

SENATE, No. 2697

STATE OF NEW JERSEY
219th LEGISLATURE

INTRODUCED JULY 14, 2020

Sponsored by:

Senator STEPHEN M. SWEENEY

District 3 (Cumberland, Gloucester and Salem)

Senator PAUL A. SARLO

District 36 (Bergen and Passaic)

SYNOPSIS

“New Jersey COVID-19 Emergency Bond Act,” authorizes issuance of State bonds totaling up to \$9.9 billion.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT authorizing the creation of a debt of the State of New
2 Jersey by the issuance of bonds of the State in the aggregate
3 principal amount of up to \$9,900,000,000 for the purpose of
4 responding to the fiscal exigencies caused by the COVID-19
5 Pandemic; authorizing the Governor to apply for and receive
6 federal stimulus loans for the benefit of the State; authorizing the
7 issuance of refunding bonds; and providing the ways and means
8 to pay and discharge the principal of and interest on the bonds.
9

10 **BE IT ENACTED** by the Senate and General Assembly of the State
11 of New Jersey:

12
13 1. This act shall be known and may be cited as the “New Jersey
14 COVID-19 Emergency Bond Act.”
15

16 2. The Legislature finds and declares that:

17 a. Due to the increase in the number of SARS-CoV-2 novel
18 coronavirus (“COVID-19”) cases in New Jersey, the surrounding
19 region and across the globe, the Governor of the State of New
20 Jersey (the “Governor”) issued Executive Order No. 103 declaring a
21 public health emergency and a state of emergency in the State of
22 New Jersey (the “State”) on March 9, 2020. The declaration allows
23 for certain executive actions to respond to the increasing number of
24 COVID-19 cases in the State.

25 b. On March 11, 2020, the World Health Organization declared
26 the COVID-19 outbreak a pandemic, and on March 13, 2020, the
27 President of the United States proclaimed that the COVID-19
28 outbreak constituted a national emergency.

29 c. On March 16, 2020, the Governor issued Executive Order
30 No. 104, whereby the Governor ordered restrictions, including that
31 all K-12 schools be closed (with limited exceptions); all universities
32 and colleges in the State cease in-person instruction; casinos,
33 racetracks, in-person sports wagering, gyms and fitness centers, and
34 entertainment centers be closed; non-essential businesses cease
35 operations from 8:00 p.m. to 5:00 a.m., and when open, adhere to
36 limited occupancy restrictions; and all restaurants and bars close
37 except for delivery or take-out services.

38 d. On March 19, 2020, the Governor issued Executive Order
39 No. 105, whereby the Governor, among other things, ordered that
40 certain local elections scheduled during the rest of March and in
41 April be moved to May 12, 2020, and that all elections on May 12,
42 2020, take place via mail-in ballot only.

43 e. On March 19, 2020, the Governor issued Executive Order
44 No. 106, whereby the Governor, among other things, ordered that
45 no lessee, tenant, homeowner or any other person shall be removed
46 from a residential property by foreclosure or eviction; and that
47 enforcement of all judgments for possession, warrants for removal,
48 and writs of possession are stayed while Executive Order No. 106 is

1 in effect, unless the court hearing the matter determines that
2 enforcement is necessary in the interests of justice.

3 f. On March 21, 2020, the Governor issued Executive Order
4 No. 107, which superseded the operative paragraphs of Executive
5 Order No. 104 and whereby the Governor ordered that for the most
6 part all State residents remain home or at their place of residence
7 except for certain very limited exceptions. The Governor also
8 ordered that all non-essential retail businesses be closed to the
9 public.

10 g. On March 21, 2020, the Governor issued Executive Order
11 No. 108, whereby the Governor ordered that any county or
12 municipal restriction imposed in response to COVID-19 that in any
13 way conflicts with the provisions of Executive Order No. 107 is
14 invalidated; and no municipality, county or any agency or political
15 subdivision of the State may enact any order, rule, regulation,
16 ordinance, or resolution which would conflict with Executive Order
17 No. 107.

18 h. On March 23, 2020, the Governor issued Executive Order
19 No. 109, whereby the Governor ordered all elective surgeries
20 suspended as of March 27, 2020.

21 i. On March 25, 2020, the Governor issued Executive Order
22 No. 110, whereby the Governor ordered all child care centers to
23 close, except those certified to care for the children of essential
24 persons, including essential government employees; health care
25 workers; law enforcement personnel; fire and emergency services
26 personnel; staff at correctional facilities; individuals employed at
27 emergency child care centers operating on or after April 1, 2020;
28 group home and shelter staff; essential government employees who
29 are unable to work from home, including child protection services
30 workers, child welfare workers, foster care workers, unemployment
31 compensation processing staff, and public health employees; and
32 certain critical workers at essential retail business.

33 j. On March 28, 2020, the Governor issued Executive Order
34 No. 111, whereby the Governor ordered health care facilities to
35 report data concerning their capacity and supplies on a daily basis.

36 k. On April 1, 2020, the Governor issued Executive Order No.
37 112, whereby the Governor ordered the removal of various statutory
38 barriers applicable to various health care professionals and provided
39 immunity to health care professionals and health care facilities
40 aiding in the response by the State to the COVID-19 Pandemic.

41 l. On April 2, 2020, the Governor issued Executive Order No.
42 113, whereby the Governor authorized the State Director of
43 Emergency Management, who is the Superintendent of State Police,
44 to use the Governor's full authority to reallocate medical resources
45 to the regions and health care facilities affected by COVID-19, to
46 take or use, subject to the compensation provisions of the New
47 Jersey Civilian Defense and Disaster Control Act, personal services
48 and/or real or personal property, including medical resources, for

1 the purpose of protecting or promoting the public health, safety, or
2 welfare.

3 m. On April 3, 2020, the Governor issued Executive Order No.
4 114, whereby the Governor ordered that the flags of the United
5 States of America and of New Jersey shall be flown at half-staff at
6 all State buildings in recognition and mourning of all those who
7 have lost their lives and have been affected by COVID-19.

