

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE COMMITTEE SUBSTITUTE FOR **SENATE, No. 1802**

STATE OF NEW JERSEY

DATED: MARCH 10, 1997

The Senate Budget and Appropriation Committee reports favorably Senate Bill No. 1802 (SCS) of 1997.

Senate Bill No. 1802 (SCS) provides an option to counties to delay the date on which counties will make the final payment to the State for the county share of judicial costs in accordance with the "State Judicial Unification Act," P.L.1993, c.275 (C.2B:10-1 et seq.). Under that act, counties must pay \$119,312,467 to the State in calendar year 1997 (which is also county fiscal year 1997); one half of that amount (or \$59,656,233) is due on May 15, 1997 (in State fiscal year 1997) and the remaining half on October 1, 1997 (in State fiscal year 1998). The bill would provide counties with a choice to make the final payment on May 15, 1998 instead of October 1, 1997, thereby deferring the payment for county purposes until county fiscal year 1998, but only deferring payment for State purposes to the latter part of State fiscal year 1998.

As reported, this bill is identical to Assembly Bill No. 2719 of 1997 (Kelly/Kramer).

FISCAL IMPACT

The State General Fund will still receive from the counties the \$60 million in final county payments in Fiscal Year 1998 as anticipated even if counties choose to defer their final payment since October 1, 1997 and May 15, 1998 fall within State Fiscal Year 1998.

However, the State may forgo interest earnings during that seven month deferral period that could result from the investment of these payments if the payments are made as currently scheduled. Alternately, the State may also incur larger short term borrowing costs to meet expenditure needs that may otherwise have been met by the use of the county payments. However, it is not possible to estimate this cost to the State with any certainty.