

# ASSEMBLY, No. 4552

## STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED AUGUST 24, 2020

**Sponsored by:**

**Assemblyman ERIC HOUGHTALING**

**District 11 (Monmouth)**

**Assemblyman DANIEL R. BENSON**

**District 14 (Mercer and Middlesex)**

**Assemblyman P. CHRISTOPHER TULLY**

**District 38 (Bergen and Passaic)**

**SYNOPSIS**

Exempts New Jersey Infrastructure Bank projects from certain local bond requirements.

**CURRENT VERSION OF TEXT**

As introduced.



(Sponsorship Updated As Of: 9/14/2020)

A4552 HOUGHTALING, BENSON

2

1 AN ACT concerning local bond requirements and amending  
2 N.J.S.40A:2-11 and N.J.S.40A:2-26.

3

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

6

7 1. N.J.S.40A:2-11 is amended to read as follows:

8 40A:2-11. a. No bond ordinance shall be finally adopted unless  
9 it appropriates to the purpose, or ratably to the respective purposes  
10 to be financed, in addition to the obligations thereby authorized, a  
11 sum as a down payment which is not less than **[5%]** five percent of  
12 the amount of the obligations authorized.

13 b. Said sum so appropriated as a down payment must have been  
14 made available prior to final adoption of the bond ordinance from  
15 any one or more of the following:

16 1. by provision in a previously adopted budget or budgets of  
17 the local unit for down payment or for capital improvement  
18 purposes;

19 2. from moneys then actually held by the local unit and  
20 previously contributed for such purpose other than by the local unit;  
21 or

22 3. by emergency appropriation.

23 c. The provisions of this section shall not apply to a bond  
24 ordinance which authorizes obligations solely for any purpose  
25 referred to in paragraphs a., b., c., d., e., and h. of **[section 40A:2-**  
26 **7]** N.J.S.40A:2-7 or for those bond ordinances which involve  
27 projects funded by State grants such as Green Acres, Transportation  
28 Trust Fund, and other similar programs, or for those bond  
29 ordinances which involve environmental infrastructure projects or  
30 transportation projects, as defined in section 3 of P.L.1985, c.334  
31 (C.58:11B-3), funded by loans from the "New Jersey  
32 **[Environmental]** Infrastructure **[Trust]** Bank," created pursuant to  
33 section 4 of P.L.1985, c.334 (C.58:11B-4), or the State, acting by  
34 and through the Department of Environmental Protection.  
35 (cf: P.L.2015, c.95, s.33)

36

37 2. N.J.S.40A:2-26 is amended to read as follows:

38 40A:2-26. Maturities of all bonds shall be as determined by  
39 bond ordinance or by subsequent resolution and within the  
40 following limitations:

41 a. All bonds shall mature within the period or average period  
42 of usefulness determined in the bond ordinance.

43 b. All bonds shall mature in annual installments, the first of  
44 which shall be payable not more than one year from the date of the

**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.**

1 bonds. No annual installment shall exceed by more than **[100%]**  
2 100 percent the amount of the smallest prior installment.

3 c. The first installment of bonds to finance a municipal public  
4 utility may be made payable not later than the end of the second  
5 year's operation, computed from the estimated date of completion,  
6 as fixed in the project report submitted pursuant to this chapter.

7 d. Bonds to finance that part of the cost of a local improvement  
8 which is to be assessed on property shall mature in annual  
9 installments not exceeding in number the number of annual  
10 installments or average thereof fixed in the bond ordinance for the  
11 payment of special assessments. The first annual installment of  
12 such bonds shall be payable not more than two years from the date  
13 of the bonds, and no annual installment shall exceed the amount of  
14 the smallest prior installment.

15 e. A governing body which has concluded that the limitations  
16 as to maturities or amounts of annual installments will adversely  
17 affect the financial position of the local unit, may make written  
18 application to the Local Finance Board setting forth its conclusion  
19 and the reasons therefor and the desired maturities or the amounts  
20 of annual installments for bonds about to be issued. If the Local  
21 Finance Board finds such conclusion to be well founded, it may, by  
22 order, fix the maturities or amounts of annual installments of such  
23 bonds as desired by the local unit, or fix any such other maturities  
24 or amounts of annual installments which the circumstances warrant.  
25 Application to the Local Finance Board shall not be required if the  
26 maturities or the amounts of annual installments have been  
27 determined by (1) the "New Jersey **[Environmental]** Infrastructure  
28 **[Trust]** Bank," created pursuant to section 4 of P.L.1985, c.334  
29 (C.58:11B-4), in connection with a loan made by the trust relating  
30 to the financing of one or more environmental infrastructure  
31 projects or transportation projects as defined in section 3 of  
32 P.L.1985, c.334 (C.58:11B-3) or (2) the State, acting by and  
33 through the Department of Environmental Protection, in connection  
34 with a loan made by the State, **[in each case]** relating to the  
35 financing of one or more environmental infrastructure projects as  
36 defined in section 3 of P.L.1985, c.334 (C.58:11B-3).

37 f. The governing body, by resolution, may provide for a single  
38 and combined issue of bonds not exceeding the aggregate amount of  
39 bonds authorized by two or more bond ordinances. The bonds of  
40 such issue shall mature within the average period of usefulness  
41 which shall be determined in said resolution, taking into  
42 consideration the respective amount of bonds authorized by each of  
43 the bond ordinances and the period or average period of usefulness  
44 therein determined. The provisions of this chapter applicable to the  
45 sale and issuance of a single issue of bonds shall apply to the sale  
46 and issuance of such combined issue of bonds.

47 g. The governing body, by resolution, may allow the  
48 adjustment of, or otherwise delegate to a finance officer the

1 authority to adjust, the maturity schedule of the bonds, up to 24  
2 hours prior to the time advertised for the receipt of bids and within  
3 24 hours after the award of bids; provided that no maturity schedule  
4 adjustment shall exceed **【10%】** 10 percent of the principal for any  
5 maturity with the aggregate adjustment to maturity not to exceed  
6 **【10%】** 10 percent of the principal for the overall issue. When an  
7 adjustment has been made to a maturity schedule previously  
8 approved by the Local Finance Board, a copy of the final maturity  
9 schedule which meets or complies with the limitations in this  
10 subsection shall be filed with the board within 30 days of the sale  
11 and shall be conclusively deemed to have been approved by the  
12 board.

13 (cf: P.L.2015, c.95, s.12)

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15 3. This act shall take effect 90 days after the date of enactment.

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#### STATEMENT

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20 This bill amends the local bond law to exempt a local  
21 government from being required to appropriate an amount equal to  
22 five percent of the amount of obligations authorized for a  
23 transportation project financed through the New Jersey  
24 Infrastructure Bank.

25 The bill also exempt a local government from applying to the  
26 local finance board concerning the maturity and amount of annual  
27 installment payments related to the financing of environmental  
28 infrastructure projects and transportation projects through the New  
29 Jersey Infrastructure Bank.