

LEGISLATIVE HISTORY CHECKLIST

18A:22-8.4 and 18A:22-8.5

NJSA: 18A:22-8.4 and 18A:22-8.5

(School districts-- sale or lease of property-- allow revenues to be used for current expenses or capital outlays)

LAWS OF: 1988

CHAPTER: 151

BILL NO: A1160

SPONSOR(S): Bryant

Date Introduced: Pre-filed

Committee: Assembly: Education

Senate: Education

Amended during passage: Yes

Amendments during passage denoted by asterisks.

Date of Passage: Assembly: May 16, 1988

Senate: September 26, 1988

Date of Approval: November 9, 1988

Following statements are attached if available:

Sponsor statement: Yes

Committee statement: Assembly Yes

Senate Yes

Fiscal Note: No

Veto Message: No

Message on Signing: No

Following were printed:

Reports: Yes

Hearings: No

Attached: A570, bill, final version, committee statements-- as mentioned in statements of A1160.

Report, referred to in statement to A570:

974.90 New Jersey. Department of Education  
S372 Directions for using New Jersey public school financial accounting system.  
1976c Trenton, 1976.

rdv

[FIRST REPRINT]  
ASSEMBLY, No. 1160

STATE OF NEW JERSEY

PRE-FILED FOR INTRODUCTION IN THE 1988 SESSION

By Assemblyman BRYANT

1 AN ACT concerning revenues received from the sale or lease of  
2 a school district's real property and supplementing Chapter  
3 22 of Title 18A of the New Jersey Statutes.

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

7 1. Revenues received from the sale or lease of a school  
8 district's real property may be placed in either the current  
9 expense or capital outlay account of a school district's budget,  
10 except that revenues placed in a capital outlay account shall be  
11 earmarked and used exclusively for a capital project or major  
12 capital improvement designated by the board.

13 2. <sup>1</sup>[Whenever] Prior to the expenditure for a capital project  
14 of revenues received from the sale or lease of a school district's  
15 real property,<sup>1</sup> the board of education of a type II school district  
16 <sup>1</sup>[designates a capital project which is to be paid for by revenues  
17 received from the sale or lease of a school district's real  
18 property, the board]<sup>1</sup> shall submit the question of the  
19 expenditure of these revenues to the voters of the school  
20 district for their approval or disapproval <sup>1</sup>and shall receive  
21 approval for the expenditure<sup>1</sup>. The question shall describe the  
22 project and the cost of that project, and shall indicate those  
23 funds which are already available to the district to meet that  
24 cost.

25 3. This act shall take effect immediately.

27

EDUCATION

29

Education-Finance and State Aid

31 Permits school districts to place revenues from sale or lease of  
real property in current expense or capital outlay account.

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.

Matter enclosed in superscript numerals has been adopted as follows:

<sup>1</sup> Assembly AED committee amendments adopted May 2, 1988.

ASSEMBLY, No. 1160  
STATE OF NEW JERSEY

Introduced Pending Technical Review by Legislative Counsel  
PRE-FILED FOR INTRODUCTION IN THE 1988 SESSION

By Assemblyman BRYANT

1     **AN ACT** concerning revenues received from the sale or lease of  
2         a school district's real property and supplementing Chapter  
3         22 of Title 18A of the New Jersey Statutes.

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

7             1. Revenues received from the sale or lease of a school  
8             district's real property may be placed in either the current  
9             expense or capital outlay account of a school district's budget,  
10            except that revenues placed in a capital outlay account shall be  
11            earmarked and used exclusively for a capital project or major  
12            capital improvement designated by the board.

13            2. Whenever the board of education of a type II school  
14            district designates a capital project which is to be paid for by  
15            revenues received from the sale or lease of a school district's  
16            real property, the board shall submit the question of the  
17            expenditure of these revenues to the voters of the school  
18            district for their approval or disapproval. The question shall  
19            describe the project and the cost of that project, and shall  
20            indicate those funds which are already available to the district  
21            to meet that cost.

22            3. This act shall take effect immediately.

23

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STATEMENT

27         This bill provides that the revenues received from the sale or  
28         lease of a school district's real property may be placed in either  
29         the district's capital outlay account. If the funds are placed in  
30         the capital outlay account, the school board must designate a  
31         specific project or improvement for which the funds will be used.

1 Under the Public School Financial Accounts System  
promulgated by the Department of Education, monies received  
3 from the sale or lease of district property must be placed in the  
current expense budget. A transfer of these funds to the capital  
5 outlay account is prohibited without voter approval pursuant to  
P.L. 1979, c. 294 (C. 18A:22-8.1 et seq.).

