

ASSEMBLY, No. 2151

STATE OF NEW JERSEY

219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

Sponsored by:

Assemblyman P. CHRISTOPHER TULLY

District 38 (Bergen and Passaic)

SYNOPSIS

Eliminates five percent down payment requirement for local bond ordinances involving New Jersey Infrastructure Bank transportation projects.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



1 **AN ACT** concerning local bond requirements and amending
2 N.J.S.40A:2-11 and N.J.S.40A:2-26.

3

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

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7 1. N.J.S.40A:2-11 is amended to read as follows:

8 40A:2-11. a. No bond ordinance shall be finally adopted unless
9 it appropriates to the purpose, or ratably to the respective purposes
10 to be financed, in addition to the obligations thereby authorized, a
11 sum as a down payment which is not less than **[5%]** five percent of
12 the amount of the obligations authorized.

13 b. Said sum so appropriated as a down payment must have been
14 made available prior to final adoption of the bond ordinance from
15 any one or more of the following:

16 1. by provision in a previously adopted budget or budgets of
17 the local unit for down payment or for capital improvement
18 purposes;

19 2. from moneys then actually held by the local unit and
20 previously contributed for such purpose other than by the local unit;
21 or

22 3. by emergency appropriation.

23 c. The provisions of this section shall not apply to a bond
24 ordinance which authorizes obligations solely for any purpose
25 referred to in paragraphs a., b., c., d., e., and h. of **[section 40A:2-**
26 **7]** N.J.S.40A:2-7 or for those bond ordinances which involve
27 projects funded by State grants such as Green Acres, Transportation
28 Trust Fund, and other similar programs, or for those bond
29 ordinances which involve environmental infrastructure projects or
30 transportation projects, as defined in section 3 of P.L.1985, c.334
31 (C.58:11B-3), funded by loans from the "New Jersey
32 **[Environmental]** Infrastructure **[Trust]** Bank," created pursuant to
33 section 4 of P.L.1985, c.334 (C.58:11B-4), or the State, acting by
34 and through the Department of Environmental Protection.
35 (cf: P.L.2015, c.95, s.33)

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37 2. N.J.S.40A:2-26 is amended to read as follows:

38 40A:2-26. Maturities of all bonds shall be as determined by
39 bond ordinance or by subsequent resolution and within the
40 following limitations:

41 a. All bonds shall mature within the period or average period
42 of usefulness determined in the bond ordinance.

43 b. All bonds shall mature in annual installments, the first of
44 which shall be payable not more than one year from the date of the

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 bonds. No annual installment shall exceed by more than **【100%】**
2 100 percent the amount of the smallest prior installment.
- 3 c. The first installment of bonds to finance a municipal public
4 utility may be made payable not later than the end of the second
5 year's operation, computed from the estimated date of completion,
6 as fixed in the project report submitted pursuant to this chapter.
- 7 d. Bonds to finance that part of the cost of a local improvement
8 which is to be assessed on property shall mature in annual
9 installments not exceeding in number the number of annual
10 installments or average thereof fixed in the bond ordinance for the
11 payment of special assessments. The first annual installment of
12 such bonds shall be payable not more than two years from the date
13 of the bonds, and no annual installment shall exceed the amount of
14 the smallest prior installment.
- 15 e. A governing body which has concluded that the limitations
16 as to maturities or amounts of annual installments will adversely
17 affect the financial position of the local unit, may make written
18 application to the Local Finance Board setting forth its conclusion
19 and the reasons therefor and the desired maturities or the amounts
20 of annual installments for bonds about to be issued. If the Local
21 Finance Board finds such conclusion to be well founded, it may, by
22 order, fix the maturities or amounts of annual installments of such
23 bonds as desired by the local unit, or fix any such other maturities
24 or amounts of annual installments which the circumstances warrant.
25 Application to the Local Finance Board shall not be required if the
26 maturities or the amounts of annual installments have been
27 determined by (1) the "New Jersey **【Environmental】** Infrastructure
28 **【Trust】 Bank**," created pursuant to section 4 of P.L.1985, c.334
29 (C.58:11B-4), in connection with a loan made by the trust relating
30 to the financing of one or more environmental infrastructure
31 projects or transportation projects as defined in section 3 of
32 P.L.1985, c.334 (C.58:11B-3) or (2) the State, acting by and
33 through the Department of Environmental Protection, in connection
34 with a loan made by the State, **【in each case】** relating to the
35 financing of one or more environmental infrastructure projects as
36 defined in section 3 of P.L.1985, c.334 (C.58:11B-3).
- 37 f. The governing body, by resolution, may provide for a single
38 and combined issue of bonds not exceeding the aggregate amount of
39 bonds authorized by two or more bond ordinances. The bonds of
40 such issue shall mature within the average period of usefulness
41 which shall be determined in said resolution, taking into
42 consideration the respective amount of bonds authorized by each of
43 the bond ordinances and the period or average period of usefulness
44 therein determined. The provisions of this chapter applicable to the
45 sale and issuance of a single issue of bonds shall apply to the sale
46 and issuance of such combined issue of bonds.
- 47 g. The governing body, by resolution, may allow the
48 adjustment of, or otherwise delegate to a finance officer the

1 authority to adjust, the maturity schedule of the bonds, up to 24
2 hours prior to the time advertised for the receipt of bids and within
3 24 hours after the award of bids; provided that no maturity schedule
4 adjustment shall exceed **【10%】** 10 percent of the principal for any
5 maturity with the aggregate adjustment to maturity not to exceed
6 **【10%】** 10 percent of the principal for the overall issue. When an
7 adjustment has been made to a maturity schedule previously
8 approved by the Local Finance Board, a copy of the final maturity
9 schedule which meets or complies with the limitations in this
10 subsection shall be filed with the board within 30 days of the sale
11 and shall be conclusively deemed to have been approved by the
12 board.
13 (cf: P.L.2015, c.95, s.12)

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15 3. This act shall take effect immediately.

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18 STATEMENT

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20 This bill amends the local bond law to exempt a local
21 government from appropriating an amount equal to five percent of
22 the amount of obligations authorized for a transportation project
23 financed through the New Jersey Infrastructure Bank.

24 The bill also exempt a local government from applying to the
25 local finance board concerning the maturity and amount of annual
26 installment payments related to the financing of environmental
27 infrastructure and transportation projects through the New Jersey
28 Infrastructure Bank.