

SENATE EDUCATION COMMITTEE

STATEMENT TO

SENATE, No. 1892

**STATE OF NEW JERSEY**

DATED: MAY 9, 2022

The Senate Education Committee favorably reports Senate Bill No. 1892.

This bill authorizes school districts and certain municipalities to issue bonds to finance costs relating to repairs to school facilities and other furnishings and equipment that were damaged due to a natural disaster for which a state of emergency is declared. Under the bill, the bonds may be issued without the approval of the voters of the district in the case of a Type II school district without a board of school estimate and without the approval of the board of school estimate or the adoption of a municipal ordinance as applicable in the case of a Type I or Type II school district with a board of school estimate. The bill requires that a district may only issue bonds if the repairs are deemed to be necessary in order to provide a thorough and efficient system of education and that the costs, or any portion of the costs, stemming from such repairs are eligible for reimbursement by the Federal Emergency Management Agency.

The issuance of bonds under the bill would be required to be approved by the board of education of the school district. The approval would be evidenced by the adoption of a resolution by the board of education in a public meeting upon an affirmative vote of two-thirds of its full membership certifying the support of the board for the issuance of the bonds, the total estimated cost of the damage caused by a natural disaster for which a state of emergency is declared, and the amount of money to be raised through the issuance of bonds.

In the event that the repairs for which bonds are to be issued are deemed to be a school facilities project that is eligible for State debt service aid pursuant to the “Educational Facilities and Construction Financing Act,” the board of education is required to apply to the Commissioner of Education prior to the adoption of a resolution certifying the support for the issuance of bonds. The application will be reviewed by the commissioner on an expedited basis pursuant to a process to be established by the commissioner. The bill provides that the approval or disapproval of an application for a school facilities project would not be contingent upon the school facilities project being consistent or inconsistent with the school district’s long-range facilities plan or upon the fact that the long-range facilities plan has not been amended to incorporate the school

facilities project. Upon approval of an application submitted for a district seeking State debt service aid, the board of education would adopt a resolution approving the issuance of bonds.

Upon the adoption of a resolution, a board of education would apply to the Commissioner of Education for approval of the issuance of bonds. An application would be submitted in a manner and in accordance with procedures prescribed by the commissioner. The application would, at a minimum: demonstrate the need to borrow and that borrowing is necessary to meet an emergency caused by a natural disaster; include the resolution adopted by the board of education under the bill; demonstrate that the repairs for which bonds would be issued are eligible for reimbursement by the Federal Emergency Management Agency; and demonstrate that reasonable efforts have been made to employ other methods provided by law to finance repairs to damaged school facilities and other furnishings and equipment. A decision by the commissioner concerning the approval or disapproval of an application is required to be rendered within 15 business days of receipt of the application.

Lastly, the bill provides that, in the event that the commissioner approves an application for the issuance of bonds under the bill, the principal of and interest on the bonds would be repaid with funds of the school district. In addition to the amount of taxes determined by the legal voters of the district at the annual school election, the secretary of the board of education would certify the amount required for the repayment of the interest and principal of the bonds required to fund the local share amount. This certified amount would be included in the taxes assessed, levied, and collected in the municipality or municipalities comprising the school district for those purposes.

The bill also includes provisions specifying the steps that a school district would take if it is under full State intervention or under partial State intervention and the governance component of school district effectiveness has not been returned to the district.