7

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#### EDUCATION

##### Education-Finance and State Aid

11

Permits school districts to place revenues from sale or lease of  
13 real property in current expense or capital outlay account.

ASSEMBLY EDUCATION COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1160

with Assembly committee amendments

STATE OF NEW JERSEY

DATED: MAY 2, 1988

The Assembly Education Committee favorably reports Assembly, No. 1160 as amended.

As amended, this bill provides that the revenues received from the sale or lease of a school district's real property may be placed in either the district's current expense account or the district's capital outlay account. If the funds are placed in the capital outlay account, the school board must designate a specific project or improvement for which the funds will be used. In a type II school district, voter approval would be required for the expenditure of the funds for capital projects.

Under the Public School Financial Accounts System promulgated by the Department of Education, monies received from the sale or lease of district property must be placed in the current expense budget. A transfer of these funds to the capital outlay account is prohibited without voter approval pursuant to P.L. 1979, c. 294 (C. 18A:22-8.1 et seq.).

As introduced, this bill was identical to Assembly Bill No. 570 SCA of 1986, which received final approval from the Legislature on January 11, 1988 and was filed without approval by the Governor on January 18, 1988. The committee amendments, suggested by the sponsor, respond to a technical objection raised in the Governor's January 18 statement and clarify the sponsor's intention that the revenues from the sale of real property may not be expended for a capital project without voter approval.

This bill was prefiled for introduction in the 1988 session pending technical review. As amended the bill includes the changes required by technical review which has been performed.

SENATE EDUCATION COMMITTEE

STATEMENT TO

[FIRST REPRINT]

ASSEMBLY, No. 1160

STATE OF NEW JERSEY

DATED: JUNE 16, 1988

The Senate Education Committee favorably reports Assembly Bill No. 1160 (1R) without committee amendments.

This bill provides that the revenues received from the sale or lease of a school district's real property may be placed in either the district's current expense account or the district's capital outlay account. If the funds are placed in the capital outlay account, the school board must designate a specific project or improvement for which the funds will be used. In a type II school district, voter approval would be required for the expenditure of the funds for capital projects.

Under the Public School Financial Accounts System promulgated by the Department of Education, monies received from the sale or lease of district property must be placed in the current expense budget. A transfer of these funds to the capital outlay account is prohibited without voter approval pursuant to P.L. 1979, c. 294 (C. 18A:22-8.1 et seq.).

A similar bill, Assembly Bill No. 570 Sca of 1986, received final approval from the Legislature on January 11, 1988; however, it was filed without approval by the Governor on January 18, 1988. According to the statement issued by the Governor, he felt that it was not clear that voter approval was in fact required for the expenditure of these funds.

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## ASSEMBLY, No. 570

Introduced Pending Technical Review by Legislative Counsel  
PRE-FILED FOR INTRODUCTION IN THE 1986 SESSION

By Assemblyman BRYANT

## ASSEMBLY, No. 278

# STATE OF NEW JERSEY

PRE-FILED FOR INTRODUCTION IN THE 1984 SESSION

By Assemblyman BRYANT

AN ACT concerning revenues received from the sale or lease of a school district's real property and supplementing Chapter 22 of Title 18A of the New Jersey Statutes.

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

1 1. Revenues received from the sale or lease of a school district's  
2 real property may be placed in either the current expense or  
3 capital outlay account of a school district's budget, except that  
4 revenues placed in a capital outlay account shall be earmarked  
5 and used exclusively for a capital project or major capital im-  
6 provement designated by the board.

1 2. This act shall take effect immediately.

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### STATEMENT

There are three major accounts in a school district's budget: capital outlay, debt service, and current expense. At present, revenues received from the sale or lease of real property are required to be placed in the current expense account of a school district's budget. (See, *Directions for Using New Jersey Public School Financial Accounting System, 1976*, page 13). Because of the prohibition against a board transferring funds between major accounts without the approval of the voters under section 3 of P. L. 1979, c. 294 (C. 18A:22-8.2), this accounting requirement makes it difficult for boards to use funds derived from the sale or lease of real property for purposes closely related to those for which they were originally voted—i.e. new construction, or major

improvements to capital projects—even where a district has pressing capital needs. This bill would provide boards with more flexibility in this area by allowing them to place funds in a capital outlay account for use for a specific project. Boards would still be permitted to place funds in the current expense account of their budget if they have no capital projects planned for which they could use the money.

