Sponsored by:
Assemblyman ALBERT COUTINHO
District 29 (Essex and Union)
Assemblywoman L. GRACE SPENCER
District 29 (Essex and Union)
Assemblywoman NELLIE POU
District 35 (Bergen and Passaic)
Assemblywoman ELEASE EVANS
District 35 (Bergen and Passaic)
Assemblywoman MILA M. JASEY
District 27 (Essex)
Assemblywoman CLEOPATRA G. TUCKER
District 28 (Essex)
Assemblywoman BONNIE WATSON COLEMAN
District 15 (Mercer)

Co-Sponsored by:
Assemblymen Giblin, Burzichelli, Cryan, Senators Rice, Turner, Cunningham, Ruiz, Girgenti and Redd

SYNOPSIS
Increases EDA bonding limit for State share of school facilities projects; specifies debt service for these bonds will first be payable from revenues received from gross income tax; establishes priority categories for non-SDA district projects.

CURRENT VERSION OF TEXT
Substitute as adopted by the Assembly Budget Committee.

(Sponsorship Updated As Of: 6/24/2008)
AN ACT concerning State support for school facilities projects and amending and supplementing P.L.2000, c.72.

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

1. Section 1 of P.L.2000, c.72 (C.18A:7G-1) is amended to read as follows:

   1. Sections 1 through 30 and 57 through 71 of [this act] P.L.2000, c.72 (C.18A:7G-1 et al.), sections 14 through 17 of P.L.2007, c.137 (C.18A:7G-45 through C.18A:7G-48), and sections 8 through 11 of P.L.  , c. (C. through C. ) (pending before the Legislature as this bill) shall be known and may be cited as the "Educational Facilities Construction and Financing Act." (cf: P.L.2000, c.72, s.1)

2. Section 5 of P.L.2000, c.72 (C.18A:7G-5) is amended to read as follows:

   5. a. The development authority shall undertake and the financing authority shall finance the school facilities projects of SDA districts.

   b. In the case of a district other than an SDA district, State support for the project shall be determined pursuant to section 9 or section 15 of P.L.2000, c.72 (C.18A:7G-9 or C.18A:7G-15), as applicable.

   c. Notwithstanding any provision of N.J.S.18A:18A-16 to the contrary, the procedures for obtaining approval of a school facilities project shall be as set forth in this act; provided that any district whose school facilities project is not constructed by the development authority shall also be required to comply with the provisions of N.J.S.18A:18A-16.

   d. (1) Any district seeking to initiate a school facilities project shall apply to the commissioner for approval of the project. The application may include, but not be limited to: a description of the school facilities project; a schematic drawing of the project or, at the option of the district, preliminary plans and specifications; a delineation and description of each of the functional components of the project; educational specifications detailing the programmatic needs of each proposed space; the number of unhoused students to be housed in the project; the area allowances per FTE student as calculated pursuant to section 8 of P.L.2000, c.72 (C.18A:7G-8); and the estimated cost to complete the project as determined by the district.

   (2) In the case of an SDA district school facilities project, based

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.
upon its educational priority ranking and the Statewide strategic
plan established pursuant to subsection m. of this section, the
commissioner may authorize the development authority to
undertake preconstruction activities which may include, but need
not be limited to, site identification, investigation, and acquisition,
feasibility studies, land-related design work, design work, site
remediation, demolition, and acquisition of temporary facilities.
Upon receipt of the authorization, the development authority may
initiate the preconstruction activities required to prepare the
application for commissioner approval of the school facilities
project.

e. The commissioner shall review each proposed school
facilities project to determine whether it is consistent with the
district's long-range facilities plan and whether it complies with the
facilities efficiency standards and the area allowances per FTE
student derived from those standards; and in the case of an SDA
district the commissioner shall also review the project's educational
priority ranking and the Statewide strategic plan developed pursuant
to paragraphs (2) and (3) of subsection m. of this section; and in the
case of a district other than an SDA district the commissioner shall
also review the project's priority pursuant to paragraph (4) of
subsection m. of this section. The commissioner shall make a
decision on a district's application within 90 days from the date he
determines that the application is fully and accurately completed
and that all information necessary for a decision has been filed by
the district, or from the date of the last revision made by the district.
If the commissioner is not able to make a decision within 90 days,
he shall notify the district in writing explaining the reason for the
delay and indicating the date on which a decision on the project will
be made, provided that the date shall not be later than 60 days from
the expiration of the original 90 days set forth in this subsection. If
the decision is not made by the subsequent date indicated by the
commissioner, then the project shall be deemed approved and the
preliminary eligible costs for new construction shall be calculated
by using the proposed square footage of the building as the
approved area for unhoused students.

f. If the commissioner determines that the school facilities
project complies with the facilities efficiency standards and the
district's long-range facilities plan and does not exceed the area
allowance per FTE student derived from those standards, the
commissioner shall calculate the preliminary eligible costs of the
project pursuant to the formulas set forth in section 7 of P.L.2000,
c.72 (C.18A:7G-7); except that (1) in the case of a county special
services school district or a county vocational school district, the
commissioner shall calculate the preliminary eligible costs to equal
the amount determined by the board of school estimate and
approved by the board of chosen freeholders pursuant to section 14
of P.L.1971, c.271 (C.18A:46-42) or N.J.S.18A:54-31 as appropriate, and (2) in the case of an SDA district, the commissioner shall calculate the preliminary eligible costs to equal the estimated cost as determined by the development authority.

g. If the commissioner determines that the school facilities project is inconsistent with the facilities efficiency standards or exceeds the area allowances per FTE student derived from those standards, the commissioner shall notify the district.

