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FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL ESTIMATE: Yes 01/12/2024

VETO MESSAGE: No

GOVERNOR'S PRESS RELEASE ON SIGNING: Yes

FOLLOWING WERE PRINTED:

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REPORTS: No

HEARINGS: No

NEWSPAPER ARTICLES: Yes

Matthew Fazelpoor, 'Murphy takes action on slew of legislation', *NJBIZ*, 17 Jan 2024

CL/MM

§5
C.18A:7G-5b
§7
C.18A:7G-15.1a
§12
C.18A:7G-23.1
§15
C.18A:7G-34.1
§§19,21
C.18A:7G-47.2
and 18A:7G-47.3
§20
C.18A:7G-47.1
§23
C.18A:18A-41.1
§§30-35
C.34:1B-21.37
to 34:1B-21.42
§35
Note to
C.18A:36A-10

P.L. 2023, CHAPTER 311, *approved January 16, 2024*
Assembly Committee Substitute (*Fourth Reprint*)
for Assembly, No. 4496

1 AN ACT concerning the construction of school facilities projects,
2 supplementing P.L.2000, c.72 (18A:7G-1 et al.) ¹**[and]** ¹
3 chapter 18A of Title 18A of the New Jersey Statutes, ²P.L.1995,
4 c.426 (C.18A:36A-1 et seq.), ³**[P.L.2011, c.176 (C.18A:36C-1 et**
5 seq.)]^{3 2} and ¹P.L.1974, c.80 (C.34:1B-1 et seq.), and¹ amending
6 various parts of the statutory law.
7

8 **BE IT ENACTED** by the Senate and General Assembly of the State
9 of New Jersey:
10

11 1. Section 2 of P.L.2000, c.72 (C.18A:7G-2) is amended to read
12 as follows:

13 2. The Legislature finds and declares that:

14 a. The Constitution of the State of New Jersey requires the
15 Legislature to provide for the maintenance and support of a
16 thorough and efficient system of free public schools and this
17 legislative responsibility includes ensuring that students are

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:

¹Assembly AAP committee amendments adopted December 4, 2023.

²Assembly floor amendments adopted December 7, 2023.

³Assembly AAP committee amendments adopted December 18, 2023.

⁴Senate SBA committee amendments adopted January 4, 2024.

1 educated in physical facilities that are safe, healthy, and conducive
2 to learning.

3 b. Inadequacies in the quality, utility, and safety of educational
4 facilities have arisen among local school districts of this State. In
5 order to ensure that the Legislature's constitutional responsibility
6 for adequate educational facilities is met, there is a need to establish
7 an efficiency standard for educational facilities at the elementary,
8 middle, and secondary school levels which will assure that the core
9 curriculum content standards are taught to all of the children of the
10 State in a setting which facilitates and promotes that learning.

11 c. Educational infrastructure inadequacies are greatest in the
12 SDA districts where maintenance has been deferred and new
13 construction has not been initiated due to concerns about cost. To
14 remedy the facilities inadequacies of the SDA districts, the State
15 must promptly engage in a facilities needs assessment and fund the
16 entire cost of repairing, renovating, and constructing the new school
17 facilities determined by the Commissioner of Education to be
18 required to meet the school facilities efficiency standards in the
19 SDA districts. In other districts, the State must also identify need in
20 view of anticipated growth in school population, and must
21 contribute to the cost of the renovation and construction of new
22 facilities to ensure the provision of a thorough and efficient
23 education in those districts.

24 d. While providing that the educational infrastructure meets the
25 requirements of a thorough and efficient education, the State must
26 also protect the interests of taxpayers who will bear the burden of
27 this obligation. Design of school facilities should incorporate
28 maximum operating efficiencies and new technologies to advance
29 the energy efficiency of school facilities and the efficiency of other
30 school building systems, construction should be achieved in as
31 efficient a manner as possible while also ensuring that public funds
32 spent on the construction of school facilities support a skilled
33 workforce compensated at dignified wages, and a mechanism to
34 assure proper maintenance of new facilities should be established
35 and implemented, in order to reduce the overall cost of the program
36 and to preserve this infrastructure investment.

37 (cf: P.L.2007, c.260, s.38)

38

39 2. Section 3 of P.L.2000, c.72 (C.18A:7G-3) is amended to read
40 as follows:

41 3. As used in sections 1 through 30 and 57 through 71 of
42 P.L.2000, c.72 (C.18A:7G-1 et al.) **and**, sections 14 through 17 of
43 P.L.2007, c.137 (C.18A:7G-45 through C.18A:7G-48), and sections
44 5,¹**[6, 8]** 7¹, ¹**[13]** 12¹, ²15,² and 19 through 21 of P.L. _____, c.
45 (C. _____) (pending before the Legislature as this bill), unless the context
46 clearly requires a different meaning:

47 "Area cost allowance" means \$138 per square foot for the school
48 year 2000-2001 and shall be inflated by an appropriate cost index for

1 the 2001-2002 school year. For the 2002-2003 school year and
2 subsequent school years, the area cost allowance shall be established
3 by the commissioner pursuant to subsection h. of section 4 of
4 P.L.2000, c.72 (C.18A:7G-4). The area cost allowance used in
5 determining preliminary eligible costs of school facilities projects shall
6 be that of the year of application for approval of the project;

7 "Capital maintenance project" means a school facilities project
8 intended to extend the useful life of a school facility, including up-
9 grades and replacements of building systems, such as structure,
10 enclosure, mechanical, plumbing and electrical systems;

11 ¹["Charter school" means a school established pursuant to
12 P.L.1995, c.426 (C.18A:36A-1 et seq.);]¹

13 "Commissioner" means the Commissioner of Education;

14 "Core curriculum content standards" means the standards
15 established pursuant to the provisions of subsection a. of section 4 of
16 P.L.2007, c.260 (C.18A:7F-46);

17 "Cost index" means the average annual increase, expressed as a
18 decimal, in actual construction cost factors for the New York City and
19 Philadelphia areas during the second fiscal year preceding the budget
20 year as determined pursuant to regulations promulgated by the
21 development authority pursuant to section 26 of P.L.2000, c.72
22 (C.18A:7G-26);

23 "Debt service" means and includes payments of principal and
24 interest upon school bonds issued to finance the acquisition of school
25 sites and the purchase or construction of school facilities, additions to
26 school facilities, or the reconstruction, remodeling, alteration,
27 modernization, renovation or repair of school facilities, including
28 furnishings, equipment, architect fees and the costs of issuance of such
29 obligations and shall include payments of principal and interest upon
30 school bonds heretofore issued to fund or refund such obligations, and
31 upon municipal bonds and other obligations which the commissioner
32 approves as having been issued for such purposes. Debt service
33 pursuant to the provisions of P.L.1978, c.74 (C.18A:58-33.22 et seq.),
34 P.L.1971, c.10 (C.18A:58-33.6 et seq.) and P.L.1968, c.177
35 (C.18A:58-33.2 et seq.) is excluded;

36 "Demonstration project" means a school facilities project selected
37 by the State Treasurer for construction by a redevelopment entity
38 pursuant to section 6 of P.L.2000, c.72 (C.18A:7G-6);

39 "Development authority" means the New Jersey Schools
40 Development Authority established pursuant to section 3 of P.L.2007,
41 c.137 (C.52:18A-237);

42 "District" means a local or regional school district established
43 pursuant to chapter 8 or chapter 13 of Title 18A of the New Jersey
44 Statutes, a county special services school district established pursuant
45 to article 8 of chapter 46 of Title 18A of the New Jersey Statutes, a
46 county vocational school district established pursuant to article 3 of
47 chapter 54 of Title 18A of the New Jersey Statutes, and a district under

1 full State intervention pursuant to P.L.1987, c.399 (C.18A:7A-34 et
2 al.);

3 "District aid percentage" means the number expressed as a
4 percentage derived from dividing the district's equalization aid
5 calculated pursuant to section 11 of P.L.2007, c.260 (C.18A:7F-53) as
6 of the date of the commissioner's determination of preliminary eligible
7 costs by the district's adequacy budget calculated pursuant to section 9
8 of P.L.2007, c.260 (C.18A:7F-51) as of the date of the commissioner's
9 determination of preliminary eligible costs;

10 "Excess costs" means the additional costs, if any, which shall be
11 borne by the district, of a school facilities project which result from
12 design factors that are not required to meet the facilities efficiency
13 standards and not approved pursuant to paragraph (1) of subsection g.
14 of section 5 of P.L.2000, c.72 (C.18A:7G-5) or are not authorized as
15 community design features included in final eligible costs pursuant to
16 subsection c. of section 6 of P.L.2000, c.72 (C.18A:7G-6);

17 "Facilities efficiency standards" means the standards developed by
18 the commissioner pursuant to subsection h. of section 4 of P.L.2000,
19 c.72 (C.18A:7G-4);

20 "Final eligible costs" means for school facilities projects to be
21 constructed by the development authority, the final eligible costs of the
22 school facilities project as determined by the commissioner, in
23 consultation with the development authority, pursuant to section 5 of
24 P.L.2000, c.72 (C.18A:7G-5); for demonstration projects, the final
25 eligible costs of the project as determined by the commissioner and
26 reviewed by the development authority which may include the cost of
27 community design features determined by the commissioner to be an
28 integral part of the school facility and which do not exceed the
29 facilities efficiency standards, and which were reviewed by the
30 development authority and approved by the State Treasurer pursuant to
31 section 6 of P.L.2000, c.72 (C.18A:7G-6); **and** ¹and¹ for districts
32 other than SDA districts, final eligible costs as determined pursuant to
33 paragraph (1) of subsection h. of section 5 of P.L.2000, c.72
34 (C.18A:7G-5)¹; and for school facilities projects of charter schools
35 and renaissance school projects physically located in SDA districts,
36 final eligible costs as determined pursuant to subsection c. of section 5
37 of P.L. , c. (C.) (pending before the Legislature as this bill)¹;

38 "Financing authority" means the New Jersey Economic
39 Development Authority established pursuant to P.L.1974, c.80
40 (C.34:1B-1 et seq.);

