

[First Reprint]

ASSEMBLY, No. 3971

STATE OF NEW JERSEY
219th LEGISLATURE

INTRODUCED MAY 4, 2020

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Assemblywomen Lopez, Quijano, Senators Greenstein, Bateman, Madden,

Sacco, Ruiz and Turner

SYNOPSIS

Authorizes the issuance of "coronavirus relief bonds" by municipalities and counties.

CURRENT VERSION OF TEXT

As reported by the Assembly Commerce and Economic Development Committee on May 7, 2020, with amendments.

(Sponsorship Updated As Of: 7/30/2020)

1 AN ACT authorizing local units to issue coronavirus relief bonds.

2

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

5

6 1. a. (1) A local unit that requires moneys because of a loss
7 of revenue, unanticipated expenses, or both, which are directly
8 attributable to the COVID-19 pandemic may incur indebtedness,
9 borrow money, and authorize and issue bonds, entitled "coronavirus
10 relief bonds," in accordance with provisions governing refunding
11 bonds under the "Local Bond Law," N.J.S.40A:2-1 et seq., except
12 as otherwise provided in this act.

13 (2) A local unit shall authorize issuance of coronavirus relief
14 bonds by adoption of a refunding bond ordinance in the manner
15 prescribed for adoption of a bond ordinance, except that:

16 (a) no down payment shall be required; and

17 (b) Local Finance Board approval shall not be required, and the
18 provisions of subsection c. of N.J.S.40A:2-53, and of N.J.S.40A:2-
19 55, N.J.S.40A:2-56, and N.J.S.40A:2-57 shall not apply, unless:

20 (i) the local unit seeks to issue ¹**[debt]** bonds in an amount¹ that
21 exceeds ¹**[20%]** 30%¹ of the local unit's prior year budget; or

22 (ii) the local unit seeks to issue bonds with a longer repayment
23 term than otherwise permitted in this act.

24 (3) Coronavirus relief bonds shall be payable from, and secured
25 by a pledge of, ¹**[unlimited]**¹ ad valorem taxes ¹levied upon all the
26 taxable property within the local unit without limitation as to rate or
27 amount¹.

28 (4) In addition to the procedures for adoption of a bond
29 ordinance required under N.J.S.40A:2-17, after introduction and
30 first reading of a ¹refunding¹ bond ordinance authorizing the
31 issuance of coronavirus relief bonds, and at least one week prior to
32 the date for further consideration thereof, the local unit shall
33 prominently display on the home page of the local unit's website
34 the introduced ¹refunding¹ bond ordinance together with a summary
35 thereof, the notice of the introduction thereof, and of the date, time,
36 and place of further consideration for final passage.

37 (5) A ¹refunding¹ bond ordinance authorizing issuance of
38 coronavirus relief bonds may provide for the capitalization of the
39 interest thereon.

40 ¹**[(6)** A bond ordinance authorizing issuance of
41 coronavirus relief bonds shall provide that bonds and notes issued
42 under this act may be paid in full prior to full maturity without
43 incurring a penalty for early repayment. **]**¹

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.

Matter enclosed in superscript numerals has been adopted as follows:

¹Assembly ACE committee amendments adopted May 7, 2020.

1 b. (1) Prior to authorizing the issuance of coronavirus relief
2 bonds, a local unit shall ¹thoroughly investigate, and¹ apply for
3 ¹financial assistance that may be available to the local unit
4 from the federal government, the State, and other sources to address
5 revenue shortfalls and expenditures due to the COVID-19 pandemic
6 ¹, if any¹.

7 (2) The total amount of coronavirus relief bonds that a local unit
8 may issue shall not exceed, after subtracting all amounts of
9 assistance ¹anticipated by, available to, or¹ provided to, the local
10 unit from the federal government, the State, and other sources to
11 address revenue shortfalls and expenditures due to the COVID-19
12 pandemic:

13 (a) the amount of lost or delayed tax and other revenues
14 experienced by the local unit due to the public health hazard created
15 by COVID-19 prior to the end of the 24th month next following the
16 end of the Public Health Emergency and State of Emergency
17 declared in the State of New Jersey due to the public health hazard
18 created by COVID-19, and

19 (b) the amount of unanticipated expenses that are incurred by
20 the local unit due to the public health hazard created by COVID-19
21 prior to the end of the 24th month next following the end of the
22 Public Health Emergency and State of Emergency declared in the
23 State of New Jersey due to the public health hazard created by
24 COVID-19.

