

# THE BOND BUYER

## P3 bill signals new infrastructure path for New Jersey

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Published

**August 15, 2018, 3:38pm EDT**

Legislation signed by New Jersey Gov. Phil Murphy [to expand the state's use](#) of public-private partnerships lays the groundwork for increased infrastructure investments throughout the state, supporters say.

The [bipartisan bill](#) Murphy signed Tuesday enables local governments, school districts, public authorities and state colleges to enter into P3s for capital projects. P3 opportunities in New Jersey previously only applied to public colleges and universities.

“This bill is better than the last P3 bill that we did because it’s expanded into infrastructure,” Senate President Steve Sweeney, D-Gloucester, said during the signing ceremony at the College of New Jersey’s Campus Town development, which was built in collaboration with private sector partners. “New Jersey is going to be the lead in this country in making investments to improve our infrastructure.”

Murphy noted successful P3 projects at The College of New Jersey, Montclair State University and Stockton University’s [Atlantic City satellite campus](#). In addition to expanding P3 access to localities, the new legislation also allows for eight statewide roadway or highway projects that require public support of at least \$100 million in addition to private investment.

New Jersey’s updated P3 program will be overseen by the New Jersey Economic Development Authority and the state treasurer's office, which under the new law must provide the status on each P3 agreement on its website. The legislation requires local public input and finance controls along with land use and financial approvals for localities seeking a P3. If a public entity chooses to lease a new project under a P3 agreement in exchange for up-front or structured financing by the private entity, the lease cannot last more than 30 years.

Former Gov. Chris Christie sent a previous P3 measure back to the state legislature in August 2015 because of objections to provisions imposing wage requirements and mandating labor agreements. The updated legislation requires that workers employed for the construction, rehabilitation, or building maintenance services of a project under a P3 agreement be subject to provisions of the "New Jersey Prevailing Wage Act." The measure also allows localities the option to allow a private entity to spearhead development, construction, reconstruction, repair, and maintenance of a project.

"This is a big deal, not just in New Jersey, moving the needle in the P3 world," said Murphy at the signing ceremony. "We're opening this up wide."

New Jersey's renewed focus on infrastructure comes two years after the state's Transportation Trust Fund ran out of cash before getting [replenished](#) through a 23-cent-a-gallon gas tax increase. The state, which experienced 11 rating downgrades under Christie, has general obligation bond ratings of A3 by Moody's Investors Service, A-minus by S&P Global Ratings and A by Fitch Ratings and Kroll Bond Rating Agency. Only Illinois is rated lower of the 50 U.S. states.

"Public-private partnerships will pave the way for innovative and sustainable infrastructure in New Jersey," State Sen. Steven Oroho, R-Franklin., who co-sponsored the bill, said in a statement. "Governments on the local, county, and state levels should be permitted flexibility in financing their capital needs given proper oversight."