41 "FTE" means a full-time equivalent student which shall be
42 calculated as follows: each student in grades 1 through 12 shall be
43 counted at **100%** 100 percent of the actual count of students, in the
44 case of districts which operate a half-day kindergarten program each
45 kindergarten student shall be counted at **50%** 50 percent of the
46 actual count of kindergarten students, in the case of districts which
47 operate a full-day kindergarten program or which currently operate a
48 half-day kindergarten program but propose to build facilities to house

1 a full-day kindergarten program each kindergarten student shall be
2 counted at ~~【100%】~~ 100 percent of the actual count of kindergarten
3 students, and each preschool student who is enrolled in a full-day
4 preschool program pursuant to section 12 of P.L.2007, c.260
5 (C.18A:7F-54) shall be counted at ~~【100%】~~ 100 percent of the actual
6 count of preschool students. In addition, each preschool disabled child
7 who is entitled to receive a full-time program pursuant to
8 N.J.S.18A:46-6 shall be counted at ~~【100%】~~ 100 percent of the actual
9 count of these students in the district;

10 "Functional capacity" means the number of students that can be
11 housed in a building in order to have sufficient space for it to be
12 educationally adequate for the delivery of programs and services
13 necessary for student achievement of the core curriculum content
14 standards. Functional capacity is determined by dividing the existing
15 gross square footage of a school building by the minimum area
16 allowance per FTE student pursuant to subsection b. of section 8 of
17 P.L.2000, c.72 (C.18A:7G-8) for the grade level students contained
18 therein. The difference between the projected enrollment determined
19 pursuant to subsection a. of section 8 of P.L.2000, c.72 (C.18A:7G-8)
20 and the functional capacity is the unhoused students that are the basis
21 upon which the additional costs of space to provide educationally
22 adequate facilities for the entire projected enrollment are determined.
23 The existing gross square footage for the purposes of defining
24 functional capacity is exclusive of existing spaces that are not
25 contained in the facilities efficiency standards but which are used to
26 deliver programs and services aligned to the core curriculum content
27 standards, used to provide support services directly to students, or
28 other existing spaces that the district can demonstrate would be
29 structurally or fiscally impractical to convert to other uses contained in
30 the facilities efficiency standards;

31 “Kit of Parts’ standardized school design elements” means the
32 prototypical design utilizing standardized Modern Building
33 Component Elements, Model Educational Specifications, and Model
34 Program Templates created by the development authority for the
35 efficient, adaptable, and scalable organization and configuration of
36 instructional, large group assembly, and other elements within a school
37 facilities project¹ ~~【.】~~ ¹

38 "Lease purchase payment" means and includes payment of
39 principal and interest for lease purchase agreements in excess of five
40 years approved pursuant to subsection (f) of N.J.S.18A:20-4.2 prior to
41 the effective date of P.L.2000, c.72 (C.18A:7G-1 et al.) to finance the
42 purchase or construction of school facilities, additions to school
43 facilities, or the reconstruction, remodeling, alteration, modernization,
44 renovation or repair of school facilities, including furnishings,
45 equipment, architect fees and issuance costs. Approved lease purchase
46 agreements in excess of five years shall be accorded the same
47 accounting treatment as school bonds;

1 "Local share" means, in the case of a school facilities project to be
2 constructed by the development authority, the total costs less the State
3 share as determined pursuant to section 5 of P.L.2000, c.72
4 (C.18A:7G-5); in the case of a demonstration project, the total costs
5 less the State share as determined pursuant to sections 5 and 6 of
6 P.L.2000, c.72 (C.18A:7G-5 and C.18A:7G-6); and in the case of a
7 school facilities project which shall be financed pursuant to section 15
8 of P.L.2000, c.72 (C.18A:7G-15), the total costs less the State share as
9 determined pursuant to that section;

10 "Local unit" means a county, municipality, board of education or
11 any other political subdivision or instrumentality authorized to
12 construct, operate and maintain a school facilities project and to
13 borrow money for those purposes pursuant to law;

14 "Local unit obligations" means bonds, notes, refunding bonds,
15 refunding notes, lease obligations and all other obligations of a local
16 unit which are issued or entered into for the purpose of paying for all
17 or a portion of the costs of a school facilities project, including moneys
18 payable to the development authority;

19 "Long-range facilities plan" means the plan required to be
20 submitted to the commissioner by a district pursuant to section 4 of
21 P.L.2000, c.72 (C.18A:7G-4);

22 "Maintenance" means expenditures which are approved for repairs
23 and replacements for the purpose of keeping a school facility open and
24 safe for use or in its original condition, including repairs and
25 replacements to a school facility's heating, lighting, ventilation,
26 security and other fixtures to keep the facility or fixtures in effective
27 working condition. Maintenance shall not include capital maintenance
28 or contracted custodial or janitorial services, expenditures for the
29 cleaning of a school facility or its fixtures, the care and upkeep of
30 grounds or parking lots, and the cleaning of, or repairs and
31 replacements to, movable furnishings or equipment, or other
32 expenditures which are not required to maintain the original condition
33 over the school facility's useful life. Approved maintenance
34 expenditures shall be as determined by the commissioner pursuant to
35 regulations to be adopted by the commissioner pursuant to section 26
36 of P.L.2000, c.72 (C.18A:7G-26);

37 "Materials and Systems Standards" means the development
38 authority's "Materials and Systems Standards Manual" and
39 "Construction Details Manual," which are:

40 a. intended to implement standardized designs in support of
41 repeatable, durable, and cost-effective construction of school facilities
42 projects;

43 b. comprised of "Design Requirements" prescribing the approved
44 standards for selection of materials, systems, and equipment to be
45 incorporated into a school facilities project; and

46 c. comprised of "Construction Details" containing standardized
47 construction details for the construction of school facilities projects.

1 “Model Building Component Elements” means the development of
2 standardized prototypical model room layouts for instructional, large
3 group, and core component building elements¹ [.] ;¹

4 “Model Educational Specifications” means the development of:

5 a. room educational specifications, which describe a school’s
6 programs and activities, spatial relationships, and special
7 environmental requirements for each space; and

8 b. room fit-out lists, which provide the number, type, and size of
9 equipment, furniture, and fixtures contained in each room inclusive of
10 the party responsible for providing them in a school facility.

11 “Model Program Templates” means the development of
12 programmable models that define the number and type of rooms and
13 spaces to be provided in a school facility¹ [.] ;¹

14 “Model school design program” means the design standards for
15 school facilities projects comprised of the “Kit of Parts” standardized
16 school design elements, developed by the development authority for
17 the adaptable and scalable configuration and repeatable and efficient
18 construction of school facilities projects, pursuant to paragraph (2) of
19 subsection h. of section 4 of P.L.2000, c.72 (C.18A:7G-4);

20 “Other allowable costs” means the costs of temporary facilities,
21 site development, acquisition of land or other real property interests
22 necessary to effectuate the school facilities project, fees for the
23 services of design professionals, including architects, engineers,
24 construction managers and other design professionals, legal fees,
25 financing costs and the administrative costs of the development
26 authority and the financing authority or the district¹ [., charter school,
27 or renaissance school project]¹ incurred in connection with the school
28 facilities project;

29 “Other facilities” means athletic stadiums, swimming pools, ice
30 rinks, any associated structures or related equipment tied to such
31 facilities including, but not limited to, grandstands and night field
32 lights, greenhouses, facilities used for non-instructional or non-
33 educational purposes, and any structure, building, or facility used
34 solely for school administration;

35 “Preliminary eligible costs” means the initial eligible costs of a
36 school facilities project as calculated pursuant to the formulas set forth
37 in section 7 of P.L.2000, c.72 (C.18A:7G-7) or as otherwise provided
38 pursuant to section 5 of P.L.2000, c.72 (C.18A:7G-5) and which shall
39 be deemed to include the costs of construction and other allowable
40 costs;

41 “Project charter” means the document that sets forth the scope,
42 budget, and schedule of a school facilities project, as approved by the
43 board of the development authority, and which is updated from time to
44 time during the course of the school facilities project with board
45 approval.

46 “Redevelopment entity” means a redevelopment entity authorized
47 by a municipal governing body to implement plans and carry out
48 redevelopment projects in the municipality pursuant to the “Local

1 Redevelopment and Housing Law," P.L.1992, c.79 (C.40A:12A-1 et
2 al.);

3 ¹["Renaissance school project" means a school established
4 pursuant to P.L.2011, c.176 (C.18A:36C-1 et seq.);]¹

5 "School bonds" means, in the case of a school facilities project
6 which is to be constructed by the development authority, a
7 redevelopment entity, or a district under section 15 of P.L.2000, c.72
8 (C.18A:7G-15), bonds, notes or other obligations issued by a district to
9 finance the local share; and, in the case of a school facilities project
10 which is not to be constructed by the development authority or a
11 redevelopment entity, or financed under section 15 of P.L.2000, c.72
12 (C.18A:7G-15), bonds, notes or other obligations issued by a district to
13 finance the total costs;

14 "School enrollment" means the number of FTE students other than
15 evening school students, including post-graduate students and post-
16 secondary vocational students, who, on the last school day prior to
17 October 16 of the current school year, are recorded in the registers of
18 the school;

19 "School facility" means and includes any structure, building, or
20 facility used wholly or in part for educational purposes by a district
21 and facilities that physically support such structures, buildings and
22 facilities, such as district wastewater treatment facilities, power
23 generating facilities, and steam generating facilities, but shall exclude
24 other facilities¹. "School facility" shall also mean any structure,
25 building, or facility used wholly or in part for educational purposes
26 that is owned, or leased from a nonprofit entity or government agency,
27 and operated by a charter school or renaissance school project and the
28 facilities that physically support such structures, buildings, and
29 facilities, for which the charter school or renaissance school project is
30 seeking the State share of funding pursuant to section 5 of P.L. , c.
31 (C.) (pending before the Legislature as this bill)]¹;

32 "School facilities project" means the planning, acquisition,
33 demolition, construction, improvement, alteration, modernization,
34 renovation, reconstruction or capital maintenance of all or any part of a
35 school facility or of any other personal property necessary for, or
36 ancillary to, any school facility, and shall include fixtures, furnishings
37 and equipment, and shall also include, but is not limited to, site
38 acquisition, site development, the services of design professionals,
39 such as engineers and architects, construction management, legal
40 services, financing costs and administrative costs and expenses
41 incurred in connection with the project;

42 "SDA district" is a district that received education opportunity aid
43 or preschool expansion aid in the 2007-2008 school year;