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ASSEMBLY EDUCATION COMMITTEE  
STATEMENT TO  
**ASSEMBLY, No. 570**  
**STATE OF NEW JERSEY**

DATED: DECEMBER 8, 1986

The Assembly Education Committee favorably reports this bill.

This bill provides that the revenues received from the sale or lease of a school district's real property may be placed in either the district's current expense account or the district's capital outlay account. If the funds are placed in the capital outlay account, the school board must designate a specific project or improvement for which the funds will be used.

Under the Public School Financial Accounts System promulgated by the Department of Education, monies received from the sale or lease of district property must be placed in the current expense budget. A transfer of these funds to the capital outlay account is prohibited without voter approval pursuant to P. L. 1979, c. 294 (C. 18A:22-8.1 et seq.).

This bill was pre-filed for introduction in the 1986 session pending technical review. As reported the bill includes the changes required by technical review which has been performed.

[SENATE REPRINT]  
ASSEMBLY, No. 570

STATE OF NEW JERSEY

PRE-FILED FOR INTRODUCTION IN THE 1986 SESSION

By Assemblyman BRYANT

AN ACT concerning revenues received from the sale or lease of a school district's real property and supplementing Chapter 22 of Title 18A of the New Jersey Statutes.

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

1 1. Revenues received from the sale or lease of a school district's  
2 real property may be placed in either the current expense or  
3 capital outlay account of a school district's budget, except that  
4 revenues placed in a capital outlay account shall *\*remain in that*  
5 *account and shall\** be earmarked and used exclusively for a capital  
6 project or major capital improvement designated by the board.

1 \*2. *Whenever the board of education of a type II school district*  
2 *designates a capital project which is to be paid for by revenues*  
3 *received from the sale or lease of a school district's real property,*  
4 *the board shall submit the question of the expenditure of these*  
5 *revenues to the voters of the school district for their approval or*  
6 *disapproval. The question shall describe the project and the cost*  
7 *of that project, and shall indicate those funds which are already*  
8 *available to the district to meet that cost.\**

1 \***[2.]**\* \*3.\* This act shall take effect immediately.

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EDUCATION—FINANCE AND STATE AID

Permits school districts to place revenues from sale or lease of real property in current expense or capital outlay account.

**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 printed in italics *thus* is new matter.

Matter enclosed in asterisks or stars has been adopted as follows:

\*—Senate committee amendments adopted December 7, 1987.

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ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 570

STATE OF NEW JERSEY

DATED: MAY 28, 1987

The Assembly Appropriations Committee favorably reports Assembly Bill No. 570.

Assembly Bill No. 570 would allow district school boards the flexibility to place funds in a current expense or capital outlay account upon the sale or lease of its real property. If the funds are placed in the capital outlay account, the school board must designate a specific project or improvement for which the funds will be used.

Currently, revenues received from such sales are required to be placed in the current expense account of a school district's budget under the Public School Financial Accounting System promulgated by the Department of Education. A transfer of these funds to the capital outlay account is prohibited without voter approval pursuant to P. L. 1979, c. 294 (C. 18A:22-8.1 et seq.).

FISCAL IMPACT:

The bill affects administrative matters only and should have no fiscal impact.

This bill was pre-filed for introduction in the 1986 session pending technical review. As reported, the bill includes the changes required by technical review which has been performed.

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SENATE EDUCATION COMMITTEE

STATEMENT TO

**ASSEMBLY, No. 570**

with Senate committee amendments

**STATE OF NEW JERSEY**

DATED: DECEMBER 7, 1987

The Senate Education Committee favorably reports Assembly Bill No. 570 with Senate committee amendments.

As amended, this bill provides that the revenues received from the sale or lease of a school district's real property may be placed in either the district's current expense account or the district's capital outlay account. If the funds are placed in the capital outlay account, the school board must designate a specific project or improvement for which the funds will be used. In a type II school district, voter approval would be required for the expenditure of the funds for capital projects.

Under the Public School Financial Accounts System promulgated by the Department of Education, moneys received from the sale or lease of district property must be placed in the current expense budget. A transfer of these funds to the capital outlay account is prohibited without voter approval pursuant to P. L. 1979, c. 294 (C. 18A:22-8.1 et seq.).

The committee amended the bill to require voter approval for the expenditure of these funds for capital projects. The amendments also provide that funds placed in the capital outlay account remain in that account until a project is designated and approved.