(1) The commissioner shall approve area allowances in excess of the area allowances per FTE student derived from the facilities efficiency standards if the board of education or State district superintendent, as appropriate, demonstrates that school facilities needs related to required programs cannot be addressed within the facilities efficiency standards and that all other proposed spaces are consistent with those standards. The commissioner shall approve area allowances in excess of the area allowances per FTE student derived from the facilities efficiency standards if the additional area allowances are necessary to accommodate centralized facilities to be shared among two or more school buildings within the district and the centralized facilities represent a more cost effective alternative.

(2) The commissioner may waive a facilities efficiency standard if the board of education or State district superintendent, as appropriate, demonstrates to the commissioner's satisfaction that the waiver will not adversely affect the educational adequacy of the school facility, including the ability to deliver the programs and services necessary to enable all students to achieve the core curriculum content standards.

(3) To house the district's central administration, a district may request an adjustment to the approved areas for unhoused students of 2.17 square feet for each FTE student in the projected total district school enrollment if the proposed administrative offices will be housed in a school facility and the district demonstrates either that the existing central administrative offices are obsolete or that it is more practical to convert those offices to instructional space. To the extent that existing administrative space will continue to be used for administrative purposes, the space shall be included in the formulas set forth in section 7 of P.L.2000, c.72 (C.18A:7G-7).

If the commissioner approves excess facilities efficiency standards or additional area allowances pursuant to paragraph (1), (2), or (3) of this subsection, the commissioner shall calculate the preliminary eligible costs based upon the additional area allowances or excess facilities efficiency standards pursuant to the formulas set forth in section 7 of P.L.2000, c.72 (C.18A:7G-7). In the event that the commissioner does not approve the excess facilities efficiency standards or additional area allowances, the district may either:
modify its submission so that the school facilities project meets the
facilities efficiency standards; or pay for the excess costs.

(4) The commissioner shall approve spaces in excess of, or
inconsistent with, the facilities efficiency standards, hereinafter
referred to as nonconforming spaces, upon a determination by the
district that the spaces are necessary to comply with State or federal
law concerning individuals with disabilities, including that the
spaces are necessary to provide in-district programs and services for
current disabled pupils who are being served in out-of-district
placements or in-district programs and services for the projected
disabled pupil population. A district may apply for additional State
aid for nonconforming spaces that will permit pupils with
disabilities to be educated to the greatest extent possible in the same
buildings or classes with their nondisabled peers. The
nonconforming spaces may: (a) allow for the return of pupils with
disabilities from private facilities; (b) permit the retention of pupils
with disabilities who would otherwise be placed in private facilities;
(c) provide space for regional programs in a host school building
that houses both disabled and nondisabled pupils; and (d) provide
space for the coordination of regional programs by a county special
services school district, educational services commission, jointure
commission, or other agency authorized by law to provide regional
educational services in a school building that houses both disabled
and nondisabled pupils. A district's State support ratio shall be
adjusted to equal the lesser of the sum of its district aid percentage
as defined in section 3 of P.L.2000, c.72 (C.18A:7G-3) plus 0.25, or
100% for any nonconforming spaces approved by the commissioner
pursuant to this paragraph.

h. Upon approval of a school facilities project and
determination of the preliminary eligible costs:

(1) In the case of a district other than an SDA district, the
commissioner shall notify the district whether the school facilities
project is approved and, if so approved, the preliminary eligible
costs and the excess costs, if any. Following the determination of
preliminary eligible costs and the notification of project approval,
the district may appeal to the commissioner for an increase in those
costs if the detailed plans and specifications completed by a design
professional for the school facilities project indicate that the cost of
constructing that portion of the project which is consistent with the
facilities efficiency standards and does not exceed the area
allowances per FTE student exceeds the preliminary eligible costs
as determined by the commissioner for the project by 10% or more.
The district shall file its appeal within 30 days of the preparation of
the plans and specifications. If the district chooses not to file an
appeal, then the final eligible costs shall equal the preliminary
eligible costs.
The appeal shall outline the reasons why the preliminary eligible costs calculated for the project are inadequate and estimate the amount of the adjustment which needs to be made to the preliminary eligible costs. The commissioner shall forward the appeal information to the development authority for its review and recommendation. If the additional costs are the result of factors that are within the control of the district or are the result of design factors that are not required to meet the facilities efficiency standards, the development authority shall recommend to the commissioner that the preliminary eligible costs be accepted as the final eligible costs. If the development authority determines the additional costs are not within the control of the district or are the result of design factors required to meet the facilities efficiency standards, the development authority shall recommend to the commissioner a final eligible cost based on its experience for districts with similar characteristics, provided that, notwithstanding anything to the contrary, the commissioner shall not approve an adjustment to the preliminary eligible costs which exceeds 10% of the preliminary eligible costs. The commissioner shall make a determination on the appeal within 30 days of its receipt. If the commissioner does not approve an adjustment to the school facilities project's preliminary eligible costs, the commissioner shall issue his findings in writing on the reasons for the denial and on why the preliminary eligible costs as originally calculated are sufficient.

