

Article VIII, Section II, Paragraph 3 New Jersey Constitution

LEGISLATIVE HISTORY CHECKLIST

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(Refinances State indebtedness without further voter approval)

New Jersey Constitution: Article VIII, Section II, Paragraph 3

BILL NO: SCR3027

SPONSOR: Weiss

DATE INTRODUCED: 6/16/1983

COMMITTEE: **Assembly:** --

Senate: Revenue, Finance and Appropriations

AMENDED DURING PASSAGE: No

DATE OF PASSAGE: **ASSEMBLY:** 7/11/1983

SENATE: 7/11/1983

FILED WITH SECRETARY OF STATE: 7/12/1983

DATE OF ADOPTION: 11/8/1983

EFFECTIVE: 12/8/1983

FOLLOWING ARE ATTACHED IF AVAILABLE:

FINAL TEXT OF BILL (Introduced bill enacted) Yes

SPONSOR'S STATEMENT: Yes

COMMITTEE STATEMENT: **ASSEMBLY:** No

SENATE: Yes

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL ESTIMATE: No

VETO MESSAGE: No

GOVERNOR'S PRESS RELEASE ON SIGNING: No

FOLLOWING WERE PRINTED:

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REPORTS: No

HEARINGS:

Yes

974.90 Public hearing before Senate Revenue, Finance and Appropriations Committee on Senate concurrent F491 resolution no. 3027 : (a concurrent resolution proposing to amend article VIII, section II, paragraph 3 of the 1983c Constitution of the State of New Jersey) : held July 7, 1983 ... Trenton, New Jersey.

NEWSPAPER ARTICLES:

No

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SENATE CONCURRENT RESOLUTION No. 3027

STATE OF NEW JERSEY

INTRODUCED JUNE 16, 1983

By Senator WEISS

Referred to Committee on Revenue, Finance and Appropriations

A CONCURRENT RESOLUTION proposing to amend Article VIII, Section II, paragraph 3 of the Constitution of the State of New Jersey.

1 BE IT RESOLVED *by the Senate of the State of New Jersey (the*
2 *General Assembly concurring)*:

1 1. The following proposed amendment to the Constitution of the
2 State of New Jersey is hereby agreed to:

PROPOSED AMENDMENT

3 Amend Article VIII, Section II, paragraph 3 is amended to read
4 as follows:

5 3. The Legislature shall not, in any manner, create in any fiscal
6 year a debt or debts, liability or liabilities of the State, which
7 together with any previous debts or liabilities shall exceed at any
8 time one per centum of the total amount appropriated by the
9 general appropriation law for that fiscal year, unless the same
10 shall be authorized by a law for some single object or work
11 distinctly specified therein. Regardless of any limitation relating
12 to taxation in this Constitution, such law shall provide the ways
13 and means, exclusive of loans, to pay the interest of such debt or
14 liability as it falls due, and also to pay and discharge the principle
15 thereof within thirty-five years from the time it is contracted; and
16 the law shall not be repealed until such debt or liability and the
17 interest thereon are fully paid and discharged.

18 **[No]** *Except as hereinafter provided, no such law shall take*
19 *effect until it shall have been submitted to the people at a general*
20 *election and approved by a majority of the legally qualified voters*

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.

21 of the State voting thereon. *No voter approval shall be required*
22 *for any such law authorizing the creation of a debt or debts in a*
23 *specified amount or an amount to be determined in accordance with*
24 *such law for the refinancing of all or a portion of any outstanding*
25 *debts or liabilities of the State heretofore or hereafter created, so*
26 *long as such law shall require that the refinancing provide a debt*
27 *service savings determined in a manner to be provided in such law*
28 *and that the proceeds of such debt or debts and any investment*
29 *income therefrom shall be applied to the payment of the principal*
30 *of, any redemption premium on, and interest due and to become due*
31 *on such debts or liabilities being refinanced on or prior to the re-*
32 *demption date or maturity date thereof, together with the costs*
33 *associated with such refinancing. All money to be raised by the*
34 *authority of such law shall be applied only to the specific object*
35 *stated therein, and to the payment of the debt thereby created. This*
36 *paragraph shall not be construed to refer to any money that has*
37 *been or may be deposited with this State by the government of the*
38 *United States. Nor shall anything in this paragraph contained*
39 *apply to the creation of any debts or liabilities for purposes of war,*
40 *or to repel invasion, or to suppress insurrection or to meet an*
41 *emergency caused by disaster or act of God.*

