

ASSEMBLY, No. 593

STATE OF NEW JERSEY

219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

Sponsored by:

Assemblyman JOHN DIMAIO

District 23 (Hunterdon, Somerset and Warren)

Assemblyman THOMAS P. GIBLIN

District 34 (Essex and Passaic)

Assemblyman KEVIN J. ROONEY

District 40 (Bergen, Essex, Morris and Passaic)

Co-Sponsored by:

**Assemblymen Bramnick, McKeon, Assemblywomen Vainieri Huttie,
N.Munoz, Assemblymen Johnson, Peterson, Caputo, Egan, Space and
Wirths**

SYNOPSIS

Requires third-party disbursement service organization that contracts with local government unit or board of education to post bond against failure to meet obligations.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



1 **AN ACT** concerning third-party disbursement services and
2 amending P.L.2000, c.126.

3

4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

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7 1. Section 38 of P.L.2000, c.126 (C.52:27D-20.1) is amended
8 to read as follows:

9 38. Notwithstanding the provisions of the "Local Fiscal Affairs
10 Law," N.J.S.40A:5-1 et seq., or any other law, rule, or regulation to
11 the contrary, the Local Finance Board, in consultation with the
12 Commissioner of Education, may adopt rules and regulations
13 permitting local government units and boards of education to
14 contract with third-party disbursement service organizations in
15 order to make payments and execute financial transactions for those
16 purposes and under such conditions as permitted by the Local
17 Finance Board. All third-party disbursement service organizations
18 that contract with local government units and boards of education
19 pursuant to this section shall be required to post a bond, in an
20 amount and with sureties approved by the Local Finance Board,
21 with the local government unit or board of education, said bond to
22 be forfeited in the event that the third-party disbursement service
23 organization fails to make payments or execute financial
24 transactions, including federal or State tax deposits, on behalf of the
25 local government unit or board of education.
26 (cf: P.L.2000, c.126, s.38)

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28 2. This act shall take effect immediately.

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STATEMENT

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33 This bill would require all third-party disbursement service
34 organizations that contract with local government units and boards
35 of education to make payments and execute financial transactions
36 for those purposes to post a bond, in an amount and with sureties
37 approved by the Local Finance Board, with the local government
38 unit or board of education. The bond would be forfeited in the
39 event that the third-party disbursement service organization fails to
40 make payments or execute financial transactions, including federal
41 or State tax deposits, on behalf of the local government unit or
42 board of education.

43 This bill responds to concerns raised in the case of Ameripay, a
44 third-party disbursement service organization used by
45 municipalities as well as other public entities in New Jersey.

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.

1 Ameripay is currently under investigation for fraud by the
2 Securities and Exchange Commission and the Federal Bureau of
3 Investigation. It is alleged that the principals of Ameripay failed to
4 meet payroll obligations of Ameripay clients and also failed to
5 make in excess of \$8 million in federal and State tax deposits on
6 behalf of clients.