

SENATE, No. 812

STATE OF NEW JERSEY 219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

Sponsored by:

Senator MICHAEL L. TESTA, JR.

District 1 (Atlantic, Cape May and Cumberland)

SYNOPSIS

Establishes State Debt Capacity Advisory Commission.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



1 **AN ACT** creating the State Debt Capacity Advisory Commission
2 and supplementing Title 52 of the Revised Statutes.

3

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

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7 1. a. There is created a commission to be known as the “State
8 Debt Capacity Advisory Commission.” The purpose of the
9 commission shall be to publish and make available to the public,
10 and maintain in electronic form on the State government Internet
11 website, an annual report on the State's overall debt, which shall
12 include: (1) a detailed analysis and narrative discussion of the
13 State's ability to afford an increase in its overall debt by incurring
14 additional debt, and (2) nonbinding, advisory information on the
15 affordability of the amount of any such increase for purposes of
16 assisting State policymakers evaluate priorities for legislative and
17 executive considerations that may impact the amount of State debt
18 that may be incurred or issued during future State fiscal years. The
19 annual report of the commission shall be submitted, on or before
20 December 1, to the Governor and both houses of the Legislature
21 pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), and the
22 commission is authorized to issue revisions of the annual report at
23 other times as the commission deems appropriate.

24 b. In presenting its analysis, narrative discussion and
25 nonbinding advisory information, the commission shall include in
26 the annual report:

27 (1) An estimate of revenues available for the next ten fiscal
28 years to pay debt service on State debt, including State general
29 revenues plus any revenues specifically pledged to pay debt service;

30 (2) An estimate of additional debt issuance for the next ten
31 fiscal years for the State's existing borrowing programs;

32 (3) A schedule of the annual debt service requirements,
33 including principal and interest allocation, on outstanding State debt
34 and an estimate of the annual debt service requirements on State
35 debt for each of the next ten fiscal years;

36 (4) The calculations and listing of pertinent debt ratios,
37 including, but not limited to, debt service to State revenues
38 available to pay debt service, debt to State total personal income,
39 and debt per capita for the State's net tax-supported debt;

40 (5) The estimated debt capacity available over the next ten fiscal
41 years benchmarked to various ratios of debt service to State
42 revenue;

43 (6) A comparison of the State's debt ratios with the comparable
44 debt ratios for the ten most populous states; and

45 (7) Such other information as the commission deems relevant to
46 the foregoing matters.

47 The analysis, narrative discussion and nonbinding advisory
48 information reported by the commission shall not constitute an

1 official State disclosure statement of material information that is
2 required to be provided by State issuers and shall not represent a
3 finding or an opinion of any State issuing official.

4 c. The commission shall be comprised of nine members, two of
5 whom shall be the State Auditor, ex officio, or a designee, and the
6 Legislative Budget and Finance Officer, ex officio, or a designee;
7 three of whom shall be appointed by the Governor who shall be
8 members of the public with education and experience in areas of
9 public budget and finance, and who shall not hold elective or other
10 public office; and four of whom shall be appointed, one each, by the
11 Senate President, the Senate Minority Leader, the Assembly
12 Speaker, and the Assembly Minority Leader, each of whom shall be
13 members of the public with education and experience in areas of
14 public budget and finance, and shall not hold elective or other
15 public office. Vacancies in the membership of the commission
16 shall be filled in the same manner provided for the original
17 appointments. All members, including any designees, shall be
18 voting members and a majority of all the authorized members shall
19 constitute a quorum. Each public member shall serve for a term of
20 four years and until the appointment and qualification of that
21 member's successor, and may serve, if so appointed, for successive
22 terms. Of the seven public members first appointed to the
23 commission, two shall be appointed for a two-year term, two shall
24 be appointed for a three-year term, and three shall be appointed for
25 a four-year term.

26 d. The commission shall organize within 60 days after the
27 appointment of all of its public members. The commission shall
28 elect a chairperson from among its members and appoint a secretary
29 who need not be a member of the commission.

30 e. The commission may meet at the call of its chairperson and
31 at the times and in the places it deems necessary and appropriate to
32 fulfill its charge. The commission shall be entitled to call to its
33 assistance, and avail itself of the services of, the employees of any
34 State department, board, bureau, commission, or agency as it may
35 require and as may be available for its purposes. The commission
36 may make use of existing studies, surveys, plans, data and other
37 materials in the possession of any State agency and each such
38 agency is hereby authorized to make such staff and information
39 available to the commission so that the commission may have
40 available to it current information with respect to information
41 essential to the completion of, and any necessary revisions to, the
42 commission's annual report.

43 f. The members of the commission shall serve without
44 compensation, but shall be eligible for reimbursement for necessary
45 and reasonable expenses incurred in the performance of their
46 official duties, including traveling and other miscellaneous
47 expenses, as the commission deems necessary for the members to
48 perform their duties, within the limits of the funds appropriated or

1 otherwise made available to the commission for its purposes. Each
2 State officer serving as a member of the commission, and any other
3 person serving as a member designee, may serve on the commission
4 without forfeiture of office or employment and with no loss or
5 diminution in the compensation, status, rights and privileges which
6 they otherwise enjoy.

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8 2. This act shall take effect immediately.

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11 STATEMENT

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13 This bill creates a State Debt Capacity Advisory Commission
14 with members from the legislative branch and the public that will
15 prepare an annual State debt affordability analysis.

16 The annual State debt affordability analysis by the State Debt
17 Capacity Advisory Commission, will include: (1) a detailed analysis
18 and narrative discussion of the State's ability to afford an increase
19 in its overall debt by incurring additional debt, and (2) nonbinding,
20 advisory information on the affordability of the amount of any such
21 increase for purposes of assisting State policymakers evaluate
22 priorities for legislative and executive considerations that may
23 impact the amount of State debt that may be incurred or issued
24 during future State fiscal years.

25 The annual report to be prepared, published and made available
26 to the public, no later than December 1, will include:

- 27 • An estimate of revenues available for the next ten fiscal
28 years to pay debt service on State debt, including State general
29 revenues plus any revenues specifically pledged to pay debt service;
- 30 • An estimate of additional debt issuance for the next ten
31 fiscal years for the State's existing borrowing programs;
- 32 • A schedule of the annual debt service requirements,
33 including principal and interest allocation, on outstanding State debt
34 and an estimate of the annual debt service requirements on State
35 debt for each of the next ten fiscal years;
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37 including, but not limited to, debt service to State revenues
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39 and debt per capita for the State's net tax-supported debt;
- 40 • The estimated debt capacity available over the next ten fiscal
41 years benchmarked to various ratios of debt service to State
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- 43 • A comparison of the State's debt ratios with the comparable
44 debt ratios for the ten most populous states; and
- 45 • Such other information as the commission deems relevant to
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