

SENATE, No. 2583

STATE OF NEW JERSEY
219th LEGISLATURE

INTRODUCED JUNE 15, 2020

Sponsored by:

Senator VIN GOPAL

District 11 (Monmouth)

SYNOPSIS

Allows local governments and school districts to engage in certain borrowing to aid with COVID-19 response.

CURRENT VERSION OF TEXT

As introduced.



1 **AN ACT** concerning local government and school district borrowing
2 during the COVID-19 emergency, supplementing Title 40A of
3 the New Jersey Statutes, and amending N.J.S.40A:4-53,
4 P.L.1969, c.130, and P.L.1983, c.313.

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

8
9 1. (New section) Notwithstanding the provisions of
10 N.J.S.40A:2-51 to the contrary, a local unit may incur indebtedness,
11 borrow money, authorize and issue negotiable refunding bonds, in
12 any amount determined to be necessary by the local unit and
13 approved by the Local Finance Board to effect a refunding for the
14 purpose of repaying a Federal Emergency Management Agency
15 Community Disaster Loan for which the local unit executed a
16 promissory note in 2013 under the authority of section 5 of
17 P.L.1951, c.72 (C.App.A:9-62), in addition to the other purposes for
18 which it may do the same under N.J.S.40A:2-51.

19
20 2. N.J.S.40A:4-53 is amended to read as follows:

21 40A:4-53. A local unit may adopt an ordinance authorizing
22 special emergency appropriations for the carrying out of any of the
23 following purposes:

24 a. Preparation of an approved tax map.

25 b. Preparation and execution of a complete program of
26 revaluation of real property for the use of the local assessor, or of
27 any program to update and make current any previous revaluation
28 program when such is ordered by the county board of taxation.

29 c. Preparation of a revision and codification of its ordinances.

30 d. Engagement of special consultants for the preparation, and
31 the preparation of a master plan or plans, when required to conform
32 to the planning laws of the State.

33 e. Preparation of drainage maps for flood control purposes.

34 f. Preliminary engineering studies and planning necessary for
35 the installation and construction of a sanitary sewer system.

36 g. Authorized expenses of a consolidation commission
37 established pursuant to the "Municipal Consolidation Act,"
38 P.L.1977, c.435 (C.40:43-66.35 et seq.) or sections 25 through 29 of
39 the "Uniform Shared Services and Consolidation Act,"
40 P.L.2007, c.63 (C.40A:65-25 through C.40A:65-29).

41 h. Contractually required severance liabilities resulting from
42 the layoff or retirement of employees. Such liabilities shall be paid
43 without interest and, at the sole discretion of the local unit, may be
44 paid in equal annual installments over a period not to exceed five
45 years.

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 i. Preparation of a sanitary or storm system map.

2 j. Liabilities incurred to the Department of Labor and
3 Workforce Development for the reimbursement of unemployment
4 benefits paid to former employees.

5 k. Subject to approval by the Director of the Division of Local
6 Government Services, non-recurring expenses incurred by a
7 municipality to implement a consolidation with another
8 municipality, or municipalities, pursuant to the "Municipal
9 Consolidation Act," P.L.1977, c.435 (C.40:43-66.35 et seq.); the
10 sparsely populated municipalities law, P.L.1995, c.376 (C.40:43-
11 66.78 et seq.); sections 25 through 29 of the "Uniform Shared
12 Services and Consolidation Act," P.L.2007, c.63 (C.40A:65-25
13 through C.40A:65-29); or N.J.S.40A:7-1 et seq., in the case of a
14 consolidation effectuated through the annexation of land comprising
15 an entire municipality or entire municipalities, to another
16 municipality. The director shall approve the ordinance if he or she
17 determines that the non-recurring expenses are reasonable and
18 permissible by law and that the consolidation will result in long-
19 term savings for the municipality.

20 l. COVID-19 expenditures incurred for immediate preparation,
21 response, recovery, and restoration of public services during such
22 time a COVID-19 public health emergency, pursuant to the
23 "Emergency Health Powers Act," P.L.2005, c.222 (C.26:13-1 et
24 seq.), remains in effect.

25 As used in this subsection, "COVID-19" means the coronavirus
26 disease 2019, as announced by the World Health Organization on
27 February 11, 2020, and first identified in Wuhan, China.

28 A copy of all ordinances or resolutions as adopted relating to
29 special emergency appropriations shall be filed with the director.

