

SENATE EDUCATION COMMITTEE

STATEMENT TO

SENATE, No. 2137

with committee amendments

STATE OF NEW JERSEY

DATED: DECEMBER 1, 1997

The Senate Education Committee reports favorably Senate Bill No. 2137 with committee amendments.

This bill, the "County College Capital Projects Fund Act," authorizes the Educational Facilities Authority to finance county college capital projects through the sale of bonds or notes issued by the authority. The bill authorizes the authority to issue bonds to finance the State share of county college capital projects and authorizes the State Treasurer to enter into a contract with the authority to pay the amount necessary to satisfy the principal and interest on bonds and notes issued by the authority for this purpose.

In regard to the funding of the county share of county college capital projects, the bill authorizes the authority to enter into a loan agreement with the county and to issue bonds or notes in an amount sufficient to finance the county's share of the project. The bill stipulates that the county is also to issue bonds which shall be delivered to the authority to evidence the loan and to be the source of payment for the bonds or notes issued by the authority. Each loan by the authority to a county must be approved by the State Treasurer. Any bonds or notes issued by the county to the authority or to any other entity under the bill's provisions are to be deducted from consideration of the county's net debt for debt incurring purposes.

The bill also raises the principal amount of bonds which can be issued by a county and which qualify for State support from \$80,000,000 to \$120,000,000. In addition, the bill provides that any other entity which is legally authorized to issue bonds, such as a county improvement authority, may issue bonds in order to fund the county's required share of the capital project. Any bonds sold by such an issuer must be sold by competitive sale unless the State Treasurer consents in writing to a negotiated sale of the bonds or notes.

Finally, the bill provides that earnings realized by counties from the sale of bonds or notes shall be invested in the Cash Management Fund prior to application of the proceeds for which the bonds or notes were sold.

The committee adopted a technical amendment to make clear that the State Treasurer may pay the debt service on bonds or notes issued by another legally empowered issuer.

As reported, this bill is identical to A-3145 with committee amendments.