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SENATE, No. 1311

STATE OF NEW JERSEY
209th LEGISLATURE

INTRODUCED MAY 18, 2000

Sponsored by:

Senator ROBERT J. MARTIN

District 26 (Essex, Morris and Passaic)

Co-Sponsored by:

Senator Rice, Assemblymen Bagger, Biondi and Bateman

SYNOPSIS

Increases the amount of bonds issued for county college capital projects which qualify for State debt service aid support.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 6/27/2000)

S1311 MARTIN

2

1 AN ACT concerning county colleges and amending P.L.1971, c.12.

2

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

5

6 1. Section 1 of P.L.1971, c.12 (C.18A:64A-22.1) is amended to
7 read as follows:

8 1. Whenever the funds appropriated are insufficient to satisfy the
9 State's share of capital projects for county colleges pursuant to
10 N.J.S.18A:64A-22, additional State support for such projects shall be
11 made available to counties in which county colleges are located for the
12 payment of interest and principal on bonds and notes entitled to the
13 benefits of this act and interest on notes issued in anticipation thereof
14 and entitled to the benefits of the "County College Capital Projects
15 Fund Act," P.L.1997, c.360 (C.18A:72A-12.2 et seq.), provided that
16 the total principal amount of such bonds and notes shall not exceed
17 ~~[\$140,000,000]~~\$165,000,000.

18 (cf: P.L.1997, c.360, s.7)

19

20 2. This act shall take effect immediately.

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22

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STATEMENT

24

25 This bill increases the amount of bonds and notes which may be
26 issued to provide additional State support for county colleges from
27 \$145,000,000 to \$165,000,000. Pursuant to P.L.1971, c.12, these
28 bonds and notes may be issued by the county board of freeholders or
29 the New Jersey Educational Facilities Authority (pursuant to the
30 provisions of the "County College Capital Projects Fund Act,"
31 P.L.1997, c.360), after certification by the State Treasurer that
32 additional State support is necessary. State aid for debt service is paid
33 to a county in accordance with the amount of bonds or notes issued.
34 The bonds or notes are not deemed a liability of the State, nor are the
35 amounts of bonds or notes issued considered in determining the net
36 debt of the county if such borrowing is entered into by the county.

37 The county colleges need capital support for their aging
38 infrastructure to accommodate renovation and construction of new
39 facilities. Increasing the amount of bonds and notes available for this
40 purpose will help the county colleges maintain their infrastructure and
41 avoid raising tuition above the level of affordability for the many
42 students which attend our county colleges.

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.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 1311

STATE OF NEW JERSEY

DATED: MAY 25, 2000

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 1311.

This bill increases the amount of bonds and notes that may be issued to provide additional State support for county colleges from \$140,000,000 to \$165,000,000.

Under the general law providing for the establishment, operation and funding of county colleges, the colleges are to receive State support for up to one-half the cost of capital projects, subject to legislative appropriation. Under a 1971 supplement to the general law, whenever the State Treasurer determines and certifies that funds so appropriated are insufficient to satisfy the State's share of the project costs, the county board of freeholders of any affected county may finance those costs through the issuance of county bonds on which the State is obligated to pay debt service; a 1997 law authorized the New Jersey Educational Facilities Authority, as well as the counties, to issue such State-supported obligations for that purpose. State aid for debt service on these obligations is paid to a county in accordance with the amount of bonds or notes issued. The bonds or notes are not deemed a liability of the State.

The original 1971 law providing for the issuance of State-supported debt for county college capital projects established a ceiling of \$40,000,000 on the principal amount of such debt. This ceiling was raised to \$80,000,000 in 1985, and to the current \$140,000,000 level in 1997. The principal amount of such debt presently outstanding is at or close to this maximum level.

FISCAL IMPACT

The Governor's budget proposal for FY2001 recommends an appropriation of \$27.2 million to fund State-supported county college capital project debt. It is anticipated that when the additional \$25 million in bonds authorized under the new ceiling have been issued, the cost to the State of covering debt service on those additional bonds will be roughly \$4 million per year.

LEGISLATIVE FISCAL ESTIMATE
SENATE, No. 1311
STATE OF NEW JERSEY
209th LEGISLATURE

DATED: JULY 12, 2000

SUMMARY

Synopsis: Increases the amount of bonds issued for county college capital projects which qualify for State debt service aid support.

Type of Impact: Expenditure increase in the General Fund.