30 (cf: P.L.2017, c.101, s.1)

31
32 3. Section 2 of P.L.1969, c.130 (C.18A:24-61.2) is amended to
33 read as follows:

34 2. Notwithstanding the provisions of any other law or any debt
35 limitation or requirement for down payment or for referendum or
36 other action by legal voters, refunding bonds may be authorized and
37 issued for the purpose of paying, funding or refunding: any
38 refunded bonds; the cost of retiring the present value of the
39 unfunded accrued liability due and owing by a board of education,
40 as calculated by the system actuary for a date certain upon the
41 request of a board of education, for early retirement incentive
42 benefits granted by the board of education pursuant to
43 P.L.1991, c.231, P.L.1993, c.163 and P.L.2003, c.129; the
44 repayment of a Federal Emergency Management Agency
45 Community Disaster Loan for which the board of education
46 executed a promissory note in 2013 under the authority of section 5
47 of P.L.1951, c.72 (C.App.A:9-62); the cost of COVID-19
48 expenditures incurred for immediate preparation, response,

1 recovery, and restoration of public services, for a period not to
2 exceed five years; and the cost or expense of issuing refunding
3 bonds including printing, advertising, accounting, financial, legal or
4 other expense in connection therewith. Obligations to be paid,
5 funded or refunded with respect to which an ordinance authorizing
6 the issuance of refunding bonds has been adopted pursuant to this
7 act and not otherwise deductible shall be excluded in calculating the
8 net school debt of a municipality or a district. Refunding bonds
9 shall be authorized (a) in the case of any county or municipality by
10 a refunding bond ordinance enacted in the manner or mode of
11 procedure provided for adoption of a refunding bond ordinance
12 pursuant to the Local Bond Law, constituting chapter 2 of Title
13 40A, Municipalities and Counties, of the New Jersey Statutes, and
14 (b) in the case of a Type II school district by an ordinance (herein
15 called the "refunding bond ordinance") adopted by the board of
16 education of such school district as provided in this chapter.

17 As used in this section, "COVID-19" means the coronavirus
18 disease 2019, as announced by the World Health Organization on
19 February 11, 2020, and first identified in Wuhan, China.
20 (cf: P.L.2003, c.129, s.12)

21
22 4. Section 6 of P.L.1983, c.313 (C.40A:5A-6) is amended to
23 read as follows:

24 6. Prior to the adoption of a bond resolution by an authority, or
25 the adoption of an ordinance or resolution of a local unit or units
26 authorizing a service contract that is part of a project financing, the
27 proposed project financing shall be submitted to the Local Finance
28 Board for its review. The Local Finance Board may adopt rules and
29 regulations, pursuant to the "Administrative Procedure Act,"
30 P.L.1968, c.410 (C.52:14B-1 et seq.), to permit project financing to
31 proceed without such application and review if the project financing
32 is a refunding that will result in debt service savings on outstanding
33 bond debt. The Local Finance Board shall, in the course of its
34 review, give consideration to:

35 a. The nature, purpose, and scope of the proposed project
36 financing;

37 b. The engineering and feasibility studies prepared in
38 connection therewith;

39 c. The terms and provisions of the proposed service contracts,
40 bond resolutions and, in the instance of a negotiated offering, the
41 proposed or maximum terms and conditions of sale;

42 d. An estimate of the proposed or maximum schedule of debt
43 service payments required, and the impact thereof on the budget and
44 financial condition of the authority and of the local unit;

45 e. The estimate of the annual cost of operating and maintaining
46 the project as set forth in the engineering report or feasibility
47 studies; and

1 f. The initial rate, rent, fee, or charge schedule proposed by the
2 authority, or any other proposed method of raising the amounts
3 required to finance the operations and payments of debt service on
4 the obligations of the authority.

5 Notwithstanding any other provision of law to the contrary, an
6 authority may, upon application to and review by the Local Finance
7 Board, incur indebtedness, borrow money, authorize and issue
8 negotiable refunding bonds to cover the cost of COVID-19
9 expenditures incurred for immediate preparation, response,
10 recovery, and restoration of public services for a period not to
11 exceed five years. As used herein, "COVID-19" means the
12 coronavirus disease 2019, as announced by the World Health
13 Organization on February 11, 2020, and first identified in Wuhan,
14 China.

15 The Local Finance Board may examine the estimates,
16 computations or calculations made in connection with the
17 submission, may require the production of papers, documents,
18 witnesses or information, may make or cause to be made an audit or
19 investigation and may take any other action which it may deem
20 necessary to its review of the submission.

21 (cf: P.L.2015, c.95, s.17)

22
23 5. This act shall take effect immediately.
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26 STATEMENT

27
28 This bill would authorize local governments and school districts
29 to engage in certain borrowing to provide them with added financial
30 flexibility to be able to effectively respond to the COVID-19 public
31 health emergency and the economic crisis it has caused.

32 First, this bill would authorize a local unit to issue refunding
33 bonds for the repayment of a Federal Emergency Management
34 Agency Community Disaster Loan for which the local unit executed
35 a promissory note in 2013.

36 Next, this bill would authorize a municipality or county to make
37 special emergency appropriations to support its response to, and
38 recovery from, the COVID-19 crisis. This would entail
39 authorization for municipalities and counties to issue special
40 emergency notes to fund these appropriations under current law.

41 Next, the bill would authorize a school district to issue refunding
42 bonds for the repayment of a Federal Emergency Management
43 Agency Community Disaster Loan for which the board of education
44 executed a promissory note in 2013 or to cover the cost of COVID-
45 19 response and recovery expenditures.

46 Lastly, the bill would authorize a local authority to borrow funds
47 in order to cover the cost of COVID-19 response and recovery
48 expenditures.