

SENATE, No. 2659

STATE OF NEW JERSEY
216th LEGISLATURE

INTRODUCED DECEMBER 15, 2014

Sponsored by:

Senator NICHOLAS J. SACCO

District 32 (Bergen and Hudson)

SYNOPSIS

Authorizes county vocational school district to request county improvement authority to construct and issue bonds to finance school facilities project.

CURRENT VERSION OF TEXT

As introduced.



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1 AN ACT concerning county vocational school district school
2 facilities projects, amending N.J.S.18A:54-31, and
3 supplementing P.L.2000, c.72 (C.18A:7G-1 et al.).
4

5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:
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8 1. (New section) a. Notwithstanding the provisions of
9 P.L.2000, c.72 (C.18A:7G- 1 et al.) or any other section of law to
10 the contrary, the board of education of a county vocational school
11 district may request a county improvement authority to construct a
12 county vocational school district school facilities project and to
13 issue its bonds to finance the local share of a project that is to be
14 financed under section 15 of P.L.2000, c.72 (C.18A:7G-15), or to
15 finance the total costs of a project that is not to be financed under
16 section 15 of P.L.2000, c.72 (C.18A:7G-15). The bonds of a county
17 improvement authority issued to finance the total costs of a county
18 vocational school district school facilities project that is not to be
19 financed under section 15 of P.L.2000, c.72 (C.18A:7F-15) shall be
20 eligible for State debt service aid in accordance with the formula
21 established under section 9 of P.L.2000, c.72 (C.18A:7G-9).

22 b. A county vocational school district may lease its lands or
23 facilities to the county improvement authority which shall construct
24 the school facilities project through a design-build contract. The
25 provisions of the "Public School Contracts Law," N.J.S.18A:18A-1
26 et seq.), and the "Local Public Contracts Law," P.L.1971, c.198
27 (C.40A:11-1 et seq.), shall not be applicable to a county vocational
28 school district school facilities project constructed by a county
29 improvement authority. In the case of a school facilities project
30 constructed by a county improvement authority pursuant to this
31 section, a county vocational school district shall be required to
32 comply with the procedures for obtaining approval of the project
33 under P.L.2000, c.72 (C.18A:7G-1 et al.), but shall not be required
34 to comply with the provisions of N.J.S.18A:18A-16.

35 c. The county improvement authority shall lease the county
36 vocational school district school facilities project to the county
37 which shall then lease it for nominal consideration to the county
38 vocational school district for as long as the county improvement
39 authority bonds or refunding bonds are outstanding.

40 d. The county lease payments made to the county improvement
41 authority pursuant to subsection c. of this section shall not be
42 subject to any cap on appropriations or on spending or to any tax
43 levy cap. The county lease payments shall be sufficient to pay debt
44 service on the county improvement authority bonds issued to fund
45 the county vocational school district school facilities project or on

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.

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1 any refunding bonds, that remains after the application of any State
2 debt service aid paid on those bonds pursuant to section 9 of
3 P.L.2000, c.72 (C.18A:7G-9). The county lease payments shall be
4 payable over the life of the bonds.

5 e. When the bonds issued by a county improvement authority
6 are no longer outstanding, the leases and liens of the county and the
7 county improvement authority shall expire and the county
8 vocational school district school facilities project shall be solely
9 vested in the county vocational school district. The county
10 vocational school district shall be responsible for the operation,
11 maintenance, and improvement of the school facility upon the
12 completion of the school facilities project.

13

14 2. N.J.S.18A:54-31 is amended to read as follows:

15 18A:54-31. Whenever a board of education of a county
16 vocational school district shall decide that it is necessary to sell
17 bonds to raise money for any capital project, as defined in section
18 18A:21-1 of this Title, it shall prepare and deliver to each member
19 of the board of school estimate a statement of the amount of money
20 estimated to be necessary for such purpose or purposes.

21 The board of school estimate shall fix and determine the
22 necessary amount and shall make two certificates thereof, one of
23 which certificates shall be delivered to the board of education and
24 the other to the board of chosen freeholders of the county in which
25 the school district is situate.

26 The board of chosen freeholders, or the members of a county
27 improvement authority at the request of the board of education
28 pursuant to section 1 of P.L. , c. (C.) (pending before the
29 Legislature as this bill), may appropriate such amount and borrow
30 such amount for the purpose or purposes aforesaid, and secure the
31 repayment of the sum so borrowed, together with interest thereon,
32 by the issuance of bonds or notes of the county pursuant to the local
33 bond law, notwithstanding any debt limitation or requirement for
34 down payment therein provided for, or by the issuance of bonds or
35 notes of the county improvement authority pursuant to the “county
36 improvement authorities law,” P.L.1960, c.183 (C.40:37A-44 et
37 seq.). The proceeds of the sale of such obligations shall be paid to
38 the treasurer of the county vocational school district, or in the case
39 of bonds or notes issued by the county improvement authority to the
40 chief financial officer of the authority if so directed by the treasurer,
41 and shall be paid out **【by him】** only on the warrants or orders of the
42 board of education of the school district, or in the case of bonds or
43 notes issued by the county improvement authority on the orders of
44 the chief financial officer of the authority. The treasurer of the
45 board of education or the chief financial officer of the authority, as
46 applicable, shall in no event disburse such proceeds, except to pay
47 the expenses of issuing and selling such obligations and for the
48 purpose or purposes for which such obligations were issued. If for

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1 any reason any part of such proceeds are not applied to or necessary
2 for such purpose or purposes, the board of education of the county
3 vocational school district may transfer the balance remaining
4 unapplied to the general fund of the school district.
5 (cf: P.L.1993, c.83, s.25)

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7 3. This act shall take effect immediately.

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10 STATEMENT

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12 This bill supplements the “Educational Facilities Construction
13 and Financing Act,” (EFCFA) P.L.2000, c.72 (C.18A:7G-1 et al.),
14 to allow a county vocational school district to request that a county
15 improvement authority construct and finance a county vocational
16 school district school facilities project that has been approved by
17 the Commissioner of Education in accordance with the provisions
18 of that act. The county improvement authority would issue its
19 bonds to finance either the local share of a project that will receive
20 an up-front grant for the State share of the project under section 15
21 of the EFCFA or the total costs of a project that is eligible to
22 receive State debt service aid under section 9 of the EFCFA. The
23 bill explicitly provides that bonds issued by a county improvement
24 authority to finance the total costs will be eligible for State debt
25 service aid in accordance with the provisions of that section.

26 The bill provides that a county vocational school district may
27 lease its lands or facilities to the county improvement authority
28 which will construct the project through a design build contract.
29 The bill stipulates that the provisions of the “Public School
30 Contracts Law,” N.J.S.18A:18A-1 et seq., and the “Local Public
31 Contracts Law, “ P.L.1971 c. 198 (C.40A:11-1 et seq.), will not be
32 applicable to a county vocational school district school facilities
33 project that is constructed by a county improvement authority.

34 Under the bill’s provisions, the county improvement authority
35 will lease the county vocational school district school facilities
36 project to the county which will then lease it for nominal
37 consideration to the county vocational school district. The county
38 lease payments made to the county improvement authority will not
39 be subject to any cap on appropriations or spending or to any tax
40 levy cap. The county lease payments must be sufficient to pay the
41 debt service on the county improvement authority bonds that
42 remains after the application of any State debt service aid paid on
43 those bonds. When the bonds of the county improvement authority
44 are no longer outstanding, the leases and liens of the county and the
45 county improvement authority will expire and the school facilities
46 project will be solely vested in the county vocational school district.