SYNOPSIS
Allows local governments and school districts to engage in certain borrowing to aid with COVID-19 response.

CURRENT VERSION OF TEXT
As introduced.
AN ACT concerning local government and school district borrowing
during the COVID-19 emergency, supplementing Title 40A of
the New Jersey Statutes, and amending N.J.S.40A:4-53,

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

1. (New section) Notwithstanding the provisions of
N.J.S.40A:2-51 to the contrary, a local unit may incur indebtedness,
borrow money, authorize and issue negotiable refunding bonds, in
determined to be necessary by the local unit and
approved by the Local Finance Board to effect a refunding for the
purpose of repaying a Federal Emergency Management Agency
Community Disaster Loan for which the local unit executed a
promissory note in 2013 under the authority of section 5 of
P.L.1951, c.72 (C.App.A:9-62), in addition to the other purposes for
which it may do the same under N.J.S.40A:2-51.

2. N.J.S.40A:4-53 is amended to read as follows:

N.J.S.40A:4-53. A local unit may adopt an ordinance authorizing
special emergency appropriations for the carrying out of any of the
following purposes:

a. Preparation of an approved tax map.
b. Preparation and execution of a complete program of
revaluation of real property for the use of the local assessor, or of
any program to update and make current any previous revaluation
program when such is ordered by the county board of taxation.
c. Preparation of a revision and codification of its ordinances.
d. Engagement of special consultants for the preparation, and
the preparation of a master plan or plans, when required to conform
to the planning laws of the State.
e. Preparation of drainage maps for flood control purposes.
f. Preliminary engineering studies and planning necessary for
the installation and construction of a sanitary sewer system.
g. Authorized expenses of a consolidation commission
established pursuant to the "Municipal Consolidation Act."
P.L.1977, c.435 (C.40:43-66.35 et seq.) or sections 25 through 29 of
the "Uniform Shared Services and Consolidation Act," P.L.2007,
h. Contractually required severance liabilities resulting from
the layoff or retirement of employees. Such liabilities shall be paid
without interest and, at the sole discretion of the local unit, may be
paid in equal annual installments over a period not to exceed five
years.

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.
i. Preparation of a sanitary or storm system map.

j. Liabilities incurred to the Department of Labor and Workforce Development for the reimbursement of unemployment benefits paid to former employees.

k. Subject to approval by the Director of the Division of Local Government Services, non-recurring expenses incurred by a municipality to implement a consolidation with another municipality, or municipalities, pursuant to the "Municipal Consolidation Act," P.L.1977, c.435 (C.40:43-66.35 et seq.); the sparsely populated municipalities law, P.L.1995, c.376 (C.40:43-66.78 et seq.); sections 25 through 29 of the "Uniform Shared Services and Consolidation Act," P.L.2007, c.63 (C.40A:65-25 through C.40A:65-29); or N.J.S.40A:7-1 et seq., in the case of a consolidation effectuated through the annexation of land comprising an entire municipality or entire municipalities, to another municipality. The director shall approve the ordinance if he or she determines that the non-recurring expenses are reasonable and permissible by law and that the consolidation will result in long-term savings for the municipality.


As used in this subsection, “COVID-19” means the coronavirus disease 2019, as announced by the World Health Organization on February 11, 2020, and first identified in Wuhan, China.

A copy of all ordinances or resolutions as adopted relating to special emergency appropriations shall be filed with the director.

(cf: P.L.2017, c.101, s.1)

