

[First Reprint]

ASSEMBLY, No. 2828

STATE OF NEW JERSEY

212th LEGISLATURE

INTRODUCED MARCH 9, 2006

Sponsored by:

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Assemblyman JOHN F. MCKEON

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District 31 (Hudson)

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District 32 (Bergen and Hudson)

Co-Sponsored by:

**Assemblymen Vas, Scalera, Assemblywomen Vainieri Huttie, Voss,
Stender and Assemblyman Hackett**

SYNOPSIS

Authorizes the issuance of cigarette tax revenue bonds by the NJEDA to fund State capital construction projects including \$150 million for stem cell research facilities and \$50 million for biomedical research facilities.

CURRENT VERSION OF TEXT

As reported by the Assembly Health and Senior Services Committee on March 13, 2006, with amendments.

(Sponsorship Updated As Of: 10/20/2006)

1 AN ACT authorizing the financing of the cost of State capital
2 construction projects ¹, including stem cell research facilities
3 and biomedical research facilities,¹ with the proceeds of
4 cigarette tax securitization bonds to be issued by the New Jersey
5 Economic Development Authority, amending P.L.2004, c.68
6 (C.34:1B-21.16 et seq.).

7
8 **BE IT ENACTED** *by the Senate and General Assembly of the State*
9 *of New Jersey:*

10
11 1. The Title of P.L.2004, c.68 is amended to read as follows:

12 **An Act** authorizing the issuance of cigarette tax securitization
13 bonds, notes or other obligations by the New Jersey Economic
14 Development Authority for the purposes of providing revenue to
15 meet appropriations in [any] State [fiscal year] Fiscal Year 2005
16 commencing on [or after] July 1, 2004, thereafter providing
17 funding for State capital construction projects, ¹including stem
18 cell research facilities and biomedical research facilities,¹ and
19 providing a source of payment and security for such bonds, notes
20 or other obligations, supplementing P.L.1974, c.80 (C.34:1B-1 et
21 seq.) and amending P.L.1997, c.264.
22 (cf: P.L.2004, c.68, Title)

23
24 2. Section 2 of P.L.2004, c.68 (C.34:1B-21.17) is amended to
25 read as follows:

26 2. The following words or terms as used in this act shall have
27 the following meanings unless a different meaning clearly appears
28 from the context:

29 "Authority" means the New Jersey Economic Development
30 Authority created pursuant to P.L.1974, c.80 (C.34:1B-1 et seq.);

31 "Biomedical research facilities" means one or more facilities ¹at
32 the Coriell Institute for Medical Research¹ located in Camden, New
33 Jersey, **[that]** which¹ will be utilized for biomedical research and
34 related activities, including all facilities ancillary thereto;

35 "Bonds" means any bonds, notes or other obligations issued or
36 entered into by the authority pursuant to this act;

37 "Capital cost" means the expenses incurred in connection with:
38 the planning, construction, reconstruction, development, erection,
39 acquisition, extension, improvement, rehabilitation and equipping
40 of State capital construction projects authorized by this act; the
41 acquisition by purchase, lease, or otherwise, and the development of
42 any real or personal property ¹,and the acquisition and construction
43 of new structures and equipment¹ for use in connection with a State
44 capital construction project authorized by this act, including any

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Assembly AHE committee amendments adopted March 13, 2006.

1 rights or interests therein, the execution of any agreements and
2 franchises deemed to be necessary or useful and convenient in
3 connection with any State capital construction project authorized by
4 this act; the procurement of engineering, inspection, planning, legal,
5 financial, or other professional services; the administrative,
6 organizational, operating or other expenses incident to the
7 financing, completing, and placing into service of any State capital
8 construction project authorized by this act;

9 "Cigarette Tax" means the tax imposed by the State pursuant to
10 the "Cigarette Tax Act," P.L.1948, c.65 (C.54:40A-1 et seq.), as
11 amended and supplemented, on the sale, use or possession for sale
12 or use within the State of each cigarette;

13 "Cigarette Tax Securitization Fund" means the fund by that name
14 created and established pursuant to section 7 of this act;

15 "Cigarette Tax Securitization Proceeds Fund" means the fund by
16 that name created and established pursuant to section 3 of this act;

17 "Dedicated Cigarette Tax Revenue Fund" means the fund by that
18 name created and established pursuant to section 5 of this act;

19 "Dedicated Cigarette Tax Revenues" means an amount equal to
20 the revenue collected by the State during each State fiscal year
21 beginning on and after July 1, 2006 from \$0.0325 of the cigarette
22 tax; [and]

23 "Refunding bonds" means any bonds, notes or other obligations
24 issued by the authority to refinance bonds, notes or other
25 obligations previously issued or entered into by the authority
26 pursuant to this act;¹