8 n. On April 6, 2020, the Governor issued Executive Order No.
9 115, whereby the Governor authorized, for the duration of the
10 public health emergency and the state of emergency, the return by
11 retirees of government agencies to employment without having to
12 re-enroll in any retirement system.

13 o. On April 7, 2020, the Governor issued Executive Order No.
14 116, whereby the Governor extended the deadline to June 9, 2020,
15 for the governing body of each municipality, after consultation with
16 the school board of education, to present and to certify a tax levy to
17 the county board of taxation; school districts that were scheduled to
18 have their annual board of education elections on April 21, 2020,
19 but which were postponed to May 12, 2020, have until June 5, 2020
20 to provide notice to non-tenured teaching staff members as to
21 whether they will be employed for the next succeeding year and
22 such non-tenured teaching staff members have until June 22, 2020
23 to accept such employment offers by such school districts; the terms
24 of school board of education members whose terms were set to
25 expire at the first organizational meeting following the postponed
26 April 21, 2020 election shall be extended to the first organizational
27 meeting following the May 12, 2020 election; and the terms of such
28 school board of education members elected at the May 12, 2020
29 election shall run as though they had taken office at the first
30 organizational meeting following the originally scheduled April 21,
31 2020 election.

32 p. On April 7, 2020, the Governor issued Executive Order No.
33 117, whereby the Governor, among other things, waived and
34 cancelled the eighth-grade student assessment for the 2019-2020
35 school year; waived and cancelled the twelfth-grade student
36 assessment for any student who is expected to graduate in the class
37 of 2020, but who had not, as of March 18, 2020, met such
38 graduation assessment requirement; waived the requirement that
39 student growth data be used as a measure of educator effectiveness
40 in the overall evaluation of any educator; and waived the
41 requirement of three observations and evaluations for all non-
42 tenured teaching staff for the 2019-2020 school year.

43 q. On April 7, 2020, the Governor issued Executive Order No.
44 118, whereby the Governor ordered that all State parks and forests
45 and all county parks be closed to the public.

46 r. On April 7, 2020, the Governor issued Executive Order No.
47 119, whereby the Governor ordered that all executive orders, and all
48 Executive Branch department and agency actions, including any

1 administrative orders adopted in whole or in part based on the
2 authority under the Emergency Health Powers Act, P.L.2005, c.222
3 (C.26:13-1, et seq.), remain in full force in effect.

4 s. On April 8, 2020, the Governor issued Executive Order No.
5 120, whereby the Governor ordered the federal and State primary
6 elections scheduled for June 2, 2020, be postponed and rescheduled
7 for July 7, 2020; and any other election scheduled for a date on or
8 between May 13, 2020, and July 7, 2020, be postponed and
9 rescheduled for July 7, 2020.

10 t. On April 8, 2020, the Governor issued Executive Order No.
11 121, whereby the Governor authorized motor vehicles transporting
12 relief supplies necessary for the response to the COVID-19
13 Pandemic public health emergency and state of emergency via
14 certain interstate highways and toll roads in the State to receive
15 special permits from the Department of Transportation to increase
16 the maximum motor vehicle weight on a vehicle with a minimum of
17 five axles.

18 u. On April 8, 2020, the Governor issued Executive Order No.
19 122, whereby the Governor ordered: (1) essential retail businesses
20 that are permitted to maintain in-person operations pursuant to
21 Executive Order No. 107, to limit occupancy to fifty percent of the
22 stated maximum store capacity, establish hours of operation that
23 permit access solely to high-risk individuals as defined by the
24 Centers for Disease Control and Prevention, install physical barriers
25 between customers and cashiers/baggers to ensure six feet of
26 distance between those individuals, require infection control
27 practices for employees and provide employees break time for
28 repeated handwashing throughout the workday, arrange for
29 contactless pay, pickup and delivery options, provide sanitization
30 materials to staff and customers, require frequent sanitization of
31 high-touch areas such as restrooms, credit card machines, keypads,
32 counters and shopping carts, demarcate six feet of spacing in check-
33 out lines, and require employees and customers to wear cloth face
34 coverings while on premises; (2) all non-essential construction
35 projects to cease; (3) all manufacturing businesses, warehousing
36 businesses and businesses engaged in essential construction projects
37 (as defined in the Executive Order) to limit the number of persons
38 at the worksite concurrently and to adopt social distancing and
39 infection control, mitigation and sanitization policies to prevent the
40 spread of COVID-19; (4) all manufacturing businesses,
41 warehousing businesses and businesses engaged in essential
42 construction projects to adopt policies to address situations where
43 an employee appears to demonstrate COVID-19 symptoms during
44 the work day, to notify employees of potential exposure to COVID-
45 19, to clean and disinfect worksite areas, and to maintain a clean
46 and safe workplace environment; and (5) businesses authorized to
47 maintain in-person operations pursuant to Executive Order No. 107,
48 to adopt certain cleaning protocols where operations are conducted.

1 v. On April 9, 2020, the Governor issued Executive Order No.
2 123, whereby the Governor ordered certain insurance companies not
3 to cancel policies during the emergency grace periods as a result of
4 nonpayment of premiums; and authorized the Commissioner of
5 Banking and Insurance to extend the emergency grace periods
6 further as necessary to protect the interests of policyholders,
7 beneficiaries and the public.

8 w. On April 10, 2020, the Governor issued Executive Order No.
9 124, whereby the Governor authorized a process for the release of
10 inmates by means of parole or temporary emergency medical home
11 confinement to reduce the threat to inmates posed by COVID-19 in
12 a correctional setting.

13 x. On April 11, 2020, the Governor issued Executive Order No.
14 125, whereby the Governor ordered New Jersey Transit, private
15 New Jersey Transit-affiliated motor carriers, private unaffiliated
16 motor carriers, and private paratransit carriers to establish infection
17 control, mitigation and sanitization policies to prevent the spread of
18 COVID-19; restaurants, cafeterias, dining establishments, food
19 courts, bars, and other holders of liquor licenses with retail
20 consumption privileges that are continuing to offer food delivery
21 and/or take-out services pursuant to Executive Order No. 107 to
22 adopt social distancing and infection control, mitigation and
23 sanitization policies to prevent the spread of COVID-19.