(2) In the case of an SDA district, the commissioner shall promptly prepare and submit to the development authority a preliminary project report which shall consist, at a minimum, of the following information: a complete description of the school facilities project; the actual location of the project; the total square footage of the project together with a breakdown of total square footage by functional component; the preliminary eligible costs of the project; the project's priority ranking determined pursuant to subsection m. of this section; any other factors to be considered by the development authority in undertaking the project; and the name and address of the person from the district to contact in regard to the project.

i. Upon receipt by the development authority of the preliminary project report, the development authority, upon consultation with the district, shall prepare detailed plans and specifications and schedules which contain the development authority's estimated cost and schedule to complete the school facilities project. The development authority shall transmit to the commissioner its recommendations in regard to the project which shall, at a minimum, contain the detailed plans and specifications; whether the school facilities project can be completed within the preliminary eligible costs; and any other factors which the
development authority determines should be considered by the commissioner.

(1) In the event that the development authority determines that the school facilities project can be completed within the preliminary eligible costs: the final eligible costs shall be deemed to equal the preliminary eligible costs; the commissioner shall be deemed to have given final approval to the project; and the preliminary project report shall be deemed to be the final project report delivered to the development authority pursuant to subsection j. of this section.

(2) In the event that the development authority determines that the school facilities project cannot be completed within the preliminary eligible costs, prior to the submission of its recommendations to the commissioner, the development authority shall, in consultation with the district and the commissioner, determine whether changes can be made in the project which will result in a reduction in costs while at the same time meeting the facilities efficiency standards approved by the commissioner.

(a) If the development authority determines that changes in the school facilities project are possible so that the project can be accomplished within the scope of the preliminary eligible costs while still meeting the facilities efficiency standards, the development authority shall so advise the commissioner, whereupon the commissioner shall: calculate the final eligible costs to equal the preliminary eligible costs; give final approval to the project with the changes noted; and issue a final project report to the development authority pursuant to subsection j. of this section.

(b) If the development authority determines that it is not possible to make changes in the school facilities project so that it can be completed within the preliminary eligible costs either because the additional costs are the result of factors outside the control of the district or the additional costs are required to meet the facilities efficiency standards, the development authority shall recommend to the commissioner that the preliminary eligible costs be increased accordingly, whereupon the commissioner shall: calculate the final eligible costs to equal the sum of the preliminary eligible costs plus the increase recommended by the development authority; give final approval to the project; and issue a final project report to the development authority pursuant to subsection j. of this section.

(c) If the additional costs are the result of factors that are within the control of the district or are the result of design factors that are not required to meet the facilities efficiency standards or approved pursuant to paragraph (1) of subsection g. of this section, the development authority shall recommend to the commissioner that the preliminary eligible costs be accepted, whereupon the commissioner shall: calculate the final eligible costs to equal the preliminary eligible costs and specify the excess costs which are to
be borne by the district; give final approval to the school facilities project; and issue a final project report to the development authority pursuant to subsection j. of this section; provided that the commissioner may approve final eligible costs which are in excess of the preliminary eligible costs if, in his judgment, the action is necessary to meet the educational needs of the district.

(d) For a school facilities project undertaken by the development authority, the development authority shall be responsible for any costs of construction, but only from the proceeds of bonds issued by the financing authority pursuant to P.L.2000, c.72 (C.18A:7G-1 et al.) and P.L.2007, c.137 (C.52:18A-235 et al.), which exceed the amount originally projected by the development authority and approved for financing by the development authority, provided that the excess is the result of an underestimate of labor or materials costs by the development authority. After receipt by the development authority of the final project report, the district shall be responsible only for the costs associated with changes, if any, made at the request of the district to the scope of the school facilities project.

j. The development authority shall not commence the construction of a school facilities project unless the commissioner transmits to the development authority a final project report and the district complies with the approval requirements for the local share, if any, pursuant to section 11 of P.L.2000, c.72 (C.18A:7G-11). The final project report shall contain all of the information contained in the preliminary project report and, in addition, shall contain: the final eligible costs; the excess costs, if any; the total costs which equals the final eligible costs plus excess costs, if any; the State share; and the local share.

k. For the SDA districts, the State share shall be 100% of the final eligible costs. For all other districts, the State share shall be an amount equal to [115% of] the district aid percentage; except that the State share shall not be less than 40% of the final eligible costs.