27 "State capital construction project" means a project that includes
28 the acquisition of land, and the acquisition and construction of new
29 structures and equipment for major capital facilities for State use
30 and use by other units of government, including stem cell research
31 facilities ¹– New Brunswick and stem cell research facilities –
32 Newark,¹ and biomedical research facilities, whose estimated cost
33 of land, planning, acquisition, construction, furnishing and
34 equipping is estimated to be \$50,000 or more ¹[and other capital
35 projects authorized by section 3 of P.L.2004, c.68 (C.34:1B-
36 21.18)]¹ ;

37 ¹["Stem cell research facilities" means facilities located in New
38 Brunswick, New Jersey, that shall be primarily utilized for stem cell
39 research, including all facilities ancillary thereto; and

40 "Refunding Bonds" means any bonds, notes or other obligations
41 issued by the authority to refinance bonds, notes or other
42 obligations previously issued or entered into by the authority
43 pursuant to this act]

44 "Stem cell research facilities - New Brunswick" means facilities
45 owned by the authority and located in New Brunswick, New Jersey,
46 which shall be only utilized for stem cell research, including all
47 facilities ancillary thereto; and

1 "Stem cell research facilities - Newark" means facilities owned
2 by the authority, operated by the New Jersey Institute of
3 Technology and located in Newark, New Jersey, which shall be
4 only utilized for stem cell research, including all facilities ancillary
5 thereto¹.

6 (cf: P.L.2004, c.68, s.2)

7
8 3. Section 3 of P.L.2004, c.68 (C.34:1B-21.18) is amended to
9 read as follows:

10 3. a. The authority shall establish and maintain a special
11 nonlapsing fund to be known as the "Cigarette Tax Securitization
12 Proceeds Fund" into which shall be deposited the following
13 moneys:

14 (1) the proceeds from the sale of all bonds (other than refunding
15 bonds) issued by the authority pursuant to [this act] P.L.2004, c.68
16 (C.34:1B-21.16 et seq.) which are remaining after any required
17 deposit to any reserve or other fund established for such bonds or
18 any refunding bonds in accordance with subsection a. of section 4
19 of [this act] P.L.2004, c.68 (C.34:1B-21.19) and after the payment
20 of all costs, fees and other expenses related to, or incurred by the
21 authority or the State in connection with, the issuance of such bonds
22 or any refunding bonds;

23 (2) any amounts which shall be appropriated by the Legislature
24 for the purposes of such fund; and

25 (3) any other amounts or funds which the authority shall
26 determine to deposit into such fund.

27 Moneys on deposit in the Cigarette Tax Securitization Proceeds
28 Fund shall be invested in such obligations as the authority may
29 determine or as shall otherwise be provided in any contract between
30 the authority and the State Treasurer authorized and entered into
31 pursuant to section 6 of [this act] P.L.2004, c.68 (C.34:1B-21.21),
32 and interest or other earnings on any such investments shall be
33 credited to such fund.

34 b. (1) Amounts on deposit in the Cigarette Tax Securitization
35 Proceeds Fund [shall be] from the proceeds of bonds issued on or
36 before January 1, 2005, having been withdrawn by the authority
37 from time to time during State Fiscal Year 2005, upon written
38 request of the State Treasurer or as otherwise provided in any
39 contract between the authority and the State Treasurer authorized
40 and entered into pursuant to section 6 of [this act] P.L.2004, c.68
41 (C.34:1B-21.21), and having been paid to the State Treasurer for
42 deposit into either the General Fund of the State or the Cigarette
43 Tax Securitization Fund, as determined by the State Treasurer,
44 [and] have been used for [any] lawful [purpose] purposes of the
45 State for which moneys on deposit in the General Fund [may] might
46 be used. All amounts withdrawn from the Cigarette Tax
47 Securitization Proceeds Fund and deposited into the General Fund
48 of the State as provided in this subsection [shall represent] have

1 represented financial resources and revenues of the State from that
2 fund as certified by the Governor pursuant to Article VIII, Section
3 II, paragraph 2 of the State Constitution for the State annual
4 appropriation act for [such] State [fiscal year , and as may be
5 applicable for such annual appropriation act as may be amended and
6 supplemented from time to time] Fiscal Year 2005.
7 [Notwithstanding any provision of this subsection to the contrary,]
8 No request by the State Treasurer [shall not request] has been made
9 of the authority to pay [, and the authority shall not pay,] to the
10 State Treasurer during [any] State [fiscal year] Fiscal Year 2005
11 amounts then on deposit in the Cigarette Tax Securitization
12 Proceeds Fund which are in excess of the amounts anticipated as
13 revenues from such fund during State Fiscal Year 2005.