3. Section 2 of P.L.1969, c.130 (C.18A:24-61.2) is amended to read as follows:

2. Notwithstanding the provisions of any other law or any debt limitation or requirement for down payment or for referendum or other action by legal voters, refunding bonds may be authorized and issued for the purpose of paying, funding or refunding: any refunded bonds; the cost of retiring the present value of the unfunded accrued liability due and owing by a board of education, as calculated by the system actuary for a date certain upon the request of a board of education, for early retirement incentive benefits granted by the board of education pursuant to P.L.1991, c.231, P.L.1993, c.163 and P.L.2003, c.129; the repayment of a Federal Emergency Management Agency Community Disaster Loan for which the board of education executed a promissory note in 2013 under the authority of section 5 of P.L.1951, c.72 (C.App.A:9-62); the cost of COVID-19 expenditures incurred for immediate preparation, response, recovery, and restoration of public services,
for a period not to exceed five years; and the cost or expense of
issuing refunding bonds including printing, advertising, accounting,
financial, legal or other expense in connection therewith.
Obligations to be paid, funded or refunded with respect to which an
ordinance authorizing the issuance of refunding bonds has been
adopted pursuant to this act and not otherwise deductible shall be
excluded in calculating the net school debt of a municipality or a
district. Refunding bonds shall be authorized (a) in the case of any
county or municipality by a refunding bond ordinance enacted in
the manner or mode of procedure provided for adoption of a
refunding bond ordinance pursuant to the Local Bond Law,
constituting chapter 2 of Title 40A, Municipalities and Counties, of
the New Jersey Statutes, and (b) in the case of a Type II school
district by an ordinance (herein called the "refunding bond
ordinance") adopted by the board of education of such school
district as provided in this chapter.

As used in this section, "COVID-19" means the coronavirus
disease 2019, as announced by the World Health Organization on
February 11, 2020, and first identified in Wuhan, China.

(cf: P.L.2003, c.129, s.12)

4. Section 6 of P.L.1983, c.313 (C.40A:5A-6) is amended to
read as follows:

6. Prior to the adoption of a bond resolution by an authority, or
the adoption of an ordinance or resolution of a local unit or units
authorizing a service contract that is part of a project financing, the
proposed project financing shall be submitted to the Local Finance
Board for its review. The Local Finance Board may adopt rules and
regulations, pursuant to the "Administrative Procedure Act,"
P.L.1968, c.410 (C.52:14B-1 et seq.), to permit project financing to
proceed without such application and review if the project financing
is a refunding that will result in debt service savings on outstanding
bond debt. The Local Finance Board shall, in the course of its
review, give consideration to:

a. The nature, purpose, and scope of the proposed project
financing;

b. The engineering and feasibility studies prepared in
connection therewith;

c. The terms and provisions of the proposed service contracts,
bond resolutions and, in the instance of a negotiated offering, the
proposed or maximum terms and conditions of sale;

d. An estimate of the proposed or maximum schedule of debt
service payments required, and the impact thereof on the budget and
financial condition of the authority and of the local unit;

e. The estimate of the annual cost of operating and maintaining
the project as set forth in the engineering report or feasibility
studies; and
f. The initial rate, rent, fee, or charge schedule proposed by the authority, or any other proposed method of raising the amounts required to finance the operations and payments of debt service on the obligations of the authority.

Notwithstanding any other provision of law to the contrary, an authority may, upon application to and review by the Local Finance Board, incur indebtedness, borrow money, authorize and issue negotiable refunding bonds to cover the cost of COVID-19 expenditures incurred for immediate preparation, response, recovery, and restoration of public services for a period not to exceed five years. As used herein, “COVID-19” means the coronavirus disease 2019, as announced by the World Health Organization on February 11, 2020, and first identified in Wuhan, China.

The Local Finance Board may examine the estimates, computations or calculations made in connection with the submission, may require the production of papers, documents, witnesses or information, may make or cause to be made an audit or investigation and may take any other action which it may deem necessary to its review of the submission.

(cf: P.L.2015, c.95, s.17)

5. This act shall take effect immediately.

STATEMENT

This bill would authorize local governments and school districts to engage in certain borrowing to provide them with added financial flexibility to be able to effectively respond to the COVID-19 public health emergency and the economic crisis it has caused.

First, this bill would authorize a local unit to issue refunding bonds for the repayment of a Federal Emergency Management Agency Community Disaster Loan for which the local unit executed a promissory note in 2013.

Next, this bill would authorize a municipality or county to make special emergency appropriations to support its response to, and recovery from, the COVID-19 crisis. This would entail authorization for municipalities and counties to issue special emergency notes to fund these appropriations under current law.

Next, the bill would authorize a school district to issue refunding bonds for the repayment of a Federal Emergency Management Agency Community Disaster Loan for which the board of education executed a promissory note in 2013 or to cover the cost of COVID-19 response and recovery expenditures.

Lastly, the bill would authorize a local authority to borrow funds in order to cover the cost of COVID-19 response and recovery expenditures.