If any district which is included in district factor group A or B, other than an SDA district, is having difficulty financing the local share of a school facilities project, the district may apply to the commissioner to receive 100% State support for the project and the commissioner may request the approval of the Legislature to increase the State share of the project to 100%.

l. The local share for school facilities projects constructed by the authority or a redevelopment entity shall equal the final eligible costs plus any excess costs less the State share.

m. (1) Within 90 days of the effective date of P.L.2007, c.137 (C.52:18A-235 et al.), the commissioner shall develop an educational facilities needs assessment for each SDA district. The assessment shall be updated periodically by the commissioner in
accordance with the schedule the commissioner deems appropriate for the district; except that each assessment shall at a minimum be updated within five years of the development of the district's most recent prior educational facilities needs assessment. The assessment shall be transmitted to the development authority to be used to initiate the planning activities required prior to the establishment of the educational priority ranking of school facilities projects pursuant to paragraph (2) of this subsection.

(2) Following the approval of an SDA district's long-range facilities plan or of an amendment to that plan, but prior to authorization of preconstruction activities for a school facilities project included in the plan or amendment, the commissioner shall establish, in consultation with the SDA district, an educational priority ranking of all school facilities projects in the SDA district based upon the commissioner's determination of critical need in accordance with priority project categories developed by the commissioner. The priority project categories shall include, but not be limited to, health and safety, overcrowding in the early childhood, elementary, middle, and high school grade levels, spaces necessary to provide in-district programs and services for current disabled students who are being served in out-of-district placements or in-district programs and services for the projected disabled student population, rehabilitation, and educational adequacy.

(3) Upon the commissioner's determination of the educational priority ranking of school facilities projects in SDA districts pursuant to paragraph (2) of this subsection, the development authority, in consultation with the commissioner, the SDA districts, and the governing bodies of the municipalities in which the SDA districts are situate, shall establish a Statewide strategic plan to be used in the sequencing of SDA district school facilities projects based upon the projects' educational priority rankings and issues which impact the development authority's ability to complete the projects including, but not limited to, the construction schedule and other appropriate factors. The development authority shall revise the Statewide strategic plan and the sequencing of SDA district school facilities projects in accordance with that plan no less than once every five years.

Any amendment to an SDA district's long-range facilities plan that is submitted to the commissioner in the period between the five-year updates of the long-range facilities plan shall be considered by the development authority, in consultation with the commissioner, for incorporation into the Statewide strategic plan. In making a determination on whether or not to amend the Statewide strategic plan, the development authority shall consider the cost of the amendment, the impact of the amendment upon the school development plans for other districts, and other appropriate factors.
1. In the case of a district other than an SDA district, the commissioner shall establish a priority process for the financing of school facilities projects based upon the commissioner’s determination of critical need in accordance with priority project categories developed by the commissioner. The priority project categories shall include, but not be limited to, health and safety, overcrowding in the elementary, middle, and high school grade levels, spaces necessary to provide in-district programs and services for current disabled students who are being served in out-of-district placements or in-district programs and services for the projected disabled student population, and full-day kindergarten facilities in the case of school districts required to provide full-day preschool pursuant to section 12 of P.L.2007, c.260 (C.18A:7F-54).

n. The provisions of the "Public School Contracts Law," N.J.S.18A:18A-1 et seq., shall be applicable to any school facilities project constructed by a district but shall not be applicable to projects constructed by the development authority or a redevelopment entity pursuant to the provisions of this act.

o. In the case of a school facilities project of a district other than an SDA district, any proceeds of school bonds issued by the district for the purpose of funding the project which remain unspent upon completion of the project shall be used by the district to reduce the outstanding principal amount of the school bonds.

p. Upon completion by the development authority of a school facilities project, if the cost of construction and completion of the project is less than the total costs, the district shall be entitled to receive a portion of the local share based on a pro rata share of the difference based on the ratio of the State share to the local share.

q. The development authority shall determine the cause of any costs of construction which exceed the amount originally projected by the development authority and approved for financing by the financing authority.

r. (Deleted by amendment, P.L.2007, c.137).

s. (Deleted by amendment, P.L.2007, c.137).

(cf: P.L.2007, c.260, s.41)

3. Section 9 of P.L.2000, c.72 (C.18A:7G-9) is amended to read as follows:

9. a. State debt service aid for capital investment in school facilities for a district other than an SDA district which elects not to finance the project under section 15 of P.L.2000, c.72 (C.18A:7G-15), shall be distributed upon a determination of preliminary eligible costs by the commissioner, according to the following formula:

Aid is the sum of A for each issuance of school bonds issued for a school facilities project approved by the commissioner after the effective date of P.L.2000, c.72 (C.18A:7G-1 et al.)
where

\[ A = B \times \frac{AC}{P} \times \left[ (DAP \times 1.15) \right] DAP \times M, \text{ with } AC/P = 1 \]

whenever \( AC/P \) would otherwise yield a number greater than one,
and where:

- \( B \) is the district’s debt service for the individual issuance for the fiscal year;
- \( AC \) is the preliminary eligible costs determined pursuant to section 7 of P.L.2000, c.72 (C.18A:7G-7);
- \( P \) is the principal of the individual issuance plus any other funding sources approved for the school facilities project;
- \( DAP \) is the district’s district aid percentage as defined pursuant to section 3 of P.L.2000, c.72 (C.18A:7G-3) and where \( (DAP \times 1.15) \) shall not be less than 40%; and
- \( M \) is a factor representing the degree to which a district has fulfilled maintenance requirements for a school facilities project determined pursuant to subsection b. of this section.