44 "Special education services pupil" means a pupil receiving specific
45 services pursuant to chapter 46 of Title 18A of the New Jersey
46 Statutes;

47 "State aid" means State municipal aid and State school aid;

1 "State debt service aid" means for school bonds issued for school
 2 facilities projects approved by the commissioner after the effective
 3 date of P.L.2000, c.72 (C.18A:7G-1 et al.) of districts which elect not
 4 to have a redevelopment entity construct the project or which elect not
 5 to finance the project under section 15 of P.L.2000, c.72 (C.18A:7G-
 6 15), the amount of State aid determined pursuant to section 9 of
 7 P.L.2000, c.72 (C.18A:7G-9); and for school bonds or certificates of
 8 participation issued for school facilities projects approved by the
 9 commissioner prior to the effective date of P.L.2000, c.72 (C.18A:7G-
 10 1 et al.) the amount of State aid determined pursuant to section 10 of
 11 P.L.2000, c.72 (C.18A:7G-10);

12 "State municipal aid" means business personal property tax
 13 replacement revenues, State urban aid and State revenue sharing, as
 14 these terms are defined in section 2 of P.L.1976, c.38 (C.40A:3-3), or
 15 other similar forms of State aid payable to the local unit and to the
 16 extent permitted by federal law, federal moneys appropriated or
 17 apportioned to the municipality or county by the State;

18 "State school aid" means the funds made available to school
 19 districts pursuant to section 11 of P.L.2007, c.260 (C.18A:7F-53);

20 "State share" means the State's proportionate share of the final
 21 eligible costs of a school facilities project to be constructed by the
 22 development authority as determined pursuant to section 5 of
 23 P.L.2000, c.72 (C.18A:7G-5); in the case of a demonstration project,
 24 the State's proportionate share of the final eligible costs of the project
 25 as determined pursuant to sections 5 and 6 of P.L.2000, c.72
 26 (C.18A:7G-5 and C.18A:7G-6); **and** ¹and¹ in the case of a school
 27 facilities project to be financed pursuant to section 15 of P.L.2000,
 28 c.72 (C.18A:7G-15), the State share as determined pursuant to that
 29 section¹; and in the case of a school facilities project of a charter
 30 school or renaissance school project physically located in an SDA
 31 district, the State share as determined pursuant to section 5 of
 32 P.L. , c. (C.) (pending before the Legislature as this bill)¹;

33 "Total costs" means, in the case of a school facilities project which
 34 is to be constructed by the development authority or a redevelopment
 35 entity or financed pursuant to section 15 of P.L.2000, c.72 (C.18A:7G-
 36 15), the final eligible costs plus excess costs if any; and in the case of a
 37 school facilities project which is not to be constructed by the
 38 development authority or a redevelopment entity or financed pursuant
 39 to section 15 of P.L.2000, c.72 (C.18A:7G-15), the total cost of the
 40 project as determined by the district.

41 (cf: P.L.2007, c.260, s.39)

42
 43 3. Section 4 of P.L.2000, c.72 (C.18A:7G-4) is amended to read
 44 as follows:

45 4. a. ⁴**[(1)]**⁴ By December 15, 2000 and by October 1, 2005,
 46 each district shall prepare and submit to the commissioner a long-
 47 range facilities plan that details the district's school facilities needs and
 48 the district's plan to address those needs for the ensuing five years.

1 Following the approval of the 2005 long-range facilities plan, each
2 district shall amend its long-range facilities plan at least once every
3 five years to update enrollment projections, building capacities, and
4 health and safety conditions. The long-range facilities plan shall
5 incorporate the facilities efficiency standards and shall be filed with
6 the commissioner for approval in accordance with those standards.
7 For those Abbott districts that have submitted long-range facilities
8 plans to the commissioner prior to the effective date of P.L.2000, c.72
9 (C.18A:7G-1 et al.), this subsection shall not be read to require an
10 additional filing by October 1, 2000.

11 ⁴[(2) (a) Every long-range facilities plan submitted to the
12 commissioner after the effective date of P.L. , c. (C.) (pending
13 before the Legislature as this bill), including any amendment thereto,
14 shall include a capital improvement plan for each public school within
15 the district. At a minimum, the capital improvement plan shall
16 indicate the ²[enrollment projections,]² building capacities ²[,]² and
17 health and safety conditions of each public school within the district,
18 as well as the school facilities needs of each school.

19 (b) Beginning in the 2025-2026 school year and for each school
20 year thereafter, a school district, as part of its comprehensive review
21 conducted under the New Jersey Quality Single Accountability
22 Continuum administered pursuant to section 10 of P.L.1975, c.212
23 (C.18A:7A-10), shall certify that it has included in its most recent
24 long-range facilities plan a capital improvement plan for each public
25 school within the district in accordance with the provisions of
26 subparagraph (a) of this paragraph. Notwithstanding the provisions of
27 this paragraph to the contrary, an SDA district shall not be required to
28 complete a capital improvement plan for a school that is part of an
29 SDA district school facilities project included in the most recent
30 Statewide strategic plan developed pursuant to paragraphs (2) and (3)
31 of subsection m. of section 5 of P.L.2000, c.72 (C.18A:7G-5).]⁴

32 b. Notwithstanding any other law or regulation to the contrary, an
33 application for a school facilities project pursuant to section 5 of
34 P.L.2000, c.72 (C.18A:7G-5) shall not be approved unless the district
35 has filed a long-range facilities plan that is consistent with the
36 application and the plan has been approved by the commissioner;
37 except that prior to October 1, 2000, the commissioner may approve
38 an application if the project is necessary to protect the health or safety
39 of occupants of the school facility, or is related to required early
40 childhood education programs, or is related to a school facility in
41 which the functional capacity is less than **[90%]** 90 percent of the
42 facilities efficiency standards based on current school enrollment, or
43 the district received bids on the school facilities project prior to the
44 effective date of P.L.2000, c.72 (C.18A:7G-1 et al.) and the district
45 demonstrates that further delay will negatively affect the cost of the
46 project.

- 1 c. An amendment to a long-range facilities plan may be submitted
2 at any time to the commissioner for review and determination on the
3 approval or disapproval of the amendment.
- 4 d. Each long-range facilities plan shall include a cohort survival
5 methodology or other methodology approved by the commissioner,
6 accompanied by a certification by a qualified demographer retained by
7 the district that serves as the basis for identifying the capacity and
8 program needs detailed in the long-range facilities plan.
- 9 e. The long-range facilities plan shall include an educational
10 adequacy inventory of all existing school facilities in the district
11 including the adequacy of school facilities to educate within the
12 district the existing and projected number of pupils with disabilities,
13 the identification of all deficiencies in the district's current inventory
14 of school facilities, which includes the identification of those
15 deficiencies that involve emergent health and safety concerns, and the
16 district's proposed plan for future construction and renovation. The
17 long-range facilities plan submissions shall conform to the guidelines,
18 criteria and format prescribed by the commissioner.
- 19 f. Each district shall determine the number of "unhoused
20 students" for the ensuing five-year period calculated pursuant to the
21 provisions of section 8 of P.L.2000, c.72 (C.18A:7G-8).
- 22 g. Each district shall submit the long-range facilities plan to the
23 planning board of the municipality or municipalities in which the
24 district is situate for the planning board's review and findings and the
25 incorporation of the plan's goals and objectives into the municipal
26 master plan adopted by the municipality pursuant to section 19 of
27 P.L.1975, c.291 (C.40:55D-28).
- 28 h. (1) The commissioner shall develop, for the March 2002
29 Report on the Cost of Providing a Thorough and Efficient Education
30 issued by the commissioner pursuant to section 4 of P.L.1996, c.138
31 (C.18A:7F-4), facilities efficiency standards for elementary, middle,
32 and high schools consistent with the core curriculum school delivery
33 assumptions in the report and sufficient for the achievement of the
34 core curriculum content standards, including the provision of required
35 programs in Abbott districts and early childhood education programs
36 in the districts in which these programs are required by the State. The
37 area allowances per FTE student in each class of the district shall be
38 derived from these facilities efficiency standards. The commissioner
39 shall revise the facilities efficiency standards and the area cost
40 allowance in accordance with such schedule as the commissioner
41 deems necessary. The commissioner shall publish the revised facilities
42 efficiency standards and the area cost allowance in the New Jersey
43 Register and, within a reasonable period of time after 30 days
44 following publication, shall file the revised facilities efficiency
45 standards and the area cost allowance with the Office of
46 Administrative Law for publication in the New Jersey Register and
47 those standards shall become effective immediately upon filing.
48 During the 30-day period the commissioner shall provide an

1 opportunity for public comment on the proposed facilities efficiency
2 standards and the area cost allowance.

3 The facilities efficiency standards developed by the commissioner
4 shall not be construction design standards but rather shall represent the
5 instructional spaces, specialized instructional areas, and administrative
6 spaces that are determined by the commissioner to be educationally
7 adequate to support the achievement of the core curriculum content
8 standards including the provision of required programs in Abbott
9 districts and early childhood education programs in the districts in
10 which these programs are required by the State. A district may design,
11 at its discretion, the educational and other spaces to be included within
12 the school facilities project. The design of the project may eliminate
13 spaces in the facilities efficiency standards, include spaces not in the
14 facilities efficiency standards, or size spaces differently than in the
15 facilities efficiency standards upon a demonstration of the adequacy of
16 the school facilities project to deliver the core curriculum content
17 standards pursuant to paragraph (2) of subsection g. of section 5 of
18 P.L.2000, c.72 (C.18A:7G-5).

19 Within a reasonable period of time after the effective date of
20 P.L.2000, c.72 (C.18A:7G-1 et al.), the commissioner shall publish the
21 facilities efficiency standards developed for the 2000-2001, 2001-
22 2002, and 2002-2003 school years in the New Jersey Register. Within
23 a reasonable period of time after 30 days after publication in the New
24 Jersey Register, the commissioner shall file the facilities efficiency
25 standards with the Office of Administrative Law and those standards
26 shall become effective immediately upon filing with the Office of
27 Administrative Law. During the 30-day period the commissioner shall
28 provide an opportunity for public comment on the proposed facilities
29 efficiency standards.

