiring those monies to be returned to the department as rescinded funds. These funds, if rescinded, would be available to the department for any departmental purpose. As a practical matter, these funds would likely be reallocated to airports through the department’s Airport Improvement Program (AIP) in a subsequent fiscal year.
- At current funding levels, the projected annual impact of this legislation is approximately \$122,000 to \$340,000. If funding for the AIP is increased over time, the projected annual State revenue loss would rise as the total amount of funds allocated to the AIP increases.

BILL DESCRIPTION

This bill would allow airports that have received grant money from the Airport Safety Fund or the Department of Transportation’s AIP to carry over that grant money into future fiscal years without the funds being rescinded by the department.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that the bill would reduce annual State revenues by allowing certain airports to carry forward unspent grant monies instead of requiring these monies to be rescinded by the Department of Transportation. Consequently, the bill would cause fewer unspent grants to revert to the department.

In 2021 and 2022, the Department of Transportation, through the AIP, awarded \$6.1 million and \$8.5 million, respectively, in grants to airports to support airport safety and improvement projects. Given the total size of the grant money awarded, these figures would roughly represent the maximum amount of funds that could be annually rescinded by the department. The annual impact of the bill would be significantly less than these amounts, however, since the annual fiscal impact would be limited to the amount of funds actually subject to rescission in a given year.

The OLS does not have information on the amount of AIP funds that are subject to rescission each year. For FY 2020, the department indicated to the OLS that \$5.66 million of local aid funding for transportation projects was rescinded across all departmental programs. This amount represents roughly 2.8 percent of the \$200 million local aid program for FY 2017, which may have been subject to rescission in FY 2020. Assuming that AIP grants have a similar percentage of funds subject to rescission as the department's local aid program, the OLS estimates that between two and four percent of AIP funds may be subject to rescission in a given year for an annual range of \$122,000 to \$340,000 based on the most recent AIP grant amounts.

Notably, the New Jersey State Airport System Plan recommends annual funding of \$23 million to fund the State's airport system. If this targeted funding amount is reached, the projected impact of the legislation would ultimately grow as funding for the AIP grows.

Section: Authorities, Utilities, Transportation and Communications

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This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).