24 y. On April 13, 2020, the Legislature passed P.L.2020, c.19,
25 whereby the Legislature: (1) extended the due date for the filing of
26 quarterly and annual returns and the payment of tax due pursuant to
27 the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., or
28 the "Corporation Business Tax Act (1945)," P.L.1945, c.162
29 (C.54:10A-1 et seq.), from April 15, 2020 to July 15, 2020; and (2)
30 for purposes of the State's general appropriation law, provided that
31 the State fiscal year scheduled to end on June 30, 2020, shall end on
32 September 30, 2020, and the subsequent fiscal year shall begin on
33 October 1, 2020, and shall end on June 30, 2021.

34 z. On April 13, 2020, the Governor issued Executive Order No.
35 126, whereby the Governor ordered that no cable or
36 telecommunications provider that provides residential internet and
37 voice services to State residents shall terminate such internet and
38 voice services due to nonpayment during the public health
39 emergency and state of emergency; authorized a cable or
40 telecommunications provider to State residents to downgrade or
41 reduce the quality of residential internet or voice services due to
42 nonpayment only if acting according to a policy approved in writing
43 by the New Jersey Board of Public Utilities; authorized a cable or
44 telecommunications provider to State residents to collect a fee or
45 charge imposed for late payments relating to residential internet
46 service or imposed for reconnection of voice services only if acting
47 according to a policy approved in writing by the New Jersey Board
48 of Public Utilities; and authorized reconnection of residential

1 internet or voice services which were discontinued due to
2 nonpayment after March 16, 2020, including where the
3 disconnection was for unpaid bills incurred prior to March 16,
4 2020, at no cost to the customer beyond the actual costs incurred by
5 the provider.

6 aa. On April 14, 2020, the Governor issued Executive Order No.
7 127, whereby the Governor ordered an extension of deadlines in
8 contested cases and for filing of any recommended report or
9 decision under the “Administrative Procedure Act,” P.L.1968, c.410
10 (C.52:14B-1, et seq.), unless the contested case is proceeding as
11 emergent or is on appeal to the Civil Service Commission from
12 certain adverse actions; ordered an extension of the deadline for
13 notices of rule proposal if the rule proposal was published in the
14 New Jersey Register on or after April 15, 2019, and the notice of
15 rule proposal would otherwise expire without the benefit of such an
16 extension; ordered an extension of the deadline for any Executive
17 Branch department or agency to act on any currently pending
18 petition for rulemaking or on any petition for rulemaking filed
19 during the public health emergency, or any Executive Branch
20 department or agency rule prescribing procedures for the
21 consideration and disposition of petitions for rulemaking; ordered
22 an extension of the expiration date of any rule scheduled to expire
23 during the public health emergency; authorized the further
24 extension of any deadline or expiration date upon request of the
25 Executive Branch department or agency and upon written approval
26 of the Governor; and extended the deadline by which any State
27 officer or employee is required to file a financial disclosure
28 statement pursuant to Executive Order No. 2 (Murphy 2018) or a
29 conflict of interest form pursuant to Executive Order No. 14
30 (Corzine 2006) to July 31, 2020.

31 bb. On April 24, 2020, the Governor issued Executive Order No.
32 128, whereby the Governor authorized the use of security deposits,
33 upon the request from a tenant, to pay or be credited against rent
34 payments due or to become due from the tenant during the public
35 health emergency or up to sixty days after the public health
36 emergency terminates.

37 cc. On April 27, 2020, the Governor issued Executive Order No.
38 129, whereby the Governor ordered the extension of all retired
39 officer carry permits that expire during the public health emergency
40 for a period of 90 days after the end of the public health emergency,
41 provided that the permit holder submits a renewal application prior
42 to the expiration of their existing permit or prior to May 4, 2020,
43 which is later, and the permit holder submits proof of qualification
44 on the use of their weapon.

45 dd. On April 28, 2020, the Governor issued Executive Order No.
46 130, whereby the Governor authorized the governing body of any
47 municipality in the State to adopt a resolution instituting a grace
48 period concluding on a date no later than June 1, 2020, for the

1 payment of second-quarter property taxes for municipalities on a
2 calendar year budget cycle and for the payment of fourth-quarter
3 property taxes for municipalities on a State fiscal year (July 1 to
4 June 30) budget cycle.

5 ee. On April 28, 2020, the Governor issued Executive Order
6 No. 131, whereby the Governor established the Governor's Restart
7 and Recovery Commission to provide advice and guidance to the
8 Governor for reopening the State economy in a way that is
9 consistent with the State's public health efforts to slow the spread
10 of COVID-19.

11 ff. On April 29, 2020, the Governor issued Executive Order No.
12 132, whereby the Governor authorized electronic submission of
13 initiative and referendum petitions to county clerks and municipal
14 clerks in addition to hand delivery of such petitions; authorized
15 county clerks and municipal clerks to also accept electronic
16 signatures on such petitions via an online form; and suspended the
17 statutory requirement for a notarized affidavit to be submitted
18 attesting to the validity of signatures on such petitions.

19 gg. On April 29, 2020, the Governor issued Executive Order No.
20 133, whereby the Governor ordered the reopening of State parks
21 and forests for passive recreational activities in which social
22 distancing can be readily achieved but ordered that certain other
23 activities remain closed; set forth restrictions, recommendations and
24 policies for social distancing at State parks and forests; ordered the
25 opening of county parks; and ordered that social distancing
26 restrictions, recommendations and policies be followed at county
27 and municipal parks, and at golf courses that are opened to the
28 public.

29 hh. The COVID-19 Pandemic has had a severe impact on the
30 State's economy. The long-term and short-term capital markets
31 have experienced significant deterioration in value and increased
32 volatility, which can affect the liquidity and results of operations of
33 businesses in the State and the State economy as a whole and which
34 has significantly and materially adversely affected and continues to
35 significantly and materially adversely affect the State's financial
36 resources for Fiscal Year 2020 and Fiscal Year 2021.

