

ASSEMBLY, No. 1664

STATE OF NEW JERSEY 213th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2008 SESSION

Sponsored by:

Assemblywoman ALISON LITTELL MCHOSE

District 24 (Sussex, Hunterdon and Morris)

Assemblyman JOSEPH R. MALONE, III

District 30 (Burlington, Mercer, Monmouth and Ocean)

Co-Sponsored by:

Assemblyman Chiusano

SYNOPSIS

Regulates the level of State debt service payments on bonds issued by the State or State entities and prohibits the use of bond proceeds to pay interest on bonds.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel



(Sponsorship Updated As Of: 3/6/2009)

1 AN ACT regulating debt service payments required on the issuance
2 of State bonds, supplementing Title 49 of the Revised Statutes.

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

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7 1. With respect to the debts or liabilities of the State or any State
8 authority or other body corporate and politic, heretofore or hereafter
9 established by the State, incurred through the issuance of bonds,
10 including but not limited to debentures, notes, certificates or other
11 evidences of indebtedness, the annual payments for debt service
12 required to pay the interest of such debt or liability as it falls due,
13 and also to pay and discharge the principal thereof, shall not vary
14 for any State fiscal year from the highest annual payment amount to
15 the lowest annual payment amount by more than ten percent. No
16 annual payments for such debt service shall be made from the
17 proceeds from the sale of such bonds.

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19 2. This act shall take effect immediately.

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STATEMENT

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24 This bill will require that the level of State debt service payments
25 on bonds issued by the State or any State governmental entity not
26 vary from highest to lowest annual payments by more than ten
27 percent. This will prevent the back-loading of debt service
28 payments to years that are later in a debt service schedule and are
29 beyond the near-term fiscal responsibility of the current public
30 officials that serve as bond issuing officials. This bill also prohibits
31 the practice of using bond proceeds to pay interest on bonds.