For county special services school districts, \( DAP \) shall be that of the county vocational school district in the same county.

b. The maintenance factor \( (M) \) shall be 1.0 except when one of the following conditions applies, in which case the maintenance factor shall be as specified:

1. Effective ten years from the date of the enactment of P.L.2000, c.72 (C.18A:7G-1 et al.), the maintenance factor for aid for reconstruction, remodeling, alteration, modernization, renovation or repair, or for an addition to a school facility, shall be zero for all school facilities projects for which the district fails to demonstrate over the ten years preceding issuance a net investment in maintenance of the related school facility of at least 2% of the replacement cost of the school facility, determined pursuant to subsection b. of section 7 of P.L.2000, c.72 (C.18A:7G-7) using the area cost allowance of the year ten years preceding the year in which the school bonds are issued.

2. For new construction, additions, and school facilities aided under subsection b. of section 7 of P.L.2000, c.72 (C.18A:7G-7) supported by financing issued for projects approved by the commissioner after the effective date of P.L.2000, c.72 (C.18A:7G-1 et al.), beginning in the fourth year after occupancy of the school facility, the maintenance factor shall be reduced according to the following schedule for all school facilities projects for which the district fails to demonstrate in the prior fiscal year an investment in maintenance of the related school facility of at least two-tenths of 1% of the replacement cost of the school facility, determined pursuant to subsection b. of section 7 of P.L.2000, c.72 (C.18A:7G-7).

<table>
<thead>
<tr>
<th>Maintenance Percentage</th>
<th>Maintenance Factor (M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>.199% - .151%</td>
<td>75%</td>
</tr>
<tr>
<td>.150% - .100%</td>
<td>50%</td>
</tr>
</tbody>
</table>
Less than .100%   Zero
(3) Within one year of the enactment of P.L.2000, c.72 (C.18A:7G-1 et al.), the commissioner shall promulgate rules requiring districts to develop a long-range maintenance plan and specifying the expenditures that qualify as an appropriate investment in maintenance for the purposes of this subsection.

c. Any district which obtained approval from the commissioner since September 1, 1998 and prior to the effective date of P.L.2000, c.72 (C.18A:7G-1 et al.) of the educational specifications for a school facilities project or obtained approval from the Department of Community Affairs or the appropriately licensed municipal code official since September 1, 1998 of the final construction plans and specifications, and the district has issued debt, may elect to have the final eligible costs of the project determined pursuant to section 5 of P.L.2000, c.72 (C.18A:7G-5) and to receive debt service aid under this section or under section 10 of P.L.2000, c.72 (C.18A:7G-10).

Any district which received approval from the commissioner for a school facilities project at any time prior to the effective date of P.L.2000, c.72 (C.18A:7G-1 et al.), and has not issued debt, other than short term notes, may submit an application pursuant to section 5 of P.L.2000, c.72 (C.18A:7G-5) to have the final eligible costs of the project determined pursuant to that section and to have the New Jersey Economic Development Authority construct the project; or, at its discretion, the district may choose to receive debt service aid under this section or under section 10 of P.L.2000, c.72 (C.18A:7G-10) or to receive a grant under section 15 of P.L.2000, c.72 (C.18A:7G-15).

For the purposes of this subsection, the "issuance of debt" shall include lease purchase agreements in excess of five years.

d. For school bonds issued for a school facilities project after the effective date of P.L.2000, c.72 (C.18A:7G-1 et al.) and prior to the effective date of P.L.2000, c.72 (C.18A:7G-1 et al.) (pending before the Legislature as this bill), State debt service aid shall be calculated in accordance with the provisions of this section as the same read before the effective date of P.L.2000, c.72 (C.18A:7G-15). (cf: P.L.2007, c.260, s.42)

4. Section 14 of P.L.2000, c.72 (C.18A:7G-14) is amended to read as follows:

14. Notwithstanding any other provisions of law to the contrary:

a. The financing authority shall have the power, pursuant to the provisions of P.L.2000, c.72 (C.18A:7G-1 et al.), P.L.1974, c.80 (C.34:1B-1 et seq.) and P.L.2007, c.137 (C.52:18A-235 et al.), to issue bonds and refunding bonds, incur indebtedness and borrow money secured, in whole or in part, by moneys received pursuant to sections 17, 18 and 19 of P.L.2000, c.72 (C.18A:7G-17, C.18A:7G-
18 and C.18A:7G-19) for the purposes of: financing all or a portion of the costs of school facilities projects and any costs related to the issuance thereof, including, but not limited to, the administrative, insurance, operating and other expenses of the financing authority to undertake the financing, and the development authority to undertake the planning, design, and construction of school facilities projects; lending moneys to local units to pay the costs of all or a portion of school facilities projects and any costs related to the issuance thereof; funding the grants to be made pursuant to section 15 of P.L.2000, c.72 (C.18A:7G-15); and financing the acquisition of school facilities projects to permit the refinancing of debt by the district pursuant to section 16 of P.L.2000, c.72 (C.18A:7G-16).