37 ii. The impact of COVID-19 on the State, its economy, budget
38 and finances is unpredictable and rapidly changing, but events
39 surrounding COVID-19 will severely and negatively impact the
40 State's economy and financial condition. Some of the negative
41 impacts that the State has currently identified include:

42 (1) The State expects precipitous declines in revenues in Fiscal
43 Year 2020 and Fiscal Year 2021, which include significant
44 reductions in gross income tax revenues, corporation business tax
45 revenues, and sales and use tax revenues due to required business
46 shutdowns; motor fuels taxes due to mandated "stay-at home"
47 orders; casino-related taxes due to casino closures; and lottery sales
48 which have already started to decline;

1 (2) The State expects that it will need to significantly revise the
2 estimated revenues and projected appropriations for Fiscal Years
3 2020 and 2021 contained in the Governor’s Budget Message for
4 Fiscal Year 2021 on February 25, 2020, which was delivered before
5 the outbreak of COVID-19 within the State; and

6 (3) The State may encounter future increases in the State’s
7 actuarially recommended contributions to the State’s pension plans
8 to the extent that the valuation of pension plans is affected by the
9 deterioration in value in the investment markets.

10 jj. From April 29, 2020 to the present, the Legislature and the
11 Governor have continued to seek ways to restart the State economy
12 and recover from the financial problems resulting from the COVID-
13 19 Pandemic.

14 kk. It is necessary for the State to take action to ensure the
15 continued viability of the State’s financial condition and to assist
16 the State’s population in dealing with the financial and economic
17 problems resulting from the COVID-19 Pandemic through the
18 issuance of general obligations bonds, and borrowings from the
19 federal government pursuant to this act to provide financial
20 resources for the State budget.

21 ll. This act authorizes the issuance of bonds, and borrowing
22 from the federal government in accordance with Article VIII,
23 Section II, paragraph 3, subparagraph e. of the Constitution of the
24 State to respond to the fiscal exigencies caused by the COVID-19
25 Pandemic and to maintain and preserve the fiscal integrity of the
26 State.

27
28 3. The following words or terms as used in this act shall have
29 the following meanings unless a different meaning clearly appears
30 from the context:

31 “Bonds” means any bonds, notes or other obligations authorized
32 to be issued under this act.

33 “COVID-19” means the SARS-CoV-2 novel coronavirus.

34 “COVID-19 Pandemic” means the outbreak of COVID-19
35 throughout the world, declared to be a pandemic by the World
36 Health Organization on March 11, 2020.

37 “Federal government” means the United States of America, any
38 agency or instrumentality of the United States of America and any
39 other entity, including, without limitation, any facility or special
40 purpose vehicle, that is authorized to make loans to the State
41 pursuant to any federal stimulus law. The term “federal
42 government” is to be interpreted broadly with the intent that the
43 State shall be authorized to borrow from such lenders as may be
44 necessary or desirable to enable the State to receive loans under or
45 pursuant to federal stimulus laws to the fullest extent possible.

46 “Federal stimulus laws” means any federal laws enacted to
47 address the fiscal and economic crisis resulting from the COVID-19
48 Pandemic, including but not limited to the Coronavirus Aid, Relief

1 and Economic Security Act (“CARES Act”), Pub.L.116-136,
2 codified at 134 Stat. 281 or any other federal stimulus law related to
3 the COVID-19 Pandemic, and any other federal laws that may
4 authorize or support lending to the State, including, but not limited
5 to, section 13(3) of the Federal Reserve Act, 12 U.S.C. s.343, which
6 laws, among other things, provide for loans or grants to the State to
7 address the economic crisis.

8 “Government securities” means any bonds or other obligations
9 which as to principal and interest constitute direct obligations of, or
10 are unconditionally guaranteed by, the United States of America,
11 including obligations of any federal agency, to the extent those
12 obligations are unconditionally guaranteed by the United States of
13 America, and any certificates or any other evidences of an
14 ownership interest in those obligations of, or unconditionally
15 guaranteed by, the United States of America or in specified portions
16 which may consist of the principal of, or the interest on, such
17 obligations.

18 “New Jersey COVID-19 State Emergency Fund” means the fund
19 by that name created and established pursuant to section 13 of this
20 act.

21 “Refund” or “refunding” means providing for the payment of a
22 bond on or prior to its maturity or upon redemption or prepayment
23 prior to maturity, as authorized in this act.

24 “Refunding bonds” means any bonds issued under this act to
25 refund bonds previously issued pursuant to this act.

26 “State” means the State of New Jersey.
27

28 4. a. Bonds of the State of New Jersey are authorized to be
29 issued to address the State’s financial problems that have arisen as a
30 consequence of the COVID-19 Pandemic. The bonds authorized
31 pursuant to this section are authorized to be issued either to the
32 federal government pursuant to any federal stimulus law as set forth
33 in this subsection or at a public or private sale pursuant to section
34 11 of this act in the aggregate principal amount of up to
35 \$2,700,000,000 for the period that began July 1, 2019 and ends
36 September 30, 2020 and in the aggregate principal amount of up to
37 \$7,200,000,000 for the period that begins October 1, 2020 and ends
38 June 30, 2021, for a total combined aggregate principal amount of
39 up to \$9,900,000,000 issued over the two State fiscal periods. No
40 additional borrowing is authorized. The State, acting through the
41 Governor or through the State Treasurer with the consent of the
42 issuing officials, in accordance with section 6 of this act, is hereby
43 authorized to borrow from the federal government for the benefit of
44 the State in such amounts and on such terms as the federal
45 government sets forth in or pursuant to any federal stimulus law,
46 subject to the limitations of this subsection. Any such monies
47 received, as specifically authorized pursuant to this subsection,
48 shall be considered monies deposited with the State by the

1 government of the United States for purposes of Article VIII,
2 Section II, paragraph 3, subparagraph e. of the Constitution of the
3 State. Any such borrowing shall be treated as a bond for the
4 purposes of sections 6, 7, 22, and 23 of this act.