Agencies Affected: Department of Treasury; 19 counties which provide support for the county colleges.

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
State Cost	\$4,000,000	\$4,000,000	\$4,000,000

- ! This bill increases the amount of bonds and notes that may be issued to provide State support for county college capital projects from \$140 million to \$165 million.
- ! Under N.J.S.18A:64A-22, county colleges are eligible to receive State support for up to one-half the cost of capital projects, subject to legislative appropriation.
- ! Under P.L.1971, c.12 (chapter 12 program), whenever the State Treasurer determines that funds are insufficient to satisfy the State's share of project costs, the county board of freeholders may finance those costs through the issuance of county bonds on which the State is obligated to pay debt service. A 1997 law authorized the New Jersey Educational Facilities Authority, as well as the counties, to issue such State-supported obligations for that purpose. State aid for debt service on these obligations is paid in accordance with the amount of bonds or notes issued.
- ! It is estimated that when the additional \$25 million in bonds authorized under the bill have been issued, the cost to the State of covering debt service on the additional bonds will be approximately \$4 million per year.

BILL DESCRIPTION

Senate Bill No. 1311 of 2000 increases the amount of bonds and notes that may be issued to provide additional State support for county colleges from \$140,000,000 to \$165,000,000.

Under the general law providing for the establishment, operation and funding of county colleges (N.J.S.18A:64A-22), the colleges are to receive State support for up to one-half the

cost of capital projects, subject to legislative appropriation. A 1971 supplement to the general law P.L. 1971, c.12 (chapter 12 program) provides that whenever the State Treasurer determines that funds are insufficient to satisfy the State's share of project costs, the county board of freeholders may finance those costs through the issuance of county bonds on which the State is obligated to pay debt service. A 1997 law authorized the New Jersey Educational Facilities Authority, as well as the counties, to issue such State-supported obligations for that purpose. State aid for debt service on these obligations is paid in accordance with the amount of bonds or notes issued. The bonds or notes are not deemed a liability of the State.

The original chapter 12 program established a ceiling of \$40,000,000 on the principal amount of such debt. This ceiling was raised to \$80,000,000 in 1985, and to the current \$140,000,000 level in 1997. The principal amount of such debt presently outstanding is at or close to this maximum level.

FISCAL ANALYSIS

EXECUTIVE BRANCH

Information informally received from the Department of Treasury. Please see below.

OFFICE OF LEGISLATIVE SERVICES

According to the New Jersey Council of County Colleges, the increase in the amount of bonds and notes that may be issued under the chapter 12 program is necessary to fund renovations and new capital projects that would not receive approval because the current issuance limit has been reached. The Office of Legislative Services (OLS) estimates that if the bonding limit issued for county college capital projects is increased from \$140 million to \$165 million, the cost to the State of covering debt service on those additional bonds would be approximately \$4 million in each of the next three years.

The Governor's FY 2001 budget recommends an appropriation of \$27.2 million to fund State-supported county college capital project debt, which represents a 17.9 percent or \$4 million increase over the FY 2000 adjusted appropriation of \$23 million.

The fiscal analysis is based on informal information received from the Department of Treasury.

Section: *Education*

Analyst: *Cindy Grant*
Assistant Fiscal Analyst

Approved: *Alan R. Kooney*
Legislative Budget and Finance Officer

This fiscal estimate has been prepared pursuant to P.L.1980, c.67.

P.L. 2000, CHAPTER 111, *approved September 8, 2000*

Senate, No. 1311

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1 students which attend our county colleges.

2

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4

5

6 Increases the amount of bonds issued for county college capital

7 projects which qualify for State debt service aid support.

CHAPTER 111

AN ACT concerning county colleges and amending P.L.1971, c.12.

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

1. Section 1 of P.L.1971, c.12 (C.18A:64A-22.1) is amended to read as follows:

C.18A:64A-22.1 County college capital project aid.

1. Whenever the funds appropriated are insufficient to satisfy the State's share of capital projects for county colleges pursuant to N.J.S.18A:64A-22, additional State support for such projects shall be made available to counties in which county colleges are located for the payment of interest and principal on bonds and notes entitled to the benefits of this act and interest on notes issued in anticipation thereof and entitled to the benefits of the "County College Capital Projects Fund Act," P.L.1997, c.360 (C.18A:72A-12.2 et seq.), provided that the total principal amount of such bonds and notes shall not exceed \$165,000,000.

2. This act shall take effect immediately.

Approved September 8, 2000.