

ASSEMBLY, No. 4148

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED MAY 11, 2020

Sponsored by:

Assemblywoman SERENA DIMASO

District 13 (Monmouth)

Assemblyman THOMAS P. GIBLIN

District 34 (Essex and Passaic)

SYNOPSIS

Permits local governments to issue notes with extended terms during public health emergencies.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 5/28/2020)

1 AN ACT concerning local government borrowing during a public
2 health emergency and amending various parts of the statutory
3 law.

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

7
8 1. N.J.S.40A:4-67 is amended to read as follows:

9 40A:4-67. a. Tax anticipation notes may be renewed from time
10 to time, but all such notes and any renewals thereof shall mature, in
11 the case of municipalities within 120 days after the beginning of the
12 succeeding fiscal year, and in the case of counties not later than
13 June 30 of the succeeding fiscal year.

14 b. Notwithstanding the provisions of subsection a. of this
15 section or any other law to the contrary, in a fiscal year in which a
16 public health emergency, pursuant to the "Emergency Health
17 Powers Act," P.L.2005, c.222 (C.26:13-1 et seq.), is declared and
18 during the next following fiscal year, a local unit may, subject to
19 the approval of the Local Finance Board, issue a tax anticipation
20 note that matures, in the case of a municipality within 120 days
21 after the beginning of up to the fifth succeeding fiscal year, and in
22 the case of a county not later than June 30 of up to the fifth
23 succeeding fiscal year.

24 (cf: P.L.1991, c.75, s.23)

25
26 2. N.J.S.40A:4-74 is amended to read as follows:

27 40A:4-74. a. Any local unit which operates or owns a
28 municipal public utility may, pursuant to resolution of the
29 governing body passed by a majority of the full membership
30 thereof, borrow money and issue its negotiable notes to provide
31 funds necessary to operate the utility or enterprise and meet the
32 necessary payments for debt service. Such notes shall be
33 designated as "Utility Revenue Notes of 19.... (stating the year)" .
34 The amount of notes which may be issued in any fiscal year shall
35 not exceed 50% of the revenue from Utility Rents and
36 Miscellaneous Utility Revenues Anticipated in the annual utility
37 budget.

38 b. (1) Notes may be renewed from time to time but shall
39 mature not later than 90 days after the close of the fiscal year in
40 which the notes were originally issued.

41 (2) Notwithstanding the provisions of paragraph (1) of this
42 subsection or any other law to the contrary, in a fiscal year in which
43 a public health emergency, pursuant to the "Emergency Health
44 Powers Act," P.L.2005, c.222 (C.26:13-1 et seq.), is declared and
45 during the next following fiscal year, a local unit may, subject to

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 the approval of the Local Finance Board, issue a utility revenue
2 note that matures not later than 90 days after the close of up to the
3 fifth fiscal year following the fiscal year in which the note was
4 originally issued.

5 c. Borrowing power provided in this section shall be exclusive
6 of and in addition to the borrowing power provided for tax
7 anticipation notes permitted by this chapter.
8 (cf: P.L.1991, c.75, s.24)

9
10 3. Section 13 of P.L.1983, c.313 (C.40A:5A-13) is amended to
11 read as follows:

12 13. a. To the extent not otherwise provided for by law, an
13 authority is authorized and shall have the power to issue
14 obligations to be designated "Authority Temporary Funding Notes"
15 in an amount not exceeding the realized deficit in revenues for the
16 preceding fiscal year and an estimated deficit in revenues for the
17 current fiscal year. The notes may be renewed from time to time.
18 All notes and any renewals thereof shall mature not later than the
19 close of the succeeding fiscal year and shall be payable in that fiscal
20 year. Payment shall, however, be subordinate to the payment of
21 principal and interest on, or sinking fund payments with respect to,
22 bonds or other obligations (other than "Authority Temporary
23 Funding Notes") of the authority.

24 b. Notwithstanding the provisions of subsection a. of this
25 section or any other law to the contrary, in a fiscal year in which a
26 public health emergency, pursuant to the "Emergency Health
27 Powers Act," P.L.2005, c.222 (C.26:13-1 et seq.), is declared and
28 during the next following fiscal year, an authority may, subject to
29 the approval of the Local Finance Board, issue an authority
30 temporary funding note that matures not later than the close of up to
31 the fifth succeeding fiscal year and that is payable over those fiscal
32 years.

33 c. The proceeds of the sale of "Authority Temporary Funding
34 Notes" shall be deposited in the fund or funds in which a
35 deficiency exists, or is expected to exist, as set forth in the
36 resolution under which the notes are issued.

37 d. An authority shall notify the Local Finance Board in writing
38 of its intention to issue "Authority Temporary Funding Notes"
39 pursuant to this section, including therein a statement of the deficits
40 which the proceeds of the notes are intended to fund, and a
41 statement of the manner in which the authority plans to either retire
42 or refinance the notes on or before the close of the succeeding fiscal
43 year. The notification shall be made at least 30 days prior to
44 issuance, or within such lesser time period as the Local Finance
45 Board shall permit.

46 (cf: P.L.1983, c.313, s.13)

1 county have to mature no later than June 30 of the succeeding fiscal
2 year. This bill would extend these terms to up to the fifth
3 succeeding fiscal year for the fiscal year in which a public health
4 emergency is declared and the next following fiscal year.

5 The bill also would permit municipalities and counties operating
6 a municipal utility to issue utility revenue notes with extended
7 terms. Under current law, these notes have to mature no later than
8 90 days after the close of the fiscal year in which the notes were
9 originally issued. This bill would extend this term to up to the fifth
10 succeeding fiscal year for the fiscal year in which a public health
11 emergency is declared and the next following fiscal year.

12 The bill also would permit local authorities to issue authority
13 temporary funding notes with extended terms. Under current law,
14 these notes have to mature no later than the close of the succeeding
15 fiscal year. This bill would extend this term to up to the fifth
16 succeeding fiscal year for the fiscal year in which a public health
17 emergency is declared and the next following fiscal year.

18 The bill also would permit municipalities and counties to issue
19 emergency notes if a local authority cannot issue authority
20 temporary funding notes under the terms of a bond resolution and if
21 the municipality or county is obligated to make payments on
22 account of a deficiency in revenues under the terms of a service
23 contract. Under current law, these notes have to mature no later
24 than the last day of the fiscal year next succeeding the fiscal year in
25 which the notes were issued and the emergency appropriations
26 authorized. This bill would extend this term to up to the fifth
27 succeeding fiscal year for the fiscal year in which a public health
28 emergency is declared and the next following fiscal year.

29 The Local Finance Board would have to approve an extended
30 term note under the bill.