5 b. Refunding bonds are authorized to be issued but only to
6 refund bonds previously issued as specifically authorized under this
7 act in whole or in part. Refunding bonds shall be issued in an
8 amount not to exceed the amount necessary to pay or to provide for
9 the payment of the principal of the outstanding bonds specifically
10 authorized to be issued pursuant to this act to be refunded, together
11 with any redemption premium on the outstanding bonds, any
12 interest accrued or to accrue on the outstanding bonds to be
13 refunded to the date of payment of those outstanding bonds, the
14 expenses of issuing the refunding bonds and the expenses, if any, of
15 paying the outstanding bonds to be refunded. Refunding bonds may
16 be issued hereunder without regard to the "Refunding Bond Act of
17 1985," P.L.1985, c.74, as amended by P.L.1992, c.182 (C.49:2B-1
18 et seq.), but only to the extent necessary for the purposes of
19 refunding bonds issued under this act pursuant to section 4 of this
20 act.

21
22 5. The bonds authorized under this act shall be serial bonds,
23 term bonds, notes, or a combination thereof. The bonds authorized
24 under this act shall be known as "New Jersey COVID-19 General
25 Obligation Emergency Bonds." The bonds issued to the federal
26 government under section 4 of this act shall bear such additional
27 designation as may be required by the federal government pursuant
28 to the applicable federal stimulus laws. All bonds shall be issued
29 from time to time as the issuing officials shall determine, shall be
30 issued in fully-registered form and may be certificated or in
31 book-entry form. The bonds may be subject to redemption prior to
32 maturity and shall mature and be paid not later than 35 years from
33 the respective dates of their issuance. Bonds issued under this Act
34 are authorized by and shall be issued under and in compliance with
35 Article VIII, Section II, paragraph 3, subparagraph e. of the
36 Constitution of the State.

37
38 6. The Governor, the State Treasurer, and the Director of the
39 Division of Budget and Accounting in the Department of the
40 Treasury, or any two of these officials, herein referred to as the
41 "issuing officials," are authorized to carry out the provisions of this
42 act relating to the issuance of bonds, and shall determine all matters
43 in connection therewith, subject to the provisions of this act. If an
44 issuing official is absent from the State or incapable of acting for
45 any reason, the powers and duties of that issuing official shall be
46 exercised and performed by the person authorized by law to act in
47 an official capacity in the place of that issuing official.

1 Upon the decision by the issuing officials to issue bonds
2 pursuant to subsection a. of section 4 of this act, and prior to the
3 sale of those bonds, the issuing officials shall transmit a report that
4 a decision has been made and describing the bonds proposed to be
5 issued to the Select Commission on Emergency COVID-19
6 Borrowing, which shall be comprised of two members of the Senate
7 selected by the Senate President and two members of the General
8 Assembly selected by the Speaker of the General Assembly. The
9 membership of the Commission shall be selected on or before the
10 seventh day next following the effective date of this act. No bonds
11 shall be issued unless the report of the issuing officials is approved
12 by the Commission. The Commission shall schedule a vote to
13 approve the report of the issuing officials following submission of
14 the report to the Commission, which vote shall be held within six
15 calendar days of the date of submission of the report of the issuing
16 officials. The Commission may use any technology or electronic
17 means to vote to approve the report of the issuing officials or to
18 otherwise conduct its business or carry out its purposes. Approval
19 by three or more of the members of the Commission shall constitute
20 approval of the report. Failure of the Commission to meet or act
21 within six days of submission of the report or to approve the report
22 by an affirmative vote of three or more members of the Commission
23 shall constitute disapproval. A meeting of the Commission shall
24 require the presence of at least three members.

25

26 7. Bonds issued in accordance with the provisions of this act
27 shall be a direct obligation of the State, and the faith and credit of
28 the State are pledged for the payment of the interest and redemption
29 premium, if any, thereon when due, and for the payment of the
30 principal thereof at maturity or earlier redemption date. The
31 principal of and interest on the bonds shall be exempt from taxation
32 by the State or by any county, municipality, or other taxing district
33 of the State.

34

35 8. The bonds shall be signed in the name of the State by means
36 of the manual or facsimile signature of the Governor, and attested
37 by the manual or facsimile signature of the Secretary of State or an
38 Assistant Secretary of State, and shall be countersigned by the
39 facsimile signature of the Director of the Division of Budget and
40 Accounting in the Department of the Treasury and may be manually
41 authenticated by an authenticating agent or bond registrar, as the
42 issuing officials shall determine. The bonds may be issued
43 notwithstanding that an official signing them or whose manual or
44 facsimile signature appears on the bonds has ceased to hold office
45 at the time of issuance, or at the time of the delivery of the bonds to
46 the purchasers thereof. The bonds may also be executed,
47 authenticated, and delivered by electronic means.

1 9. a. The bonds shall recite that they are issued for the purposes
2 set forth in section 4 of this act, and that they are issued pursuant to
3 this act. This recital shall be conclusive evidence of the authority of
4 the State to issue the bonds and their validity. Any bonds
5 containing this recital shall, in any suit, action, or proceeding
6 involving their validity, be conclusively deemed to be fully
7 authorized by this act and to have been issued, sold, executed, and
8 delivered in conformity herewith and with all other provisions of
9 laws applicable hereto, and shall be incontestable for any cause.

10 b. The bonds shall be issued in those denominations and in
11 fully-registered form, and may be certificated or in book-entry
12 form, and with or without provisions for interchangeability thereof,
13 as may be determined by the issuing officials.
14

15 10. When the bonds are issued from time to time, the bonds of
16 each issue shall constitute a separate series to be designated by the
17 issuing officials. Each series of bonds shall bear such rate or rates
18 of interest as may be determined by the issuing officials, which
19 interest shall be payable semiannually, except that the first and last
20 interest periods may be longer or shorter, in order that intervening
21 semiannual payments may be at convenient dates, or as otherwise
22 may be required by the applicable federal stimulus law.
23

24 11. a. The issuing officials may sell the bonds at a private sale,
25 without advertisement, at such price or prices and under such terms
26 and conditions as the issuing officials may prescribe. The issuing
27 officials may also sell all or part of the bonds of any series to the
28 federal government at a private sale, without advertisement. The
29 bonds may also be issued and sold at public sale at the price or
30 prices and under the terms, conditions and regulations as the issuing
31 officials may prescribe, after notice of the sale, published at least
32 once in at least three newspapers published in this State, the first
33 notice to appear at least two days prior to the day of bidding. The
34 notice of sale may contain a provision to the effect that any bid in
35 pursuance thereof may be rejected.