25 c. ¹The In addition to the amount determined pursuant to
26 paragraph (2) of subsection b. of this section, the¹ total amount of
27 coronavirus relief bonds that a local unit may issue under
28 subsection b. of this section shall not exceed an amount that ¹is the
29 lesser of:

30 (1) an amount that¹ will ¹not¹ cause the local unit to exceed
31 its net debt limitation under N.J.S.40A:2-6, unless otherwise
32 permitted by subsection d. of N.J.S.40A:2-7 ¹; or

33 (2) an amount that will not cause the local unit to exceed the
34 maximum amount of tax anticipation notes the local unit may issue
35 under N.J.S.40A:4-66¹.

36 d. (1) A local unit may use the proceeds from the sale and
37 issuance of coronavirus relief bonds to address a revenue shortfall
38 experienced by the local unit which is directly attributable to the
39 COVID-19 pandemic and which occurred prior to the end of the
40 24th month next following the end of the Public Health Emergency
41 and State of Emergency declared in the State of New Jersey due to
42 the public health hazard created by COVID-19.

43 (2) A local unit may use the proceeds from the sale and issuance
44 of coronavirus relief bonds to cover the costs of unanticipated
45 expenses that are directly attributable to the COVID-19 pandemic,
46 and which were incurred by the local unit prior to the end of the
47 24th month next following the end of the Public Health Emergency

1 and State of Emergency declared in the State of New Jersey due to
2 the public health hazard created by COVID-19.

3 e. A local unit may, in anticipation of the issuance of
4 coronavirus relief bonds, borrow money and issue negotiable notes
5 from time to time, at public or private sale and may, from time to
6 time, renew these notes in accordance with the provisions of section
7 11 of P.L.2003, c.15 (C.40A:2-8.1), however, notwithstanding that
8 provision of law, a note issued in anticipation of the issuance of
9 coronavirus relief bonds may be issued for a period not exceeding
10 two years.

11 f. ¹~~["A coronavirus"]~~ Coronavirus¹ relief ¹~~["bond"]~~ bonds¹, or ¹~~["a~~
12 ~~note"]~~ notes¹ in anticipation thereof, shall be initially issued ¹in one
13 or more series¹ prior to the end of the 24th month next following
14 the end of the Public Health Emergency and State of Emergency
15 declared in the State of New Jersey due to the public health hazard
16 created by COVID-19.

17 g. Final maturity of a coronavirus relief bond shall occur no
18 more than ten years from the initial issuance of the bond ¹~~["or the~~
19 ~~initial issuance of a note in anticipation thereof"]~~¹, however, a local
20 unit may apply to the Local Finance Board for a longer repayment
21 term. If the local unit demonstrates a need for a longer repayment
22 term to the satisfaction of the Local Finance Board, the board may
23 authorize a longer repayment term. The maturity schedule may
24 include a combination of notes and bonds ¹, and such bonds shall
25 mature in amounts, each¹ as deemed appropriate by the local unit.

26 h. The Local Finance Board shall render a decision on an
27 application for approval submitted to it pursuant to this act within
28 45 days of the submission of a complete application to the board,
29 and failure of the board to do so shall result in an approval of the
30 application.

31 i. The Division of Local Government Services may issue
32 guidelines necessary or appropriate to implement the provisions of
33 this act.

34 ¹j. To the extent any provision governing refunding bonds under
35 the "Local Bond Law," N.J.S.40A:2-1 et seq., conflicts with the
36 provisions of this act, the provisions of this act shall govern.

37 k. A county improvement authority may exercise its purpose and
38 power under sections 11 and 12 of P.L.1960, c.183 (C.40:37A-54
39 and C.40:37A-55) to pool loans for local governmental units within
40 the county or any beneficiary county that are refunding bonds for
41 the pooling of coronavirus relief bonds.¹

42

43 2. This act shall take effect immediately.