The aggregate principal amount of the bonds, notes or other obligations issued by the financing authority as authorized pursuant to P.L.2000, c.72 (C.18A:7G-1 et al.) shall not exceed: $100,000,000 for the State share of costs for county vocational school district school facilities projects; $6,000,000,000 for the State share of costs for Abbott district school facilities projects; and $2,500,000,000 for the State share of costs for school facilities projects in all other districts. The aggregate principal amount of the bonds, notes or other obligations issued by the financing authority as authorized pursuant to P.L.____, c.____ (pending before the Legislature as this bill) shall not exceed: $2,900,000,000 for the State share of costs of SDA district school facilities projects; and $1,000,000,000 for the State share of costs for school facilities projects in all other districts, $50,000,000 of which shall be allocated for the State share of costs for county vocational school district school facilities projects. This limitation shall not include any bonds, notes or other obligations issued for refunding purposes.

The financing authority may establish reserve funds to further secure bonds and refunding bonds issued pursuant to this section and may issue bonds to pay for the administrative, insurance and operating costs of the financing authority and the development authority in carrying out the provisions of this act. In addition to its bonds and refunding bonds, the financing authority shall have the power to issue subordinated indebtedness, which shall be subordinate in lien to the lien of any or all of its bonds or refunding bonds as the financing authority may determine.

b. The financing authority shall issue the bonds or refunding bonds in such manner as it shall determine in accordance with the provisions of P.L.2000, c.72 (C.18A:7G-1 et al.), P.L.1974, c.80 (C.34:1B-1 et seq.), and P.L.2007, c.137 (C.52:18A-235 et al.); provided that notwithstanding any other law to the contrary, no resolution adopted by the financing authority authorizing the issuance of bonds or refunding bonds pursuant to this section shall be adopted or otherwise made effective without the approval in writing of the State Treasurer; and refunding bonds issued to refund
bonds issued pursuant to this section shall be issued on such terms
and conditions as may be determined by the financing authority and
the State Treasurer. The financing authority may, in any resolution
authorizing the issuance of bonds or refunding bonds issued
pursuant to this section, pledge the contract with the State Treasurer
provided for pursuant to section 18 of P.L.2000, c.72 (C.18A:7G-18), or any part thereof, or may pledge all or any part of the
repayments of loans made to local units pursuant to section 19 of
P.L.2000, c.72 (C.18A:7G-19) for the payment or redemption of the
bonds or refunding bonds, and covenant as to the use and
disposition of money available to the financing authority for
payment of the bonds and refunding bonds. All costs associated
with the issuance of bonds and refunding bonds by the financing
authority for the purposes set forth in this act may be paid by the
financing authority from amounts it receives from the proceeds of
the bonds or refunding bonds, and from amounts it receives
pursuant to sections 17, 18, and 19 of P.L.2000, c.72 (C.18A:7G-17, C.18A:7G-18 and C.18A:7G-19). The costs may include, but
shall not be limited to, any costs relating to the issuance of the
bonds or refunding bonds, administrative costs of the financing
authority attributable to the making and administering of loans and
grants to fund school facilities projects, and costs attributable to the
agreements entered into pursuant to subsection d. of this section.
c. Each issue of bonds or refunding bonds of the financing
authority shall be special obligations of the financing authority
payable out of particular revenues, receipts or funds, subject only to
any agreements with the holders of bonds or refunding bonds, and
may be secured by other sources of revenue, including, but not
limited to, one or more of the following:
(1) Pledge of the revenues and other receipts to be derived from
the payment of local unit obligations and any other payment made
to the financing authority pursuant to agreements with any local
unit, or a pledge or assignment of any local unit obligations, and the
rights and interest of the financing authority therein;
(2) Pledge of rentals, receipts and other revenues to be derived
from leases or other contractual arrangements with any person or
entity, public or private, including one or more local units, or a
pledge or assignment of those leases or other contractual
arrangements and the rights and interests of the financing authority
therein;
(3) Pledge of all moneys, funds, accounts, securities and other
funds, including the proceeds of the bonds;
(4) Pledge of the receipts to be derived from payments of State
aid to the financing authority pursuant to section 21 of P.L.2000,
c.72 (C.18A:7G-21);
(5) Pledge of the contract or contracts with the State Treasurer
pursuant to section 18 of P.L.2000, c.72 (C.18A:7G-18);
(6) Pledge of any sums remitted to the local unit by donation from any person or entity, public or private, subject to the approval of the State Treasurer;