36 b. In the event of any private sale of the bonds, the issuing
37 officials are further authorized to enter into such loan agreements or
38 similar documents as the purchaser may require. To the extent
39 specified in any such loan or similar agreements, the terms and
40 provisions thereof shall constitute additional provisions of the
41 bonds and shall be entitled to the benefits of this act.
42

43 12. Until permanent bonds are prepared, the issuing officials
44 may issue temporary bonds in the form and with those privileges as
45 to their registration and exchange for permanent bonds as may be
46 determined by the issuing officials.

1 13. The proceeds from the sale of bonds as set forth in
2 subsection a. of section 4 of this act shall be paid to the State
3 Treasurer, shall be held by the State Treasurer in a separate fund,
4 which fund shall be known as the “New Jersey COVID-19 State
5 Emergency Fund,” and shall be deposited in such depositories as
6 may be selected by the State Treasurer to the credit of the fund.

7
8 14. Amounts on deposit in the New Jersey COVID-19 State
9 Emergency Fund shall be withdrawn by the State Treasurer for
10 deposit into the General Fund or the Property Tax Relief Fund as
11 needed to support appropriations made by the Legislature in the
12 Fiscal Year 2021 Appropriations Act, and such amounts shall
13 constitute State revenues. The balance of amounts on deposit in the
14 New Jersey COVID-19 State Emergency Fund shall be subject to
15 appropriation by the Legislature. However, no moneys in the New
16 Jersey COVID-19 State Emergency Fund shall be expended except
17 as otherwise authorized by this act.

18
19 15. a. At any time prior to the issuance and sale of bonds under
20 this act, or borrowings from the federal government under this act,
21 the State Treasurer is authorized to transfer from any available
22 moneys in any fund of the treasury of the State to the credit of the
23 New Jersey COVID-19 State Emergency Fund those sums as the
24 State Treasurer may deem necessary. The sums so transferred shall
25 be returned to the same fund of the treasury of the State by the State
26 Treasurer from the proceeds of the sale of bonds, or a loan or loans
27 by the federal government pursuant to a federal stimulus law as set
28 forth in section 4 of this act.

29 b. Pending their application to the purposes provided in this act,
30 the moneys in the New Jersey COVID-19 State Emergency Fund
31 may be invested and reinvested as are other trust funds in the
32 custody of the State Treasurer, in the manner provided by law. Net
33 earnings received from the investment, reinvestment, or deposit of
34 moneys in the New Jersey COVID-19 State Emergency Fund shall
35 be paid into the General Fund.

36
37 16. If any bond is lost, mutilated, or destroyed, a new bond shall
38 be executed and delivered of like tenor, in substitution for the lost,
39 mutilated, or destroyed bond, upon the owner furnishing to the
40 issuing officials evidence satisfactory to them of the loss,
41 mutilation, or destruction of the bond, the ownership thereof, and
42 security, indemnity, and reimbursement for expenses connected
43 therewith, as the issuing officials may require.

44
45 17. The accrued interest, if any, received upon the sale of the
46 bonds shall be applied to the discharge of a like amount of interest
47 upon the bonds when due. Any expense incurred by the issuing
48 officials for advertising, engraving, printing, clerical,

1 authenticating, registering, legal, or other services necessary to
2 carry out the duties imposed upon them by the provisions of this act
3 shall be paid from the proceeds of the sale of the bonds by the State
4 Treasurer, upon the warrant of the Director of the Division of
5 Budget and Accounting in the Department of the Treasury, in the
6 same manner as other obligations of the State are paid.

7
8 18. Bonds of each series issued hereunder shall mature,
9 including any sinking fund redemptions, not later than the 35th year
10 from the date of issue of that series, and in amounts as shall be
11 determined by the issuing officials. The issuing officials may
12 reserve to the State by appropriate provision in the bonds of any
13 series the power to redeem any of the bonds prior to maturity at the
14 price or prices and upon the terms and conditions as may be
15 provided in the bonds.

16
17 19. a. Proceeds derived from the sale of each series of refunding
18 bonds shall be applied, together with any other moneys legally
19 available therefor, to the payment of the expenses authorized by this
20 act and to the immediate payment of the principal of, redemption
21 premium, if any, and interest due on any outstanding bonds to be
22 refunded by the refunding bonds, or, to the extent not required for
23 that immediate payment, shall be deposited, together with any other
24 moneys legally available therefor, in trust with the State Treasurer,
25 to be held separate and apart from all other funds of the State, or, at
26 the direction of the issuing officials, in trust with one or more
27 trustees or escrow agents, which trustees or escrow agents shall be
28 trust companies or national or state banks having powers of a trust
29 company, located either within or without the State. Proceeds or
30 moneys deposited in trust with the State Treasurer or with one or
31 more trustees or escrow agents shall be applied solely to the
32 payment when due of the principal of, redemption premium, if any,
33 and interest due and to become due on those outstanding bonds to
34 be refunded on or prior to the redemption date or maturity date of
35 the outstanding bonds, as the case may be. Proceeds or moneys so
36 held by the State Treasurer or deposited with trustees or escrow
37 agents may be invested in government securities (including
38 government securities issued or held in book-entry form on the
39 books of the Department of the Treasury of the United States);
40 except that those government securities shall not be subject to
41 redemption prior to their maturity other than at the option of the
42 holder thereof. Except as provided in subsection b. of this section
43 19, neither government securities nor moneys so deposited with the
44 State Treasurer or with trustees or escrow agents shall be withdrawn
45 or used for any purpose other than, and shall be held in trust for, the
46 payment of the principal of, redemption premium, if any, and
47 interest on the outstanding bonds to be refunded by the refunding
48 bonds; except that any cash received from principal or interest

1 payments on government securities deposited with the State
2 Treasurer or with trustees or escrow agents: (1) to the extent that
3 the cash will not be required at any time for that purpose, shall be
4 paid over to the State as received by the State Treasurer or by the
5 trustees or escrow agents, and (2) to the extent that cash will be
6 required for that purpose at a later date, shall, to the extent
7 practicable and legally permissible, be reinvested in government
8 securities maturing at times and in amounts sufficient to pay when
9 due the principal of, redemption premium, if any, and interest to
10 become due on the outstanding bonds on and prior to the
11 redemption date or maturity date of the outstanding bonds, as the
12 case may be, and interest earned from those reinvestments to the
13 extent not required for the payment of bonds shall be paid over to
14 the State, as received by the State Treasurer or by the trustees or
15 escrow agents.