30 (2) Within 120 days of the effective date of P.L. , c. (C.)
31 (pending before the Legislature as this bill), the development
32 authority, in consultation with the commissioner, shall promulgate a
33 model school design program that shall establish uniform standards for
34 the exterior and interior design of school facilities projects. The
35 development authority may revise the model school design program as
36 the development authority deems necessary to incorporate advances or
37 improvements in materials, technology, construction methods, or
38 educational standards.

39 i. Within 90 days of the commissioner's receipt of a long-range
40 facilities plan for review, the commissioner shall determine whether
41 the plan is fully and accurately completed and whether all information
42 necessary for a decision on the plan has been filed by the district. If
43 the commissioner determines that the plan is complete, the
44 commissioner shall promptly notify the district in writing and shall
45 have 60 days from the date of that notification to determine whether to
46 approve the plan or not. If the commissioner determines that the plan
47 is not complete, the commissioner shall notify the district in writing.
48 The district shall provide to the commissioner whatever information

1 the commissioner determines is necessary to make the plan accurate
2 and complete. The district shall submit that information to the
3 commissioner, and the commissioner shall have 60 days from the date
4 of receipt of accurate and complete information to determine whether
5 to approve the plan or not.

6 j. Notwithstanding any provision in subsection i. of this section,
7 if at any time the number of long-range facilities plans filed by school
8 districts with the commissioner and pending review exceeds **【20%】** 20
9 percent of the number of school districts in New Jersey, the
10 commissioner may extend by 60 days the deadline for reviewing each
11 plan pending at that time.

12 k. (Deleted by amendment, P.L.2007, c.260).

13 l. By July 1, 2001, the commissioner shall provide the
14 Legislature with recommendations to address the circumstances of
15 districts which are contiguous with two or more Abbott districts. The
16 recommendations shall address the issues of the financing of school
17 facilities projects and the funding of the educational and other
18 programs required within these districts as a result of their unique
19 demographic situation.

20 m. By July 1, 2001, the commissioner shall study the Safe Schools
21 Design Guidelines, prepared by the Florida Center for Community
22 Design and Research, which address the issues of school safety and
23 security through the design of school facilities. Based upon the
24 commissioner's study, the commissioner shall issue recommendations
25 to districts on the appropriateness of including the Safe Schools
26 Design Guidelines in the design and construction of school facilities
27 projects.

28 (cf: P.L.2007, c.260, s.40)

29

30 4. Section 5 of P.L.2000, c.72 (C.18A:7G-5) is amended to read
31 as follows:

32 5. a. The development authority shall undertake and the financing
33 authority shall finance the school facilities projects of SDA districts.

34 b. In the case of a district other than an SDA district, State
35 support for the project shall be determined pursuant to section 9 or
36 section 15 of P.L.2000, c.72 (C.18A:7G-9 or C.18A:7G-15), as
37 applicable.

38 c. Notwithstanding any provision of N.J.S.18A:18A-16 to the
39 contrary, the procedures for obtaining approval of a school facilities
40 project shall be as set forth in **【this act】** P.L.2000, c.72 (C.18A:7G-1
41 et al.); provided that any district whose school facilities project is not
42 constructed by the development authority shall also be required to
43 comply with the provisions of N.J.S.18A:18A-16 and, in the case of a
44 school facilities project that has estimated total costs over
45 \$10,000,000, shall be overseen by a non-conflicted construction
46 management service provider, which holds a current, valid
47 classification issued by the Division of Property Management and
48 Construction in the Department of Treasury pursuant to its

1 classification processes for construction managers, who shall serve
2 from initial application to the commissioner for approval of the project
3 through project completion.

4 d. (1) Any district seeking to initiate a school facilities project
5 shall apply to the commissioner for approval of the project. The
6 application may include, but not be limited to: a description of the
7 school facilities project; a schematic drawing of the project or, at the
8 option of the district, preliminary plans and specifications; a
9 delineation and description of each of the functional components of the
10 project; educational specifications detailing the programmatic needs of
11 each proposed space; the number of unhoused students to be housed in
12 the project; the area allowances per FTE student as calculated pursuant
13 to section 8 of P.L.2000, c.72 (C.18A:7G-8); and the estimated cost to
14 complete the project as determined by the district.

15 (2) (a) In the case of an SDA district school facilities project,
16 based upon its educational priority ranking and the Statewide strategic
17 plan established pursuant to subsection m. of this section, the
18 commissioner may authorize the development authority to undertake
19 preconstruction activities which may include, but need not be limited
20 to, site identification, investigation, and acquisition, feasibility studies,
21 land-related design work, design work, site remediation, demolition,
22 and acquisition of temporary facilities. Upon receipt of the
23 authorization, the development authority may initiate the
24 preconstruction activities required to prepare the application for
25 commissioner approval of the school facilities project. Site
26 remediation and demolition preconstruction activities undertaken by
27 the development authority pursuant to this subparagraph shall be
28 included as part of the project charter of the SDA district school
29 facilities project, which project charter covers all other construction
30 activities of the school facilities project.

31 (b) In the case of an SDA district school facilities project, the
32 project design shall conform to the standards of the model school
33 design program developed by the development authority pursuant to
34 paragraph (2) of subsection h. of section 4 of P.L.2000, c.72
35 (C.18A:7G-4). The development authority may permit an SDA district
36 school facilities project to include design features that are considered
37 excess costs provided that the design features do not exceed the lesser
38 of ⁴10 15⁴ percent of total estimated project costs or ⁴[\$2,000,000]
39 \$4,000,000⁴.

40 (c) In the case of a district other than an SDA district, the project
41 design of a school facilities project may conform to the standards of
42 the model school design program developed by the development
43 authority pursuant to paragraph (2) of subsection h. of section 4 of
44 P.L.2000, c.72 (C.18A:7G-4). ¹1If the project conforms to the
45 standards of the model school design program, the district's district aid
46 percentage shall be increased by 15 percent.¹

47 e. The commissioner shall review each proposed school facilities
48 project to determine whether it is consistent with the district's long-

1 range facilities plan and whether it complies with the facilities
2 efficiency standards and the area allowances per FTE student derived
3 from those standards; and in the case of an SDA district the
4 commissioner shall also review the project's educational priority
5 ranking and the Statewide strategic plan developed pursuant to
6 paragraphs (2) and (3) of subsection m. of this section and whether the
7 project conforms to the standards of the model school design program;
8 and in the case of a district other than an SDA district the
9 commissioner shall also review the project's priority pursuant to
10 paragraph (4) of subsection m. of this section. The commissioner shall
11 make a decision on a district's application within 90 days from the date
12 **[he]** the commissioner determines that the application is fully and
13 accurately completed and that all information necessary for a decision
14 has been filed by the district, or from the date of the last revision made
15 by the district. If the commissioner is not able to make a decision
16 within 90 days, **[he]** the commissioner shall notify the district in
17 writing explaining the reason for the delay and indicating the date on
18 which a decision on the project will be made, provided that the date
19 shall not be later than 60 days from the expiration of the original 90
20 days set forth in this subsection. If the decision is not made by the
21 subsequent date indicated by the commissioner, then the project shall
22 be deemed approved and the preliminary eligible costs for new
23 construction shall be calculated by using the proposed square footage
24 of the building as the approved area for unhoused students.

25 f. If the commissioner determines that the school facilities project
26 complies with the facilities efficiency standards and the district's long-
27 range facilities plan and does not exceed the area allowance per FTE
28 student derived from those standards, the commissioner shall calculate
29 the preliminary eligible costs of the project pursuant to the formulas
30 set forth in section 7 of P.L.2000, c.72 (C.18A:7G-7); except that (1)
31 in the case of a county special services school district or a county
32 vocational school district, the commissioner shall calculate the
33 preliminary eligible costs to equal the amount determined by the board
34 of school estimate and approved by the board of chosen freeholders
35 pursuant to section 14 of P.L.1971, c.271 (C.18A:46-42) or
36 N.J.S.18A:54-31 as appropriate, and (2) in the case of an SDA district,
37 the commissioner shall calculate the preliminary eligible costs to equal
38 the estimated cost as determined by the development authority.

39 g. If the commissioner determines that the school facilities project
40 is inconsistent with the facilities efficiency standards or exceeds the
41 area allowances per FTE student derived from those standards, the
42 commissioner shall notify the district.

43 (1) The commissioner shall approve area allowances in excess of
44 the area allowances per FTE student derived from the facilities
45 efficiency standards if the board of education or State district
46 superintendent, as appropriate, demonstrates that school facilities
47 needs related to required programs cannot be addressed within the
48 facilities efficiency standards and that all other proposed spaces are

1 consistent with those standards. The commissioner shall approve area
2 allowances in excess of the area allowances per FTE student derived
3 from the facilities efficiency standards if the additional area
4 allowances are necessary to accommodate centralized facilities to be
5 shared among two or more school buildings within the district and the
6 centralized facilities represent a more cost effective alternative.

7 (2) The commissioner may waive a facilities efficiency standard if
8 the board of education or State district superintendent, as appropriate,
9 demonstrates to the commissioner's satisfaction that the waiver will
10 not adversely affect the educational adequacy of the school facility,
11 including the ability to deliver the programs and services necessary to
12 enable all students to achieve the core curriculum content standards.

13 (3) To house the district's central administration, a district may
14 request an adjustment to the approved areas for unhoused students of
15 2.17 square feet for each FTE student in the projected total district
16 school enrollment if the proposed administrative offices will be housed
17 in a school facility and the district demonstrates either that the existing
18 central administrative offices are obsolete or that it is more practical to
19 convert those offices to instructional space. To the extent that existing
20 administrative space will continue to be used for administrative
21 purposes, the space shall be included in the formulas set forth in
22 section 7 of P.L.2000, c.72 (C.18A:7G-7).

23 If the commissioner approves excess facilities efficiency standards
24 or additional area allowances pursuant to paragraph (1), (2), or (3) of
25 this subsection, the commissioner shall calculate the preliminary
26 eligible costs based upon the additional area allowances or excess
27 facilities efficiency standards pursuant to the formulas set forth in
28 section 7 of P.L.2000, c.72 (C.18A:7G-7). In the event that the
29 commissioner does not approve the excess facilities efficiency
30 standards or additional area allowances, the district may either: modify
31 its submission so that the school facilities project meets the facilities
32 efficiency standards; or pay for the excess costs.

