

# SENATE BUDGET AND APPROPRIATIONS COMMITTEE

## STATEMENT TO

### SENATE COMMITTEE SUBSTITUTE FOR SENATE, No. 3247

# STATE OF NEW JERSEY

DATED: JANUARY 4, 2024

The Senate Budget and Appropriations Committee reports favorably a Senate Committee Substitute for Senate Bill No. 3247.

This committee substitute provides various changes to the laws governing the construction of school facilities projects and the operations of the New Jersey Schools Development Authority (SDA).

#### *Model School Designs*

The bill requires the SDA, in consultation with the Commissioner of Education, to establish a model school design program that would establish uniform standards for the exterior and interior design of school facilities projects. The bill defines the components of the model school design program.

The bill requires all projects in SDA districts to conform to the standards of the model school design program.

#### *SDA Finances and Operations*

The bill provides that bonds issued by the New Jersey Economic Development Authority (EDA) for the State share of school facilities projects, the proceeds of which are transferred to the SDA, will generally not support the costs of either agency related to the issuance of the bonds. Bonds issued after the effective date of the bill will not support the administrative (other than retained professional services related to bond issuances), non-project insurance, operating and other expenses of the EDA to issue the bonds. Under the bill, the costs related to the SDA's undertaking of school facilities projects will also not be supported by bonds issued after the bill's effective date. These costs would instead be annually supported by State appropriations, in the event that the SDA requests State support following the issuance of school construction bonds by the EDA.

The bill also requires the SDA to establish three funds in which the net proceeds of the bonds issued for school facilities projects, and any State appropriations for school facilities projects, would be deposited. The three funds are as follows: (1) the SDA District Project Fund; (2) the Regular Operating District Construction and Maintenance Grants Fund; and (3) the SDA District Emergent Project Fund.

The bill stipulates that no less than 70 percent of any appropriations providing direct funding for school facilities projects would be appropriated for SDA district school facilities projects and SDA district emergent needs. The remaining funds would be disbursed to the Regular Operating District Construction and Maintenance Grant Fund.

*School Facilities Projects of Charter Schools and Renaissance School Projects in SDA Districts and the Charter School and Renaissance School Project Facilities Loan Program.*

The bill establishes the “Charter School and Renaissance School Project Facilities Loan Program,” which would provide eligible borrowers with a loan including but not limited to, subordinate loans, to undertake or facilitate school facilities projects for non-profit charter schools and non-profit renaissance school projects located in an SDA district.

*Other Provisions*

The bill also allows a school district to raise bonds for a school facilities project without the approval of the voters of the district if the school district enters into a contract with one or more municipalities, wherein the municipality provides the district with a portion of the payments in lieu of taxes received from one or more designated properties that is to be sufficient for the full repayment of the bonds, and the district pledges those monies to the repayment of the bonds. Under the bill, a municipality in this case is required to receive the approval of the Local Finance Board and the school district is required to receive the approval of the Commissioner of Education.

Additionally, the bill permits the board of education of a district other than an SDA district to enter into an agreement with a county improvement authority to construct a school facilities project and to issue bonds to finance certain portions of the project.

The bill also permits a board of education of a school district to draw against its capital reserve account in order to finance a portion of a project for which a school district and private entity enter into a public-private partnership agreement pursuant to current law.

The bill also requires the commissioner, in consultation with the SDA, to promulgate regulations concerning the incorporation of construction contract provisions that encourage the completion of construction projects on schedule.

As reported by the committee, the Senate Committee Substitute for Senate Bill No. 3247 is identical to Assembly Bill No. 4496 (ACS/3R), which was amended and reported by the committee on this date.

**FISCAL IMPACT:**

Fiscal information for this bill is currently unavailable.