16 b. Notwithstanding anything to the contrary contained in this
17 section: (1) the State Treasurer or trustees or escrow agents shall, if
18 so directed by the issuing officials, apply moneys on deposit with
19 the State Treasurer or the trustees or escrow agents pursuant to the
20 provisions of this section and redeem or sell government securities
21 so deposited with the State Treasurer or the trustees or escrow
22 agents and apply the proceeds thereof to: (a) the purchase of the
23 outstanding bonds which were refunded by the deposit with the
24 State Treasurer or the trustees or escrow agents of the moneys and
25 government securities and immediately thereafter cancel all
26 outstanding bonds so purchased or (b) the purchase of different
27 government securities; except that the moneys and government
28 securities on deposit with the State Treasurer or the trustees or
29 escrow agents after the purchase and cancellation of the outstanding
30 bonds or the purchase of different government securities shall be
31 sufficient to pay, when due, the principal of, redemption premium,
32 if any, and interest on all other outstanding bonds in respect of
33 which the moneys and government securities were deposited with
34 the State Treasurer or the trustees or escrow agents on or prior to
35 the redemption date or maturity date of the outstanding bonds, as
36 the case may be; and (2) if on any date, as a result of any purchases
37 and cancellations of outstanding bonds or any purchases of different
38 government securities as provided in this subsection, the total
39 amount of moneys and government securities remaining on deposit
40 with the State Treasurer or the trustees or escrow agents is in excess
41 of the total amount which would have been required to be deposited
42 with the State Treasurer or the trustees or escrow agents on that date
43 in respect of the remaining outstanding bonds for which the deposit
44 was made in order to pay when due the principal of, redemption
45 premium, if any, and interest on those remaining outstanding bonds,
46 the State Treasurer or the trustees or escrow agents shall, if so
47 directed by the issuing officials, pay the amount of that excess to
48 the State.

1 c. Any amounts held by the State Treasurer in a separate fund
2 for the payment of the principal of and interest on outstanding
3 bonds to be refunded, as provided in this section, shall, if so
4 directed by the issuing officials, be transferred by the State
5 Treasurer for deposit with one or more trustees or escrow agents as
6 provided in this section, to be applied to the payment when due of
7 the principal of, redemption premium, if any, and interest to become
8 due on those outstanding bonds, as provided in this section.

9 d. The State Treasurer is authorized, upon direction of the
10 issuing officials, to enter into contracts with one or more trust
11 companies or national or state banks, to act as trustees or escrow
12 agents as provided in this section, on terms and conditions as shall
13 be approved by the issuing officials.

14

15 20. Any bond or bonds issued hereunder that have been refunded
16 shall no longer be deemed to be outstanding, shall no longer
17 constitute a direct obligation of the State of New Jersey, and the
18 faith and credit of the State shall no longer be pledged to the
19 payment of the principal of, redemption premium, if any, and
20 interest on such bonds, and such bonds shall be secured solely by
21 and payable solely from moneys and government securities
22 deposited in trust with one or more trustees or escrow agents, which
23 trustees and escrow agents shall be trust companies or national or
24 state banks having powers of a trust company, located either within
25 or without the State, as provided herein, whenever there shall be
26 deposited in trust with the trustees or escrow agents, as provided
27 herein, either moneys or government securities, including
28 government securities issued or held in book-entry form on the
29 books of the Department of Treasury of the United States, the
30 principal of and interest on which when due will provide money
31 which, together with the moneys, if any, deposited with the trustees
32 or escrow agents at the same time, shall be sufficient to pay when
33 due the principal of, redemption premium, if any, and interest due
34 and to become due on the bonds on or prior to the redemption date
35 or maturity date thereof, as the case may be; provided the
36 government securities shall not be subject to redemption prior to
37 their maturity other than at the option of the holder thereof. The
38 State of New Jersey hereby covenants with the holders of any bonds
39 for which government securities or moneys shall have been
40 deposited in trust with the trustees or escrow agents as provided in
41 this section that, except as otherwise provided in this section,
42 neither the government securities nor moneys so deposited with the
43 trustees or escrow agents shall be withdrawn or used by the State
44 for any purpose other than, and shall be held in trust for, the
45 payment of the principal of, redemption premium, if any, and
46 interest to become due on the bonds; provided that any cash
47 received from the principal or interest payments on the government
48 securities deposited with the trustees or escrow agents, to the extent

1 such cash will not be required at any time for that purpose, shall be
2 paid over to the State, as received by the trustees or escrow agents,
3 free and clear of any trust, lien, pledge, or assignment securing the
4 bonds; and to the extent the cash will be required for that purpose at
5 a later date, shall, to the extent practicable and legally permissible,
6 be reinvested in government securities maturing at times and in
7 amounts sufficient to pay when due the principal of, redemption
8 premium, if any, and interest to become due on the bonds on and
9 prior to the redemption date or maturity date thereof, as the case
10 may be, and interest earned from the reinvestments shall be paid
11 over to the State, as received by the trustees or escrow agents, free
12 and clear of any trust, lien, or pledge securing the bonds.
13 Notwithstanding anything to the contrary contained herein: a. the
14 trustees or escrow agents shall, if so directed by the issuing
15 officials, apply moneys on deposit with the trustees or escrow
16 agents pursuant to the provisions of this section, and redeem or sell
17 government securities so deposited with the trustees or escrow
18 agents, and apply the proceeds thereof to (1) the purchase of the
19 bonds which were refunded by the deposit with the trustees or
20 escrow agents of the moneys and government securities and
21 immediately thereafter cancel all bonds so purchased, or (2) the
22 purchase of different government securities; provided however, that
23 the moneys and government securities on deposit with the trustees
24 or escrow agents after the purchase and cancellation of the bonds or
25 the purchase of different government securities shall be sufficient to
26 pay when due the principal of, redemption premium, if any, and
27 interest on all other bonds in respect of which the moneys and
28 government securities were deposited with the trustees or escrow
29 agents on or prior to the redemption date or maturity date thereof,
30 as the case may be; and b. in the event that on any date, as a result
31 of any purchases and cancellations of bonds or any purchases of
32 different government securities, as provided in this sentence, the
33 total amount of moneys and government securities remaining on
34 deposit with the trustees or escrow agents is in excess of the total
35 amount then required to be on deposit with the trustees or escrow
36 agents on that date in respect of the remaining bonds for which the
37 deposit was made in order to pay when due the principal of,
38 redemption premium, if any, and interest on the remaining bonds,
39 the trustees or escrow agents shall, if so directed by the issuing
40 officials, pay the amount of the excess to the State, free and clear of
41 any trust, lien, pledge, or assignment securing the refunding bonds.