(7) A mortgage on all or any part of the property, real or personal, comprising a school facilities project then owned or thereafter to be acquired, or a pledge or assignment of mortgages made to the financing authority by any person or entity, public or private, including one or more local units and rights and interests of the financing authority therein; and

(8) The receipt of any grants, reimbursements or other payments from the federal government.

d. The resolution authorizing the issuance of bonds or refunding bonds pursuant to this section may also provide for the financing authority to enter into any revolving credit agreement, agreement establishing a line of credit or letter of credit, reimbursement agreement, interest rate exchange agreement, currency exchange agreement, interest rate floor or cap, options, puts or calls to hedge payment, currency, rate, spread or similar exposure or similar agreements, float agreements, forward agreements, insurance contracts, surety bonds, commitments to purchase or sell bonds, purchase or sale agreements, or commitments or other contracts or agreements and other security agreements approved by the financing authority in connection with the issuance of the bonds or refunding bonds pursuant to this section. In addition, the financing authority may, in anticipation of the issuance of the bonds or the receipt of appropriations, grants, reimbursements or other funds, including, without limitation, grants from the federal government for school facilities projects, issue notes, the principal of or interest on which, or both, shall be payable out of the proceeds of notes, bonds or other obligations of the financing authority or appropriations, grants, reimbursements or other funds or revenues of the financing authority.

e. The financing authority is authorized to engage, subject to the approval of the State Treasurer and in such manner as the State Treasurer shall determine, the services of financial advisors and experts, placement agents, underwriters, appraisers, and other advisors, consultants and agents as may be necessary to effectuate the financing of school facilities projects.

f. Bonds and refunding bonds issued by the financing authority pursuant to this section shall be special and limited obligations of the financing authority payable from, and secured by, funds and moneys determined by the financing authority in accordance with this section. Notwithstanding any other provision of law or agreement to the contrary, any bonds and refunding bonds issued by the financing authority pursuant to this section shall not be secured by the same property as bonds and refunding bonds issued by the financing authority to finance projects other than school facilities.
projects. Neither the members of the financing authority nor any
other person executing the bonds or refunding bonds shall be
personally liable with respect to payment of interest and principal
on these bonds or refunding bonds. Bonds or refunding bonds
issued pursuant to this section shall not be a debt or liability of the
State or any agency or instrumentality thereof, except as otherwise
provided by this subsection, either legal, moral or otherwise, and
nothing contained in this act shall be construed to authorize the
financing authority to incur any indebtedness on behalf of or in any
way to obligate the State or any political subdivision thereof, and
all bonds and refunding bonds issued by the financing authority
shall contain a statement to that effect on their face.

g. The State hereby pledges and covenants with the holders of
any bonds or refunding bonds issued pursuant to this act that it will
not limit or alter the rights or powers vested in the financing
authority by this act, nor limit or alter the rights or powers of the
State Treasurer in any manner which would jeopardize the interest
of the holders or any trustee of the holders, or inhibit or prevent
performance or fulfillment by the financing authority or the State
Treasurer with respect to the terms of any agreement made with the
holders of the bonds or refunding bonds or agreements made
pursuant to subsection d. of this section; except that the failure of
the Legislature to appropriate moneys for any purpose of this act
shall not be deemed a violation of this section.

h. The financing authority and the development authority may
charge to and collect from local units, districts, the State and any
other person, any fees and charges in connection with the financing
authority's or development authority's actions undertaken with
respect to school facilities projects, including, but not limited to,
fees and charges for the financing authority's administrative,
organization, insurance, operating and other expenses incident to
the financing of school facilities projects, and the development
authority's administrative, organization, insurance, operating,
planning, design, construction management, acquisition,
construction, completion and placing into service and maintenance
of school facilities projects. Notwithstanding any provision of this
act to the contrary, no SDA district shall be responsible for the
payment of any fees and charges related to the development
authority's operating expenses.

i. Upon the issuance by the financing authority of bonds
pursuant to this section, other than refunding bonds, the net
proceeds of the bonds shall be transferred to the development
authority.

(cf: P.L. 2007, c.260, s.45)

5. Section 15 of P.L.2000, c.72 (C.18A:7G-15) is amended to
read as follows:
15. a. In the case of a district other than an SDA district, for any project approved by the commissioner after the effective date of this act, the district may elect to receive a one-time grant for the State share of the project in accordance with the provisions of subsection b. of this section rather than annual debt service aid under section 9 of P.L.2000, c.72 (C.18A:7G-9). The State share payable to the district shall equal the product of the project’s final eligible costs and \[115\% \text{ of}\] the district aid percentage or 40\%, whichever is greater.

b. The commissioner shall establish a process for the annual allocation of grant funding. Under that process, the commissioner shall annually notify districts of the date on which the commissioner shall begin to receive applications for grant funding. A district shall have 90 days from that date to submit an application to the commissioner. The commissioner shall make a decision on a district’s application within 90 days of the submission of all such applications and shall allocate the grant funding in accordance with the priority process established pursuant to paragraph (4) of subsection m. of section 5 of P.L.2000, c.72 (C.18A:7G-5).

c. The development authority shall provide grant funding for the State's share of the final eligible costs of a school facilities project pursuant to an agreement between the district and the development authority which shall, in addition to other terms and conditions, set forth the terms of disbursement of the State share. The funding of the State share shall not commence until the district secures financing for the local share.