1 2. When this proposed amendment to the Constitution is finally
2 agreed to, pursuant to Article IX, paragraph 1 of the Constitution,
3 it shall be submitted to the people at the next general election
4 occurring more than three months after such final agreement and
5 shall be published at least once in at least one newspaper of each
6 county designated by the President of the Senate and the Speaker
7 of the General Assembly and the Secretary of State, not less than
8 three months prior to said general election.

1 3. This proposed amendment to the Constitution shall be sub-
2 mitted to the people at said election in the following manner and
3 form:

4 There shall be printed on each official ballot to be used at such
5 general election, the following:

6 a. In every municipality in which voting machines are not used,
7 a legend which shall immediately precede the question, as follows:

8 If you favor the proposition printed below make a cross (X),
9 plus (+), or check (✓) in the square opposite the word "Yes."

10 If you are opposed thereto make a cross (X), plus (+) or
11 check (✓) in the square opposite the word "No."

12 b. In every municipality, the following question:

	Yes.	<p style="text-align: center;">BOND REFINANCING</p> <p>Do you approve the amendment to Article VIII, Section II, paragraph 3 of the Constitution, which authorizes the Legislature to enact laws, without further approval by the voters, authorizing the creation of a debt or debts for the refinancing of all or a portion of any current or future outstanding debt or liability of the State previously approved by the voters, so long as such laws shall require that the refinancing provide a debt service savings?</p>
	No.	<p style="text-align: center;">INTERPRETIVE STATEMENT</p> <p>The approval of this amendment would allow the Legislature to authorize the refinancing of State indebtedness without further voter approval in those cases where a debt service savings results. The amendment would allow the Legislature to take advantage of refinancing possibilities in those cases in which the State would realize a savings from the refinancing of a bond issue previously authorized by the voters.</p>

STATEMENT

The purpose of this constitutional amendment is to grant greater flexibility to the Legislature in refinancing State bond issues previously approved by the voters. Currently, the New Jersey Constitution provides that any creation of State indebtedness must be approved by the voters. There is no specific provision which allows the Legislature to authorize a refinancing of State bond issues without voter approval, even if the refinancing were to reduce the amount of the State's debt service payments in the annual budget. This constitutional amendment would allow the Legislature to authorize refinancing without voter approval only in those cases where a debt service savings to the State results. Because refinancing involves the creation of new debt replacing old debt, the New Jersey Constitution must be amended to specifically authorize the Legislature to authorize the debt in cases where refinancing would yield a debt service savings.

This constitutional amendment would not allow the creation of new debt for projects which have not been authorized by the voters. It only allows for refinancing existing debt in those cases in which a debt service savings would be realized by the State.

This constitutional amendment would allow the Legislature to authorize actions which would facilitate greater financial flexibility without otherwise affecting the constitutional provisions which require the voters to approve all bonded indebtedness. The current wording of the constitution effectively precludes the State from taking advantage of refinancing possibilities which are financially advantageous to New Jersey.

SENATE REVENUE, FINANCE AND APPROPRIATIONS
COMMITTEE

STATEMENT TO
SENATE CONCURRENT RESOLUTION No. 3027

STATE OF NEW JERSEY

DATED: JUNE 20, 1983

Senate Concurrent Resolution No. 3027 proposes a constitutional amendment to authorize the issuance of refinancing debt without voter approval so long as the refinancing provides a debt service savings.