42
43 21. Refunding bonds issued pursuant to this act may be
44 consolidated with other bonds issued pursuant to section 4 of this
45 act or with bonds or refunding general obligation bonds issued
46 pursuant to any other act for purposes of sale.

1 22. To provide funds to meet the interest and principal payment
2 requirements for the bonds, including refunding bonds, issued under
3 this act and outstanding, there is appropriated in the order
4 following:

5 a. Revenue derived from the collection of taxes under the
6 “Sales and Use Tax Act,” P.L.1966, c.30 (C.54:32B-1 et seq.), or so
7 much thereof as may be required; and

8 b. If, at any time, funds necessary to meet the interest,
9 redemption premium, if any, and principal payments on outstanding
10 bonds issued under this act are insufficient or not available, there
11 shall be assessed, levied, and collected annually in each of the
12 municipalities of the counties of this State, a tax on the real and
13 personal property upon which municipal taxes are or shall be
14 assessed, levied, and collected, sufficient to meet the interest on all
15 outstanding bonds issued hereunder and on the bonds proposed to
16 be issued under this act in the calendar year in which the tax is to be
17 raised and for the payment of bonds falling due in the year
18 following the year for which the tax is levied. The tax shall be
19 assessed, levied, and collected in the same manner and at the same
20 time as are other taxes upon real and personal property. The
21 governing body of each municipality shall cause to be paid to the
22 county treasurer of the county in which the municipality is located,
23 on or before December 15 in each year, the amount of tax herein
24 directed to be assessed and levied, and the county treasurer shall
25 pay the amount of the tax to the State Treasurer on or before
26 December 20 in each year.

27 If on or before December 31 in any year, the issuing officials, by
28 resolution, determine that there are moneys in the General Fund
29 beyond the needs of the State, sufficient to pay the principal of
30 bonds falling due and all interest and redemption premium, if any,
31 payable in the ensuing calendar year, the issuing officials shall file
32 the resolution in the office of the State Treasurer, whereupon the
33 State Treasurer shall transfer the moneys to a separate fund to be
34 designated by the State Treasurer, and shall pay the principal,
35 redemption premium, if any, and interest out of that fund as the
36 same shall become due and payable, and the other sources of
37 payment of the principal, redemption premium, if any, and interest
38 provided for in this section shall not then be available, and the
39 receipts for the year from the tax specified in subsection a. of this
40 section shall be considered and treated as part of the General Fund,
41 available for general purposes.

42
43 23. Should the State Treasurer, by December 31 of any year,
44 deem it necessary, because of the insufficiency of funds collected
45 from the sources of revenues as provided in this act, to meet the
46 interest and principal payments for the year after the ensuing year,
47 then the State Treasurer shall certify to the Director of the Division
48 of Budget and Accounting in the Department of the Treasury the

1 amount necessary to be raised by taxation for those purposes, the
2 same to be assessed, levied, and collected for and in the ensuing
3 calendar year. The director shall, on or before March 1 following,
4 calculate the amount in dollars to be assessed, levied, and collected
5 in each county as herein set forth. This calculation shall be based
6 upon the corrected assessed valuation of each county for the year
7 preceding the year in which the tax is to be assessed, but the tax
8 shall be assessed, levied, and collected upon the assessed valuation
9 of the year in which the tax is assessed and levied. The director
10 shall certify the amount to the county board of taxation and the
11 treasurer of each county. The county board of taxation shall include
12 the proper amount in the current tax levy of the several taxing
13 districts of the county in proportion to the ratables as ascertained for
14 the current year.

15

16 24. This act shall take effect immediately.

17

18

19

STATEMENT

20

21 This bill, entitled the “New Jersey COVID-19 Emergency Bond
22 Act,” authorizes the issuance of up to \$9,900,000,000 in State
23 general obligation bonds to address the State’s financial problems
24 that have arisen as a consequence of the COVID-19 Pandemic.
25 Included in the total is authorization to borrow from the federal
26 government through federal stimulus loans. The bill also authorizes
27 the State to refund those bonds.

28 The bonds authorized pursuant to the bill are split between two
29 periods. For the period beginning July 1, 2019 through September
30 30, 2020, the bill authorizes issuance of State bonds totaling
31 \$2,700,000,000, and for the period that begins October 1, 2020 and
32 ends June 30, 2021, the bill authorizes issuance of State bonds
33 totaling \$7,200,000,000, for a combined amount of up to
34 \$9,900,000,000 issued over the two periods.

35 Prior to the issuance of any amount of bonds pursuant to the bill,
36 the issuing officials must obtain approval of the proposal to issue
37 bonds from the Select Commission on Emergency COVID-19
38 Borrowing. The Commission will be comprised of two members of
39 the Senate selected by the Senate President and two members of the
40 General Assembly selected by the Speaker of the General
41 Assembly. Approval by three or more members of the Commission
42 will constitute approval of the proposal to issue bonds, and the
43 issuing officials may then issue bonds pursuant to the proposal. If
44 the Commission fails to approve the proposal, the proposal will be
45 considered disapproved by the Commission, and no bonds pursuant
46 to the disapproved proposal will be allowed to be issued.