33 (4) The commissioner shall approve spaces in excess of, or
34 inconsistent with, the facilities efficiency standards, hereinafter
35 referred to as nonconforming spaces, upon a determination by the
36 district that the spaces are necessary to comply with State or federal
37 law concerning individuals with disabilities, including that the spaces
38 are necessary to provide in-district programs and services for current
39 disabled pupils who are being served in out-of-district placements or
40 in-district programs and services for the projected disabled pupil
41 population. A district may apply for additional State aid for
42 nonconforming spaces that will permit pupils with disabilities to be
43 educated to the greatest extent possible in the same buildings or
44 classes with their nondisabled peers. The nonconforming spaces may:
45 (a) allow for the return of pupils with disabilities from private
46 facilities; (b) permit the retention of pupils with disabilities who would
47 otherwise be placed in private facilities; (c) provide space for regional
48 programs in a host school building that houses both disabled and

1 nondisabled pupils; and (d) provide space for the coordination of
2 regional programs by a county special services school district,
3 educational services commission, jointure commission, or other
4 agency authorized by law to provide regional educational services in a
5 school building that houses both disabled and nondisabled pupils. A
6 district's State support ratio shall be adjusted to equal the lesser of the
7 sum of its district aid percentage as defined in section 3 of P.L.2000,
8 c.72 (C.18A:7G-3) plus 0.25, or **【100%】** 100 percent for any
9 nonconforming spaces approved by the commissioner pursuant to this
10 paragraph.

11 h. Upon approval of a school facilities project and determination
12 of the preliminary eligible costs:

13 (1) In the case of a district other than an SDA district, the
14 commissioner shall notify the district whether the school facilities
15 project is approved and, if so approved, the preliminary eligible costs
16 and the excess costs, if any. Following the determination of
17 preliminary eligible costs and the notification of project approval, the
18 district may appeal to the commissioner for an increase in those costs
19 if the detailed plans and specifications completed by a design
20 professional for the school facilities project indicate that the cost of
21 constructing that portion of the project which is consistent with the
22 facilities efficiency standards and does not exceed the area allowances
23 per FTE student exceeds the preliminary eligible costs as determined
24 by the commissioner for the project by **【10%】** 10 percent or more.
25 The district shall file its appeal within 30 days of the preparation of the
26 plans and specifications. If the district chooses not to file an appeal,
27 then the final eligible costs shall equal the preliminary eligible costs.

28 The appeal shall outline the reasons why the preliminary eligible
29 costs calculated for the project are inadequate and estimate the amount
30 of the adjustment which needs to be made to the preliminary eligible
31 costs. The commissioner shall forward the appeal information to the
32 development authority for its review and recommendation. If the
33 additional costs are the result of factors that are within the control of
34 the district or are the result of design factors that are not required to
35 meet the facilities efficiency standards, the development authority
36 shall recommend to the commissioner that the preliminary eligible
37 costs be accepted as the final eligible costs. If the development
38 authority determines the additional costs are not within the control of
39 the district or are the result of design factors required to meet the
40 facilities efficiency standards, the development authority shall
41 recommend to the commissioner a final eligible cost based on its
42 experience for districts with similar characteristics, provided that,
43 notwithstanding anything to the contrary, the commissioner shall not
44 approve an adjustment to the preliminary eligible costs which exceeds
45 **【10%】** 10 percent of the preliminary eligible costs. The commissioner
46 shall make a determination on the appeal within 30 days of its receipt.
47 If the commissioner does not approve an adjustment to the school
48 facilities project's preliminary eligible costs, the commissioner shall

1 issue his findings in writing on the reasons for the denial and on why
2 the preliminary eligible costs as originally calculated are sufficient.

3 (2) In the case of an SDA district, the commissioner shall promptly
4 prepare and submit to the development authority a preliminary project
5 report which shall consist, at a minimum, of the following information:
6 a complete description of the school facilities project; the actual
7 location of the project; the total square footage of the project together
8 with a breakdown of total square footage by functional component; the
9 preliminary eligible costs of the project; the project's priority ranking
10 determined pursuant to subsection m. of this section; any other factors
11 to be considered by the development authority in undertaking the
12 project; and the name and address of the person from the district to
13 contact in regard to the project.

14 i. Upon receipt by the development authority of the preliminary
15 project report, the development authority, upon consultation with the
16 district, shall prepare detailed plans and specifications and schedules
17 which contain the development authority's estimated cost and schedule
18 to complete the school facilities project. The development authority
19 shall transmit to the commissioner its recommendations in regard to
20 the project which shall, at a minimum, contain the detailed plans and
21 specifications; whether the school facilities project can be completed
22 within the preliminary eligible costs; and any other factors which the
23 development authority determines should be considered by the
24 commissioner.

25 (1) In the event that the development authority determines that the
26 school facilities project can be completed within the preliminary
27 eligible costs: the final eligible costs shall be deemed to equal the
28 preliminary eligible costs; the commissioner shall be deemed to have
29 given final approval to the project; and the preliminary project report
30 shall be deemed to be the final project report delivered to the
31 development authority pursuant to subsection j. of this section.

32 (2) In the event that the development authority determines that the
33 school facilities project cannot be completed within the preliminary
34 eligible costs, prior to the submission of its recommendations to the
35 commissioner, the development authority shall, in consultation with
36 the district and the commissioner, determine whether changes can be
37 made in the project which will result in a reduction in costs while at
38 the same time meeting the facilities efficiency standards approved by
39 the commissioner.

40 (a) If the development authority determines that changes in the
41 school facilities project are possible so that the project can be
42 accomplished within the scope of the preliminary eligible costs while
43 still meeting the facilities efficiency standards, the development
44 authority shall so advise the commissioner, whereupon the
45 commissioner shall: calculate the final eligible costs to equal the
46 preliminary eligible costs; give final approval to the project with the
47 changes noted; and issue a final project report to the development
48 authority pursuant to subsection j. of this section.

1 (b) If the development authority determines that it is not possible
2 to make changes in the school facilities project so that it can be
3 completed within the preliminary eligible costs either because the
4 additional costs are the result of factors outside the control of the
5 district or the additional costs are required to meet the facilities
6 efficiency standards, the development authority shall recommend to
7 the commissioner that the preliminary eligible costs be increased
8 accordingly, whereupon the commissioner shall: calculate the final
9 eligible costs to equal the sum of the preliminary eligible costs plus the
10 increase recommended by the development authority; give final
11 approval to the project; and issue a final project report to the
12 development authority pursuant to subsection j. of this section.

13 (c) If the additional costs are the result of factors that are within
14 the control of the district or are the result of design factors that are not
15 required to meet the facilities efficiency standards or approved
16 pursuant to paragraph (1) of subsection g. of this section, the
17 development authority shall recommend to the commissioner that the
18 preliminary eligible costs be accepted, whereupon the commissioner
19 shall: calculate the final eligible costs to equal the preliminary eligible
20 costs and specify the excess costs which are to be borne by the district;
21 give final approval to the school facilities project; and issue a final
22 project report to the development authority pursuant to subsection j. of
23 this section; provided that the commissioner may approve final eligible
24 costs which are in excess of the preliminary eligible costs if, in his
25 judgment, the action is necessary to meet the educational needs of the
26 district.

27 (d) For a school facilities project undertaken by the development
28 authority, the development authority shall be responsible for any costs
29 of construction, but only from the proceeds of bonds issued by the
30 financing authority pursuant to P.L.2000, c.72 (C.18A:7G-1 et al.) and
31 P.L.2007, c.137 (C.52:18A-235 et al.), which exceed the amount
32 originally projected by the development authority and approved for
33 financing by the development authority, provided that the excess is the
34 result of an underestimate of labor or materials costs by the
35 development authority. After receipt by the development authority of
36 the final project report, the district shall be responsible only for the
37 costs associated with changes, if any, made at the request of the district
38 to the scope of the school facilities project.

39 j. The development authority shall not commence the
40 construction of a school facilities project unless the commissioner
41 transmits to the development authority a final project report and the
42 district complies with the approval requirements for the local share, if
43 any, pursuant to section 11 of P.L.2000, c.72 (C.18A:7G-11). The
44 final project report shall contain all of the information contained in the
45 preliminary project report and, in addition, shall contain: the final
46 eligible costs; the excess costs, if any; the total costs which equals the
47 final eligible costs plus excess costs, if any; the State share; and the
48 local share.

1 k. For the SDA districts, the State share shall be ~~【100%】~~ 100
2 percent of the final eligible costs. Except as otherwise provided
3 pursuant to section 9 of P.L.2000, c.72 (C.18A:7G-9) , for all other
4 districts, the State share shall be an amount equal to the district aid
5 percentage; except that the State share shall not be less than ~~【40%】~~ 40
6 percent of the final eligible costs.

7 If any district which is included in district factor group A or B,
8 other than an SDA district, is having difficulty financing the local
9 share of a school facilities project, the district may apply to the
10 commissioner to receive ~~【100%】~~ 100 percent State support for the
11 project and the commissioner may request the approval of the
12 Legislature to increase the State share of the project to ~~【100%】~~ 100
13 percent.

14 l. The local share for school facilities projects constructed by the
15 authority or a redevelopment entity shall equal the final eligible costs
16 plus any excess costs less the State share.

17 m. (1) Within 90 days of the effective date of P.L.2007, c.137
18 (C.52:18A-235 et al.), the commissioner shall develop an educational
19 facilities needs assessment for each SDA district. The assessment
20 shall be updated periodically by the commissioner in accordance with
21 the schedule the commissioner deems appropriate for the district;
22 except that each assessment shall at a minimum be updated within five
23 years of the development of the district's most recent prior educational
24 facilities needs assessment. The assessment shall be transmitted to the
25 development authority to be used to initiate the planning activities
26 required prior to the establishment of the educational priority ranking
27 of school facilities projects pursuant to paragraph (2) of this
28 subsection.

