

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

SENATE, No. 2137

STATE OF NEW JERSEY

DATED: DECEMBER 11, 1997

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 2137 (1R).

Senate Bill No. 2137, the "County College Capital Projects Fund Act," authorizes the Educational Facilities Authority to finance both the State share and county share of county college capital projects through the sale of bonds or notes issued by the authority. If the authority issues bonds to finance the State share, the State Treasurer would 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 a 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 will be delivered to the authority to evidence the loan and to be the source of the 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.

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.

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.

It is noted that the county share of county capital projects are intended to come from general county resources and are not intended to put a burden on county college alumni or foundations.

As reported, this bill is identical to Assembly Bill No. 3145 (1R) (Azzolina/Arnone).

FISCAL IMPACT

This bill authorizes the Educational Facilities Authority to finance

both the State share and the county share of county college capital projects through the sale of bonds or notes issued by the authority. If the authority issues bonds to finance the State share, the State Treasurer would pay the amount necessary to satisfy the principal and interest on bonds and notes issued by the authority for this purpose. In addition, the bill increases the maximum (from \$80 million to \$120 million) of the total principal amount of bonds and notes that counties may issue under the county college capital fund program in N.J.S.A.18A:64A-22.1 et seq. and receive from the State monies to pay the principal and interest in order to satisfy the State's share of capital projects for county colleges.