14 (2) (a) The Legislature finds and declares that:

15 (i) Millions of people suffer from currently incurable diseases
16 and injuries, and recent medical science, including the use of new
17 regenerative medical therapies such as the use of a special type of
18 human cells called "stem cells," provides indications that cures and
19 treatments for certain of these diseases and injuries can be
20 developed;

21 (ii) The development of such cures and treatments will improve
22 New Jersey's health care system, can reduce long-term health care
23 costs, and can benefit the New Jersey economy by creating projects,
24 jobs and therapies;

25 (iii) The State of New Jersey is home to many of the leading life
26 sciences, biotechnology and pharmaceutical companies and the
27 State seeks to preserve its leading role, attract investment, attract
28 scientists, enhance research and, toward that end, seeks to finance
29 facilities for entities involved in stem cell research and biomedical
30 research;

31 (iv) Financing stem cell research facilities and biomedical
32 research will substantially further the public interest and can most
33 economically be financed through a bond issue; and

34 (v) The State of New Jersey has previously authorized the
35 "Cigarette Tax Securitization Act of 2004," P.L.2004, c.68
36 (C.34:1B-21.16 et seq.), and has determined that bonds issued by
37 the New Jersey Economic Development Authority under such act
38 are the most desirable means to provide funding for such facilities
39 and projects.

40 (b) 'An amount not to exceed the first \$150,000,000 in the
41 aggregate from the proceeds of bonds issued after March 1, 2006,
42 authorized under P.L.2004, c.68 (C.34:1B-21.16 et seq.), on deposit
43 in the Cigarette Tax Securitization Proceeds Fund shall be
44 withdrawn by the authority from time to time, and shall be utilized
45 by the authority, pursuant to a State capital construction project
46 agreement between the State Treasurer and the authority, to fund
47 the capital costs of stem cell research facilities. Any agreement
48 entered into pursuant to this subparagraph shall specify the scope of

1 the project, the use of the proceeds of the bonds, the permitted uses
2 of the project, the use of any rental income from the project, and
3 such other matters as the State Treasurer shall determine.

4 (c) An amount not to exceed the subsequent \$50,000,000 in the
5 aggregate from the proceeds of bonds issued after March 1, 2006,
6 authorized under P.L.2004, c.68 (C.34:1B-21.16 et seq.), on deposit
7 in the Cigarette Tax Securitization Proceeds Fund shall be
8 withdrawn by the authority from time to time, and shall be utilized
9 by the authority, pursuant to a State capital construction project
10 agreement between the State Treasurer and the authority, to fund
11 the capital costs of biomedical research facilities that will be
12 utilized for biomedical research and related activities, including all
13 facilities ancillary thereto. Any agreement entered into pursuant
14 to this subparagraph shall specify the scope of the project, the use
15 of the proceeds of the bonds, the permitted uses of the project, the
16 use of any rental income from the project, and such other matters as
17 the State Treasurer shall determine.

18 (d) Amounts on deposit in the Cigarette Tax Securitization
19 Proceeds Fund shall be withdrawn by the authority from time to
20 time, and applied as set forth in this subsection upon written request
21 of the State Treasurer or as otherwise provided in any contract
22 between the authority and the State Treasurer authorized and
23 entered into pursuant to P.L. , c. (C.) (pending before the
24 Legislature as this bill):

25 (1) from the first \$150,000,000 in the aggregate from the
26 proceeds of bonds issued after March 1, 2006, authorized under
27 P.L.2004, c.68 (C.34:1B-21.16 et seq.):

28 (i) an amount not to exceed \$100,000,000 shall be utilized by the
29 authority, pursuant to an agreement between the State Treasurer and
30 the authority, to fund the capital costs of stem cell research facilities
31 - New Brunswick; and

32 (ii) an amount not to exceed \$50,000,000 shall be utilized by the
33 authority, pursuant to an agreement between the State Treasurer and
34 the authority, to fund the capital costs of stem cell research facilities
35 - Newark.

36 Any agreement entered into pursuant to this subparagraph shall
37 specify the scope of the State capital construction project, the use of
38 the proceeds of the bonds, the permitted uses of the State capital
39 construction project, the use of any rental income from the project,
40 and such other matters as the State Treasurer shall determine; and

41 (2) from the next \$50,000,000 in the aggregate from the
42 proceeds of bonds issued after March 1, 2006, authorized under
43 P.L.2004, c.68 (C.34:1B-21.16 et seq.), an amount not to exceed
44 \$50,000,000 shall be utilized by the authority, pursuant to an
45 agreement between the State Treasurer and the authority, to fund
46 the capital costs of biomedical research facilities. Any agreement
47 entered into pursuant to this subparagraph shall specify the scope of
48 the State capital construction project, the use of the proceeds of the

1 bonds, the permitted uses of the State capital construction project,
2 the use of any rental income from the project, and such other
3 matters as the State Treasurer shall determine.

4 (3)¹ Except as specifically provided pursuant to subparagraphs
5 '[(b) and (c)] (1) and (2)' of this paragraph '[(2)]', amounts on
6 deposit in the Cigarette Tax Securitization Proceeds Fund from the
7 proceeds of bonds issued on or after March 1, 2006, shall be
8 withdrawn by the authority from time to time, upon written request
9 of the State Treasurer or as otherwise provided in any contract
10 between the authority and the State Treasurer authorized and
11 entered into pursuant to P.L. , c. (C.) (pending before the
12 Legislature as this bill), and shall be appropriated by law
13 exclusively to fund the capital costs of State capital construction
14 projects.

15 (cf: P.L.2004, c.68 , s.3)

16

17 4. This act shall take effect immediately.