29 (2) Following the approval of an SDA district's long-range
30 facilities plan or of an amendment to that plan, but prior to
31 authorization of preconstruction activities for a school facilities project
32 included in the plan or amendment, the commissioner shall establish,
33 in consultation with the SDA district, an educational priority ranking
34 of all school facilities projects in the SDA district based upon the
35 commissioner's determination of critical need in accordance with
36 priority project categories developed by the commissioner. The
37 priority project categories shall include, but not be limited to, health
38 and safety, overcrowding in the early childhood, elementary, middle,
39 and high school grade levels, spaces necessary to provide in-district
40 programs and services for current disabled students who are being
41 served in out-of-district placements or in-district programs and
42 services for the projected disabled student population, rehabilitation,
43 and educational adequacy.

44 (3) (a) Upon the commissioner's determination of the educational
45 priority ranking of school facilities projects in SDA districts pursuant
46 to paragraph (2) of this subsection, the development authority, in
47 consultation with the commissioner, the SDA districts, and the
48 governing bodies of the municipalities in which the SDA districts are

1 situate, shall establish a Statewide strategic plan to be used in the
2 sequencing of SDA district school facilities projects based upon the
3 projects' educational priority rankings and issues which impact the
4 development authority's ability to complete the projects including, but
5 not limited to, the construction schedule and other appropriate factors.
6 The development authority shall revise the Statewide strategic plan
7 and the sequencing of SDA district school facilities projects in
8 accordance with that plan no less than once every five years, except
9 that the plan shall be updated within 120 days of the effective date of
10 P.L. , c. (C.) (pending before the Legislature as this bill). In
11 addition to any other information that the development authority may
12 deem appropriate, the Statewide strategic plan shall ¹include the
13 following information for each project:

14 (i) a¹ ²include a² description of the project, which shall indicate
15 whether the project will be new construction or renovation and
16 whether the project will require the acquisition of land¹;

17 (ii) the total estimated project costs; and

18 (iii) the number of full-time equivalent staff needed to support the
19 project¹.

20 (b) In developing the Statewide strategic plan, the development
21 authority shall prioritize:

22 (i) new construction projects;

23 (ii) projects located on land owned by the school district or other
24 public entities; and

25 (iii) projects needed to replace school buildings that have been in
26 use for ¹ [50] 100¹ or more years.

27 (c) Any amendment to an SDA district's long-range facilities plan
28 that is submitted to the commissioner in the period between the five-
29 year updates of the long-range facilities plan shall be considered by the
30 development authority, in consultation with the commissioner, for
31 incorporation into the Statewide strategic plan. In making a
32 determination on whether or not to amend the Statewide strategic plan,
33 the development authority shall consider the cost of the amendment,
34 the impact of the amendment upon the school development plans for
35 other districts, and other appropriate factors.

36 (d) Within 10 days following any update to the Statewide strategic
37 plan, the development authority shall transmit the plan to the
38 Legislature, pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1),
39 and to the members of the Senate Education Committee and the
40 Assembly Education Committee, or any successor committees.

41 (4) In the case of a district other than an SDA district, the
42 commissioner shall establish a priority process for the financing of
43 school facilities projects based upon the commissioner's determination
44 of critical need in accordance with priority project categories
45 developed by the commissioner. The priority project categories shall
46 include, but not be limited to, health and safety, overcrowding in the
47 elementary, middle, and high school grade levels, spaces necessary to
48 provide in-district programs and services for current disabled students

1 who are being served in out-of-district placements or in-district
2 programs and services for the projected disabled student population,
3 and full-day kindergarten facilities in the case of school districts
4 required to provide full-day preschool pursuant to section 12 of
5 P.L.2007, c.260 (C.18A:7F-54).

6 n. The provisions of the "Public School Contracts Law,"
7 N.J.S.18A:18A-1 et seq., shall be applicable to any school facilities
8 project constructed by a district but shall not be applicable to projects
9 constructed by the development authority or a redevelopment entity
10 pursuant to the provisions of this act.

11 o. In the case of a school facilities project of a district other than
12 an SDA district, any proceeds of school bonds issued by the district for
13 the purpose of funding the project which remain unspent upon
14 completion of the project shall be used by the district to reduce the
15 outstanding principal amount of the school bonds.

16 p. Upon completion by the development authority of a school
17 facilities project, if the cost of construction and completion of the
18 project is less than the total costs, the district shall be entitled to
19 receive a portion of the local share based on a pro rata share of the
20 difference based on the ratio of the State share to the local share.

21 q. The development authority shall determine the cause of any
22 costs of construction which exceed the amount originally projected by
23 the development authority and approved for financing by the financing
24 authority.

25 r. (Deleted by amendment, P.L.2007, c.137).

26 s. (Deleted by amendment, P.L.2007, c.137).

27 (cf: P.L.2009, c.185, s.1)

28

29 ¹[5. (New section) a. The State share of a school facilities
30 project undertaken by a charter school or renaissance school project
31 that is physically located in an SDA district shall be 100 percent of
32 the final eligible costs as determined pursuant to subsection c. of
33 this section. A charter school or renaissance school project that is
34 not physically located in an SDA district shall not be eligible for
35 State support pursuant to this section. Notwithstanding the
36 provisions of section 5 of P.L.2000, c.72 (C.18A:7G-5) or of any
37 other section of law, rule, or regulation to the contrary, a charter
38 school or renaissance school project located in an SDA district
39 seeking to initiate a school facilities project, and that is seeking the
40 State share of the school facilities project, shall apply to the
41 development authority for approval of the project. In the case of a
42 charter school or renaissance school project established after the
43 effective date of P.L. , c. (C.) (pending before the
44 Legislature as this bill), the development authority shall not approve
45 a school facilities project until after the charter school's first
46 renewal under section 17 of P.L.1995, c.426 (C.18A:36A-17) or
47 after the renaissance school project's first renewal under section 10
48 of P.L.2011, c.176 (C.18A:36C-10).

1 b. (1) The development authority, in consultation with the
2 Department of Education, shall annually review the applications for
3 school facilities projects submitted pursuant to subsection a. of this
4 section and, upon such review, create a Statewide charter school
5 and renaissance school project facilities strategic plan to be used in
6 the sequencing of school facilities projects of charter schools and
7 renaissance school projects in SDA districts. The Statewide charter
8 school and renaissance school project facilities strategic plan shall
9 include a Statewide educational priority ranking of the school
10 facilities projects based upon the development authority's
11 determination of critical need, the criteria and methodology of
12 which shall be established by the development authority pursuant to
13 regulations promulgated by the development authority pursuant to
14 subsection h. of this section. At a minimum, the criteria and
15 methodology established by the development authority for the
16 determination of critical need shall prioritize, in order from highest
17 to lowest priority:

18 (a) school facilities projects that address critical operational
19 building needs related to health and safety issues and program
20 mandates, which projects shall include, in order from highest to
21 lowest priority:

22 (i) essential building systems upgrades including, but not limited
23 to, finishing work and the repair or replacement of structural,
24 mechanical, heating and cooling, electrical, and plumbing systems;

25 (ii) building skin including, but not limited to, the repair or
26 replacement of roofs, windows, and masonry;

27 (iii) improvements or other modifications and alterations needed
28 to address appropriate building code issues;

29 (iv) upgrades required for a school facility to meet the standards
30 of the "Americans with Disabilities Act of 1990" (42 U.S.C.
31 s.12101 et seq.);

32 (v) hazardous material abatement and required refinishing work,
33 which hazardous material may include, but not be limited to, radon,
34 lead, and asbestos;

35 (vi) security and communications systems upgrades;

36 (vii) technology infrastructure upgrades;

37 (viii) site drainage related to the remediation of an existing issue
38 and not in conjunction with new construction;

39 (ix) the upgrade or replacement of existing elementary and
40 secondary school playgrounds to meet lifecycle, safety, or consumer
41 product safety codes;

42 (x) the renovation, or new construction, of early childhood
43 classrooms;

44 (xi) projects necessary to address special population needs for
45 program expansion and educational adequacy;

46 (xii) existing site upgrades, including upgrades to sidewalks,
47 paving, fencing, and security lighting, but excluding upgrades to
48 athletic fields and tracks; and

1 (xiii) renovation or new construction of capacity-generating
2 classrooms to address overcrowding or substandard conditions;

3 (b) new construction projects; and

4 (c) major renovation and rehabilitation projects that seek to
5 expand the capacity of a charter school or renaissance school
6 project facility used for education purposes.

7 (2) In the event that a school facilities project for which a
8 charter school or renaissance school project is seeking State support
9 pursuant to this section is requested for a leased facility in which
10 the charter school or renaissance school project is a lessee, the
11 applicant charter school or renaissance school project shall submit
12 the lease agreement or lease agreement addendum. The lease
13 agreement or lease agreement addendum shall demonstrate that the
14 lessor of the facility is a non-profit entity or government agency and
15 that the term of the lease is no less than 10 years, inclusive of all
16 lease renewal options. A charter school or renaissance school
17 project shall not receive State support pursuant to this section in the
18 event that the school facilities project for which the charter school
19 or renaissance school project is seeking funds is requested for a
20 leased facility in which the lessor is a for-profit entity.

21 (3) In the event that a school facilities project for which a
22 charter school or renaissance school project is seeking State support
23 pursuant to this section is requested for a leased facility in which
24 the charter school or renaissance school project is not the only
25 lessee, the charter school or renaissance school project shall not
26 seek State support for, and final eligible costs approved pursuant to
27 subsection c. of this section shall not include, any costs related to
28 the improvement, alteration, modernization, renovation,
29 reconstruction, maintenance, or capital maintenance of all or any
30 part of the shared spaces of the facility, which shared spaces shall
31 include, but need not be limited to, elevators, stairs, roofs, and
32 common areas.

33 c. If the school facilities project of a charter school or
34 renaissance school project physically located in an SDA district is
35 approved pursuant to this section, the development authority, in
36 consultation with the charter school or renaissance school project,
37 shall determine the final eligible costs of the approved school
38 facilities project, which final eligible costs shall be the reasonable
39 estimated costs of providing a school facility under the school
40 facilities project proposal that is structurally adequate and safe and
41 that is capable of providing an educational program which enables
42 students enrolled in the charter school or renaissance school project
43 to meet the core curriculum content standards.