(cf: P.L. 2007, c.260, s.46)

6. Section 17 of P.L.2000, c.72 (C.18A:7G-17) is amended to read as follows:

17. In each fiscal year the State Treasurer shall pay from the General Fund to the financing authority, in accordance with a contract between the State Treasurer and the financing authority as authorized pursuant to section 18 of P.L.2000, c.72 (C.18A:7G-18), an amount equal to the debt service amount due to be paid in the State fiscal year on the bonds or refunding bonds of the financing authority issued or incurred pursuant to section 14 of P.L.2000, c.72 (C.18A:7G-14) and any additional costs authorized pursuant to that section; provided that all such payments from the General Fund shall be subject to and dependent upon appropriations being made from time to time by the Legislature for those purposes, and provided further that all payments shall be used only to pay for the costs of school facilities projects and the costs of financing those projects.

In regard to the increase in the amount of bonds authorized to be issued by the financing authority pursuant to P.L. , c. (pending before the Legislature as this bill) for the State share of costs for
school facilities projects, debt service on the bonds or refunding bonds issued or incurred by the financing authority pursuant to section 14 of P.L.2000, c.72 (C.18A:7G-14) and any additional costs authorized pursuant to that section shall first be payable from revenues received from the gross income tax pursuant to the "New Jersey Gross Income Tax Act," P.L.1976, c.47 (C.54A:1-1 et seq.), except for debt service and additional costs for the administrative, insurance, operating, and other expenses of the financing authority and the development authority incurred in connection with school facilities projects.

(cf: P.L.2007, c.137, s.28)

7. Section 54 of P.L.2000, c.72 (C.34:1B-5.9) is amended to read as follows:

54. Notwithstanding the provisions of any law to the contrary, any bonds issued pursuant to P.L.2000, c.72 (C.18A:7G-1 et al.) or P.L.2007, c.137 (C.52:18A-235 et al.) or P.L. , c. (C. ) (pending before the Legislature as this bill) shall be fully negotiable within the meaning and for all purposes of Title 12A of the New Jersey Statutes, and each holder or owner of such a bond or other obligation, or of any coupon appurtenant thereto, by accepting the bond or coupon shall be conclusively deemed to have agreed that the bond or coupon is and shall be fully negotiable within the meaning and for all purposes of Title 12A.

(cf: P.L. 2007, c.137, s.57)

8. (New section) The school facilities projects of a county vocational school district that did not receive State support for its projects from the $100,000,000 of bond proceeds originally allocated for the State share of county vocational school district school facilities projects pursuant to section 14 of P.L.2000, c.72 (C.18A:7G-14) shall receive priority in the allocation of the bond proceeds authorized for the State share of county vocational school district school facilities projects pursuant to P.L. , c. (C. ) (pending before the Legislature as this bill) provided that the county vocational school district demonstrates to the commissioner the need for the school facilities projects.

9. (New section) The development authority, in consultation with the State Comptroller, shall cause an audit to be conducted of a school facilities project financed pursuant to P.L.2000, c.72 (C.18A:7G-1 et al.) which has a State share that exceeds $10,000,000. This provision shall not be construed to limit the authority of the development authority or the State Comptroller to conduct audits of other school facilities projects as provided by law.
10. (New section) The development authority, in consultation
with the commissioner and program stakeholders, shall conduct a
study on the potential cost savings in the school construction
program in SDA and other school districts that could be realized
through the use of standardized design elements, components, and
construction materials. The study shall include, but not be limited
to, consideration of the opportunities to save design time, facilitate
construction inspections, and ensure maintenance protocol ease
through:

a. utilization of standard building details including, but not
limited to, gymnasium, media centers, and cafeterias;
b. use of bulk supply agreements with original manufacturers;
and,
c. use of consistent preventive maintenance protocols to ensure
maximum efficiency and lifespan of building components and
systems.

The development authority shall submit the report on or before
April 1, 2009 to the Governor, the Joint Budget Oversight
Committee, the President of the Senate, the Speaker of the General
Assembly, and the commissioner.

11. (New section) Notwithstanding any provision of P.L.1968,
c.410 (C.52:14B-1 et seq.) to the contrary, the commissioner may
adopt, immediately upon filing with the Office of Administrative
Law, such rules and regulations as the commissioner deems
necessary to implement the process for the allocation of grant
funding as established pursuant to subsection b. of section 15 of
P.L.2000, c.72 (C.18A:7G-15) which shall be effective for a period
not to exceed 12 months. The regulations shall thereafter be
amended, adopted, or readopted by the State Board of Education in
accordance with the provisions of P.L.1968, c.410 (C.52:14B-1 et
seq.).

12. This act shall take effect immediately.