

ASSEMBLY STATE AND LOCAL GOVERNMENT
COMMITTEE

STATEMENT TO
SENATE, No. 1892

with committee amendments

STATE OF NEW JERSEY

DATED: DECEMBER 14, 2023

The Assembly State and Local Government Committee reports favorably and with committee amendments Senate Bill No. 1892.

As amended, this bill authorizes Type II school districts without boards of school estimate, excluding those districts that are classified as SDA districts, 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. Under the bill, the bonds may be issued without the approval of the voters of the district of a Type II school district without 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.

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, 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 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. A school bond may be issued pursuant to the bill's provisions even if the principal amount of the bond, when added to the net school debt of the district, exceeds certain school debt limitations enumerated under current law. In this case, the commissioner, upon approval of an application to borrow under the bill, is required to additionally consent to the district exceeding the applicable borrowing limitations.

The bill also includes provisions specifying the steps that a Type II school district without a board of school estimate 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.

COMMITTEE AMENDMENTS:

The committee amendments limit the bill's applicability to only Type II school districts without boards of school estimate. In doing so, the amendments remove references to Type I school districts and Type II school districts with boards of school estimate. The amendments further provide that its provisions do not apply to Type II school districts without boards of school estimate that are SDA districts.

The committee amendments also remove the requirement that a school district receive reimbursement from the Federal Emergency Management Agency in order to borrow pursuant to the provisions of the bill.

The committee amendments also remove the requirement that the natural disaster, which causes a school district to issue a bond under the provisions of the bill, be declared a state of emergency.

Finally, the committee amendments authorize a school district to issue a bond under the bill, even if issuance of the bond causes the district's net school debt to exceed certain limitations imposed under current State law. In this case, the amendments require the Commissioner of Education, upon approval of an application to borrow under the bill, to additionally consent to the district exceeding the applicable borrowing limitations.