44 d. Following the determination of final eligible costs of a school
45 facilities project pursuant to subsection c. of this section, the
46 development authority shall authorize the charter school or
47 renaissance school project to undertake the school facilities project.
48 Notwithstanding the provisions of section 7 of P.L.2011, c.176

1 (C.18A:36C-7) or any other law, rule, or regulation to the contrary,
2 a charter school or renaissance school project authorized to
3 undertake a school facilities project pursuant to this section shall be
4 subject to public bidding requirements, as provided under the
5 "Public School Contracts Law," N.J.S.18A:18A-1 et seq.
6 Notwithstanding the provisions of section 7 of P.L.2011, c.176
7 (C.18A:36C-7) or any other law, rule, or regulation to the contrary,
8 the development authority may undertake a school facilities project
9 on behalf of the charter school or renaissance school project, at the
10 request of the charter school or renaissance school project.
11 Notwithstanding the provisions of section 10 of P.L.1995, c.426
12 (C.18A:36A-10) or any other law, rule, or regulation to the
13 contrary, any school facilities project of a charter school or
14 renaissance school project that is undertaken by the development
15 authority shall adhere to all public school facility regulations.

16 e. The development authority shall require, as a condition of
17 providing the State share of funds for a school facilities project
18 approved pursuant to this section that includes school facilities
19 owned by the charter school or renaissance school project, that,
20 notwithstanding the provisions of section 7 of P.L.2013, c.149
21 (C.18A:36C-16) or of any other law, rule, or regulation to the
22 contrary, the fee simple title of the facility shall revert to the State,
23 except that the board of education of the district in which the
24 charter school or renaissance school project is located shall have the
25 right of first refusal of the school facilities project prior to the
26 reversion to the State. The provisions of this subsection shall apply
27 in the following instances:

28 (1) upon the revocation or surrendering of a charter school's
29 charter, the non-renewal of a charter school's charter or of a
30 renaissance school project, or the closure of a charter school or
31 renaissance school project. In the case of the revocation,
32 surrendering, or non-renewal of a charter school's charter or the
33 closure of a charter school, the fee simple title shall revert to the
34 State during and as part of the comprehensive closure plan
35 implemented by the charter school's board of trustees pursuant to
36 section 17 of P.L.1995, c.426 (C.18A:36A-17) and regulations
37 promulgated thereto; or

38 (2) in the event that the school facilities project is no longer
39 being utilized for the purposes for which it was intended under the
40 application approved pursuant to this section.

41 f. The development authority shall require, as a condition of
42 providing the State share of funds pursuant to this section for a
43 school facilities project that includes a facility in which a charter
44 school or renaissance school project is a lessee, that the school
45 facilities project is a capital maintenance project, as that term is
46 defined pursuant to section 3 of P.L.2000, c.72 (C.18A:7G-3),
47 provided that the useful life of any leasehold improvements made

1 under the capital maintenance project does not exceed the
2 remaining term of the lease inclusive of any lease renewal options.

3 g. No charter school or renaissance school project that is
4 operated by a for-profit management company shall be eligible to
5 apply to the development authority for the State share of a school
6 facilities project pursuant to this section.

7 h. The authority shall promulgate, pursuant to the
8 “Administrative Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et
9 seq.), such rules and regulations as may be necessary to implement
10 the provisions of this section, which rules and regulations shall
11 establish at a minimum:

12 (1) the process for review and approval of school facilities
13 projects undertaken by charter schools or renaissance school
14 projects;

15 (2) within 180 days following the date of enactment of P.L. ,
16 c. (C.) (pending before the Legislature as this bill), the
17 specific criteria and methodology that the development authority
18 shall implement in creating an educational priority ranking under
19 the Statewide charter school and renaissance school project
20 facilities strategic plan pursuant to subsection b. of this section;

21 (3) the process for the determination of final eligible costs for
22 which a charter school or renaissance school project would receive
23 State support pursuant to this section; and

24 (4) the process for the reversion to the State of a school facilities
25 project pursuant to subsection e. of this section.]¹

26

27 ¹[6.] 5.¹ (New section) a. Notwithstanding the provisions of
28 P.L.2000, c.72 (C.18A:7G-1 et al.) or any other section of law to
29 the contrary, the board of education of a district other than an SDA
30 district may enter into an agreement with a county improvement
31 authority to construct a school facilities project and to issue its
32 bonds to finance the local share of a project that is to be financed
33 pursuant to section 15 of P.L.2000, c.72 (18A:7G-15), or to finance
34 the total costs of a project that is not to be financed pursuant to
35 section 15 of P.L.2000, c.72 (C.18A:7G-15). The bonds of a county
36 improvement authority issued to finance the total costs of a school
37 facilities project that is not to be financed pursuant to section 15 of
38 P.L.2000, c.72 (C.18A:7G-15) shall be eligible for State debt
39 service aid in accordance with the formula established pursuant to
40 section 9 of P.L.2000, c.72 (C.18A:7G-9).

41 b. A district other than an SDA district may lease its lands or
42 facilities to the county improvement authority, which may construct
43 the school facilities project. Whenever a school facilities project is
44 constructed by a county improvement authority pursuant to the
45 provisions of this section, the improvement authority shall follow
46 the applicable public bidding procedures or requirements under the
47 “Public School Contracts Law,” N.J.S.18A:18A-1 et seq., section 2

1 of P.L.2018, c.90 (C.18A:18A-60), or sections 34 through 41 of
2 P.L.2021, c.71 (C.18A:18A-61 through C.18A:18A-68).

3 c. The county improvement authority shall lease the school
4 facilities project to the county, which shall then lease it for nominal
5 consideration to the district for as long as the county improvement
6 authority bonds or refunding bonds are outstanding. Nothing in this
7 section shall be construed to authorize a county to require the
8 district to bear any portion of the cost of the debt service on the
9 county improvement authority bonds issued to fund the school
10 facilities project or any refunding bonds.

11 d. The county lease payments made to the county improvement
12 authority pursuant to subsection c. of this section shall not be
13 subject to any cap on appropriations or on spending or to any tax
14 levy cap. The county lease payments shall be sufficient to pay debt
15 service on the county improvement authority bonds issued to fund
16 the school facilities project, or any refunding bonds, that remains
17 after the application of any State debt service aid paid on those
18 bonds pursuant to section 9 of P.L.2000, c.72 (C.18A:7G-9). The
19 county lease payments shall be payable over the life of the bonds.

20 e. When the bonds issued by a county improvement authority
21 are no longer outstanding, the leases and liens of the county and the
22 county improvement authority shall expire and the school facilities
23 project shall be solely vested in the school district. The school
24 district shall be responsible for the operation, maintenance, and
25 improvement of the school facility upon the completion of the
26 school facilities project.

27

28 ¹~~7.~~ 6. Section 9 of P.L.2000, c.72 (C.18A:7G-9) is amended
29 to read as follows:

30 9. a. State debt service aid for capital investment in school
31 facilities for a district other than an SDA district which elects not to
32 finance the project under section 15 of P.L.2000, c.72 (C.18A:7G-15),
33 shall be distributed upon a determination of preliminary eligible costs
34 by the commissioner, according to the following formula:

35 Aid is the sum of A for each issuance of school bonds issued for a
36 school facilities project approved by the commissioner after the
37 effective date of P.L.2000, c.72 (C.18A:7G-1 et al.)

38 where

39 $A = B \times AC/P \times DAP \times M$, with $AC/P = 1$

40 whenever AC/P would otherwise yield a number greater than one,

41 and where:

42 B is the district's debt service for the individual issuance for the
43 fiscal year;

44 AC is the preliminary eligible costs determined pursuant to section
45 7 of P.L.2000, c.72 (C.18A:7G-7);

46 P is the principal of the individual issuance plus any other funding
47 sources approved for the school facilities project;

1 DAP is the district's district aid percentage as defined pursuant to
2 section 3 of P.L.2000, c.72 (C.18A:7G-3) and where DAP shall not be
3 less than ~~【40%】~~ 40 percent¹, except that if the project's design
4 conforms to the standards of the model school design program
5 established by the development authority pursuant to paragraph (2) of
6 subsection h. of section 4 of P.L.2000, c.72 (C.18A:7G-4), the DAP
7 shall be increased by 15 percent¹. If the project's design incorporates
8 the implementation of energy efficiency improvements or the
9 installation of energy efficient features or equipment, the DAP shall be
10 increased by no more than five percent². In order to qualify for a
11 DAP increase for the implementation of energy efficiency
12 improvements or the installation of energy efficient features or
13 equipment pursuant to this subsection, a district shall submit to the
14 development authority and Department of Education a certification,
15 along with evidential documentation, attesting that the project's design
16 incorporates the implementation of energy efficiency improvements or
17 the installation of energy efficient features or equipment²; and

18 M is a factor representing the degree to which a district has
19 fulfilled maintenance requirements for a school facilities project
20 determined pursuant to subsection b. of this section.

21 For county special services school districts, DAP shall be that of
22 the county vocational school district in the same county.

23 Notwithstanding the provisions of this subsection to the contrary,
24 DAP for a county vocational school district school facilities project
25 that is approved by the commissioner following the effective date of
26 P.L.2009, c.185 shall equal the greater of the district's district aid
27 percentage as defined pursuant to section 3 of P.L.2000, c.72
28 (C.18A:7G-3) or the percentage of the students in the county
29 vocational school district's resident enrollment who reside in SDA
30 districts; except that DAP shall not be less than ~~【40%】~~ 40 percent or
31 greater than ~~【90%】~~ 90 percent.

32 b. The maintenance factor (M) shall be 1.0 except when one of
33 the following conditions applies, in which case the maintenance factor
34 shall be as specified:

35 (1) Effective ten years from the date of the enactment of P.L.2000,
36 c.72 (C.18A:7G-1 et al.), the maintenance factor for aid for
37 reconstruction, remodeling, alteration, modernization, renovation or
38 repair, or for an addition to a school facility, shall be zero for all
39 school facilities projects for which the district fails to demonstrate over
40 the ten years preceding issuance a net investment in maintenance of
41 the related school facility of at least ~~【2%】~~ two percent of the
42 replacement cost of the school facility, determined pursuant to
43 subsection b. of section 7 of P.L.2000, c.72 (C.18A:7G-7) using the
44 area cost allowance of the year ten years preceding the year in which
45 the school bonds are issued.

