

[First Reprint]

**ASSEMBLY, No. 3851**

**STATE OF NEW JERSEY**  
**217th LEGISLATURE**

INTRODUCED JUNE 2, 2016

**Sponsored by:**

**Assemblywoman ANNETTE QUIJANO**

**District 20 (Union)**

**Assemblyman DECLAN J. O'SCANLON, JR.**

**District 13 (Monmouth)**

**Senator LORETTA WEINBERG**

**District 37 (Bergen)**

**Senator STEVEN V. OROHO**

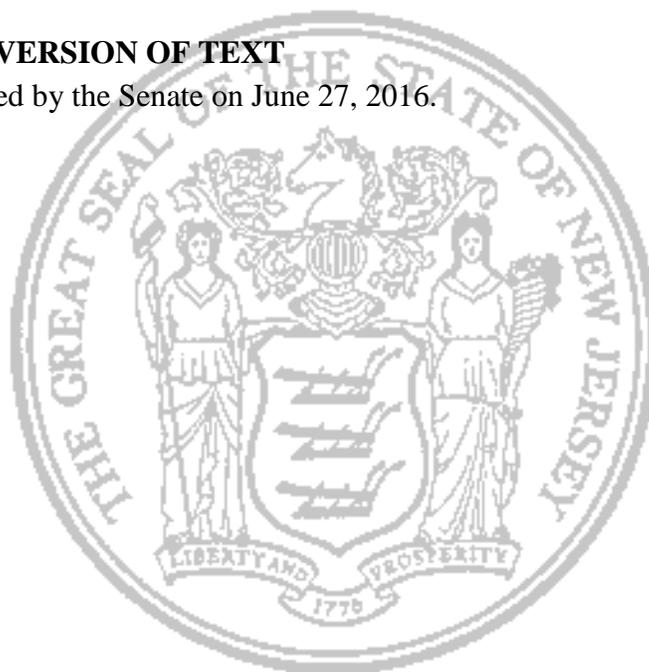
**District 24 (Morris, Sussex and Warren)**

**SYNOPSIS**

Authorizes certain local government entities to adopt policies for payment of certain claims through use of standard electronic funds transfer technologies.

**CURRENT VERSION OF TEXT**

As amended by the Senate on June 27, 2016.



**(Sponsorship Updated As Of: 6/28/2016)**

1 AN ACT authorizing certain local <sup>1</sup>**[units]** government entities<sup>1</sup> to  
 2 adopt policies for the payment of certain claims through the use  
 3 of standard electronic funds transfer technologies, <sup>1</sup>and<sup>1</sup>  
 4 supplementing <sup>1</sup>chapter 5 of<sup>1</sup> Title 40A of the New Jersey  
 5 Statutes.

6  
 7 **BE IT ENACTED** by the Senate and General Assembly of the State  
 8 of New Jersey:

9  
 10 1. a. Notwithstanding any laws, rules, or regulations to the  
 11 contrary, the governing body of a local unit <sup>1</sup>, board of education,  
 12 or county college<sup>1</sup> may adopt policies, by ordinance or resolution,  
 13 as appropriate, for the payment of claims pursuant to N.J.S.40A:5-  
 14 17, N.J.S.18A:19-2, or other applicable law, through the use of one  
 15 or more standard electronic funds transfer technologies in lieu of  
 16 payment through the use of signed checks or warrants.

17 b. (1) Any policy adopted pursuant to subsection a. of this  
 18 section shall explicitly list the forms of standard electronic funds  
 19 transfer technologies that may be used by that local unit <sup>1</sup>, board of  
 20 education, or county college<sup>1</sup>.

21 (2) A policy adopted pursuant to subsection a. of this section  
 22 shall designate the chief financial officer of the local unit <sup>1</sup>, board  
 23 of education, or county college<sup>1</sup> as being responsible for the  
 24 oversight and administration of the disbursement policy and  
 25 associated systems. The chief financial officer shall document and  
 26 implement internal controls sufficient to ensure safe and proper use  
 27 of the system and mitigate the potential for fraud and abuse.

28 c. As used in this section:

29 “Chief financial officer” means the official designated by the  
 30 governing body to be responsible for the proper administration of  
 31 the finances of the local unit <sup>1</sup>, board of education, or county  
 32 college<sup>1</sup> under any statutes and such rules and regulations  
 33 promulgated by any State agency as may pertain to the financial  
 34 administration of the local unit <sup>1</sup>, board of education, or county  
 35 college<sup>1</sup>.

36 “Governing body” means the board, body, or administrator, by  
 37 whatever name it may be known, having charge of the finances of  
 38 the local unit <sup>1</sup>, board of education, or county college<sup>1</sup>.

39 <sup>1</sup>“Internal controls” mean fiscal and operational controls that  
 40 ensure safe and proper use of a standard electronic funds transfer  
 41 system and mitigate the potential for fraud and abuse.<sup>1</sup>

42 “Local unit” means a <sup>1</sup>**[contracting]** local<sup>1</sup> unit as defined <sup>1</sup>**[by**  
 43 the “Local Public Contracts Law,” P.L.1971, c.198 (C.40A:11-1 et

**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:

<sup>1</sup>Senate floor amendments adopted June 27, 2016.

1 seq.), a board of education as defined by the “Public School  
2 Contracts Law,” N.J.S.18A:18A-1 et seq., and a county college as  
3 defined by the “County College Contracts Law,” P.L.1982, c.189  
4 (C.18A:64A-25.1 et seq.)<sup>1</sup> in N.J.S.40A:5-2<sup>1</sup>.

5 “Standard electronic funds transfer technologies” <sup>1</sup>[include, but  
6 are not limited to, wire transfers, automated clearing house  
7 transactions, and debit cards] mean technologies that facilitate the  
8 transfer of funds, other than a transaction originated by check, draft,  
9 or similar paper instrument, initiated by means such as, but not  
10 limited to, an electronic terminal, telephone, or computer or  
11 magnetic tape for the purpose of ordering, instructing, or  
12 authorizing a financial institution to debit or credit an account, and  
13 incorporate, at a minimum, internal controls set forth in regulations  
14 promulgated by the Local Finance Board<sup>1</sup>.

15 d. <sup>1</sup>[(1)]<sup>1</sup> The Local Finance Board, in consultation with the  
16 Commissioner of Education <sup>1</sup>and the Secretary of Higher  
17 Education<sup>1</sup>, may adopt rules and regulations <sup>1</sup>, pursuant to the  
18 “Administrative Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et  
19 seq.),<sup>1</sup> for the purpose of <sup>1</sup>[clarifying the implementation and use of  
20 standard electronic funds transfer technologies.

21 (2) For the purposes of this section, a county college shall be  
22 subject to the rules and regulations of the Secretary of Higher  
23 Education] implementing the provisions of this act<sup>1</sup>.

24  
25 2. This act shall take effect <sup>1</sup>[immediately] on the first day of  
26 the eighth month following the date of enactment, except that the  
27 Local Finance Board, Commissioner of Education, and Secretary of  
28 Higher Education may take any anticipatory administrative action in  
29 advance as shall be necessary for the implementation of this act<sup>1</sup>.