

ASSEMBLY LOCAL GOVERNMENT COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2471

with committee amendments

STATE OF NEW JERSEY

DATED: DECEMBER 5, 1996

The Assembly Local Government Committee reports favorably Assembly Bill No. 2471, with committee amendments.

As introduced by the sponsor, Assembly Bill No. 2471 would correct an oversight in P.L.1990, c.112 which was the most recent amendment to N.J.S.40A:2-8. Section 1 of P.L.1990, c.112 amended the statute to increase the length of time over which a bond anticipation note can be repaid from five years to 10 years. The phrase "said fifth fiscal year" should have been amended in the 1990 law to read "said tenth fiscal year" since it refers to a previous phrase in the sentence, "close of the tenth fiscal year." This bill was requested by the Division of Local Government Services in the Department of Community Affairs. The bill would be retroactive to November 16, 1990, the enactment date of P.L.1990, c.112.

The committee amended the bill to do the following:

*Require the payment of a legally payable installment of the bonds prior to each anniversary date beginning with the third anniversary date of bond anticipation notes. Under current law, an installment must be paid at the end of the third year and the end of the fourth year, but not at the end of years five through nine, inclusive.

*Allow bond anticipation notes to be outstanding until the first day of the fifth month following the close of the tenth fiscal year following the date of the original notes in a more simplified manner.

*Eliminate the distinction for notes issued to finance local improvements. This distinction is unnecessary due to various amendments to this statute in the past which have now extended the ability to issue bond anticipation notes for ten years.

*Increase the maximum amount of capital notes permitted to be outstanding at one time from \$200,000 to \$1,000,000.