46 (2) For new construction, additions, and school facilities aided
47 under subsection b. of section 7 of P.L.2000, c.72 (C.18A:7G-7)
48 supported by financing issued for projects approved by the

1 commissioner after the effective date of P.L.2000, c.72 (C.18A:7G-1
 2 et al.), beginning in the fourth year after occupancy of the school
 3 facility, the maintenance factor shall be reduced according to the
 4 following schedule for all school facilities projects for which the
 5 district fails to demonstrate in the prior fiscal year an investment in
 6 maintenance of the related school facility of at least two-tenths of
 7 **[1%]** one percent of the replacement cost of the school facility,
 8 determined pursuant to subsection b. of section 7 of P.L.2000, c.72
 9 (C.18A:7G-7).

Maintenance Percentage	Maintenance Factor (M)
.199% - .151%	75%
.150% - .100%	50%
Less than .100%	Zero

14 (3) Within one year of the enactment of P.L.2000, c.72
 15 (C.18A:7G-1 et al.), the commissioner shall promulgate rules requiring
 16 districts to develop a long-range maintenance plan and specifying the
 17 expenditures that qualify as an appropriate investment in maintenance
 18 for the purposes of this subsection.

19 c. Any district which obtained approval from the commissioner
 20 since September 1, 1998 and prior to the effective date of P.L.2000,
 21 c.72 (C.18A:7G-1 et al.) of the educational specifications for a school
 22 facilities project or obtained approval from the Department of
 23 Community Affairs or the appropriately licensed municipal code
 24 official since September 1, 1998 of the final construction plans and
 25 specifications, and the district has issued debt, may elect to have the
 26 final eligible costs of the project determined pursuant to section 5 of
 27 P.L.2000, c.72 (C.18A:7G-5) and to receive debt service aid under this
 28 section or under section 10 of P.L.2000, c.72 (C.18A:7G-10).

29 Any district which received approval from the commissioner for a
 30 school facilities project at any time prior to the effective date of
 31 P.L.2000, c.72 (C.18A:7G-1 et al.), and has not issued debt, other than
 32 short term notes, may submit an application pursuant to section 5 of
 33 P.L.2000, c.72 (C.18A:7G-5) to have the final eligible costs of the
 34 project determined pursuant to that section and to have the New Jersey
 35 Economic Development Authority construct the project; or, at its
 36 discretion, the district may choose to receive debt service aid under
 37 this section or under section 10 of P.L.2000, c.72 (C.18A:7G-10) or to
 38 receive a grant under section 15 of P.L.2000, c.72 (C.18A:7G-15).

39 For the purposes of this subsection, the "issuance of debt" shall
 40 include lease purchase agreements in excess of five years.

41 d. For school bonds issued for a school facilities project after the
 42 effective date of P.L.2000, c.72 (C.18A:7G-1 et al.) and prior to the
 43 effective date of P.L.2008, c.39 (C.18A:7G-14.1 et al.), State debt
 44 service aid shall be calculated in accordance with the provisions of this
 45 section as the same read before the effective date of P.L.2008, c.39
 46 (C.18A:7G-14.1 et al.).
 47 (cf: P.L.2009, c.185, s.2)

1 ¹~~[8.] 7.~~¹ (New section) a. Notwithstanding any provision of law
2 to the contrary, when the board of education of a district determines
3 that it is not financing a school facilities project under section 15 of
4 P.L.2000, c.72 (C.18A:7G-15) and that it is necessary to sell bonds to
5 raise money for the total costs of a school facilities project, the board
6 of education may issue such bonds as are necessary to fund the project
7 without the approval of the voters of the district, provided that before
8 issuing the bonds:

9 (1) the board of education has entered into a written contract with
10 one or more municipalities, wherein the municipality shall annually
11 remit to the board of education ²~~[not less than 60 percent]~~ a portion²
12 of the payments in lieu of taxes received by the municipality from one
13 or more designated properties ², which portion shall be sufficient for
14 the full repayment of the bonds², and the board of education shall
15 pledge all remittances to the full repayment of the bonds; and

16 (2) the bond issuance and contract has been approved by the
17 ⁴Local Finance Board pursuant to subsection b. of this section and the⁴
18 commissioner pursuant to subsection ⁴~~[b.] c.~~⁴ of this section.

19 b. ⁴A municipality intending to enter into a contract to pledge a
20 portion of the payments in lieu of taxes received by the municipality
21 from one or more designated properties pursuant to this section shall
22 obtain the approval of the Local Finance Board prior to the adoption of
23 an ordinance or resolution, as applicable, authorizing the municipality
24 to enter into the contract. The board shall be entitled to receive from
25 the applicant an amount sufficient to provide for all reasonable
26 professional and other fees and expenses incurred by it for the review,
27 analysis, and determination with respect thereto. As part of the
28 board's review and approval, the board shall consider whether the
29 proposed contract will adversely impact the financial stability of the
30 municipality.

31 c.⁴ (1) If a board of education elects to issue bonds pursuant to
32 this section, the board of education shall apply to the commissioner for
33 approval of the bond issuance. ⁴The commissioner shall be entitled to
34 receive from the applicant an amount sufficient to provide for all
35 reasonable professional and other fees and expenses incurred for the
36 review, analysis, and determination with respect thereto.⁴ In addition
37 to any other information that the commissioner may deem appropriate,
38 the application shall include: a description of the school facilities
39 project; a certification of the amount to raised by the bonds; a
40 description of the anticipated annual debt service costs, including the
41 amounts to be supported by municipal remittances; and a copy of the
42 contract.

43 (2) Within 30 days of receiving the application, the commissioner
44 shall approve, conditionally approve, or reject the application. If the
45 application is conditionally approved, the commissioner shall state, in
46 writing, the revisions that shall be made to the contract in order for the
47 application to be approved. If the commissioner does not approve,

1 conditionally approve, or reject the application within 30 days of the
2 date of receipt, the commissioner shall be deemed to have approved
3 the application.

4 ⁴[c.] d.⁴ Any debt service on a bond issued by a school district
5 pursuant to this section that is not supported by municipal remittances
6 authorized under this section and is paid by the board of education
7 shall be eligible for State debt service aid in accordance with the
8 formula established under section 9 of P.L.2000, c.72 (C.18A:7G-9).

9 ⁴[d.] e.⁴ The commissioner, in consultation with the Local
10 Finance Board, ⁴and the Local Finance Board, in consultation with the
11 commissioner,⁴ shall promulgate, pursuant to "Administrative
12 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), such rules and
13 regulations as may be necessary to implement the provisions of this
14 section. At a minimum, the rules and regulations shall establish
15 requirements and procedures concerning the process by which
16 municipalities and districts may enter into contracts pursuant to this
17 section.

18

19 ¹[9.] 8.¹ Section 13 of P.L.2000, c.72 (C.18A:7G-13) is amended
20 to read as follows:

21 13. a. The financing authority shall be responsible for the
22 issuance of bonds pursuant to section 14 of P.L.2000, c.72 (C.18A:7G-
23 14) and the development authority shall be responsible for the
24 planning, design, construction management, acquisition, construction,
25 and completion of school facilities projects. In the case of a capital
26 maintenance project, the development authority may, in its discretion,
27 authorize an SDA district to undertake the design, acquisition,
28 construction and all other appropriate actions necessary to complete
29 the capital maintenance project and shall enter into a grant agreement
30 with the district for the payment of the State share. The development
31 authority may also authorize an SDA district to undertake the design,
32 acquisition, construction and all other appropriate actions necessary to
33 complete any other school facilities project in accordance with the
34 procedures established pursuant to subsection e. of this section.

35 b. The financing authority shall undertake the financing of school
36 facilities projects pursuant to the provisions of this act. The financing
37 authority shall finance the State share of a school facilities project and
38 may, in its discretion and upon consultation with the district, finance
39 the local share of the project. In the event that the financing authority
40 finances only the State share of a project, the development authority
41 shall not commence acquisition or construction of the project until the
42 development authority receives the local share from the district.

43 c. In order to implement the arrangements established for school
44 facilities projects which are to be constructed by the development
45 authority and financed pursuant to this section, a district shall enter
46 into an agreement with the development authority and the
47 commissioner containing the terms and conditions determined by the
48 parties to be necessary to effectuate the project.

1 d. Upon completion by the development authority of a school
2 facilities project, the district shall enter into an agreement with the
3 development authority to provide for the maintenance of the project by
4 the district. In the event that the school facilities project is constructed
5 by a district, upon the completion of the project, the district shall
6 submit to the commissioner a plan to provide for the maintenance of
7 the project by the district. Any agreement or plan shall contain, in
8 addition to any other terms and provisions, a requirement for the
9 establishment of a maintenance reserve fund consistent with the
10 appropriation and withdrawal requirements for capital reserve
11 accounts established pursuant to section 57 of P.L.2000, c.72
12 (C.18A:7G-31), the funding levels of which shall be as set forth in
13 regulations adopted by the commissioner pursuant to section 26 of
14 P.L.2000, c.72 (C.18A:7G-26).

15 e. (1) Within one year of the effective date of P.L.2007, c.137
16 (C.52:18A-235 et al.), the commissioner, in consultation with the
17 development authority, shall adopt pursuant to the "Administrative
18 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), rules and
19 regulations by which the commissioner shall determine whether an
20 SDA district is eligible to be considered by the development authority
21 to manage a school facilities project or projects. In making the
22 determination, the commissioner shall consider the district's fiscal
23 integrity and operations, the district's performance in each of the five
24 key components of school district effectiveness under the New Jersey
25 Quality Single Accountability Continuum (NJQSAC) in accordance
26 with section 10 of P.L.1975, c.212 (C.18A:7A-10), and other relevant
27 factors.

28 (2) Within one year of the effective date of P.L.2007, c.137
29 (C.52:18A-235 et al.), the development authority, in consultation with
30 the commissioner, shall adopt pursuant to the "Administrative
31 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), rules and
32 regulations by which the development authority shall determine the
33 capacity of an SDA district, deemed eligible by the commissioner
34 pursuant to paragraph (1) of this subsection, to manage a school
35 facilities project or projects identified by the development authority.
36 In making the determination, the development authority shall consider
37 the experience of the SDA district, the size, complexity, and cost of
38 the project, time constraints, and other relevant factors.

39 (3) The development authority, in consultation with the
40 commissioner, shall develop and implement training programs,
41 seminars, or symposia to provide technical assistance to SDA districts
42 deemed to lack the capacity to manage a school facility project or
43 projects; except that nothing herein shall be construed to require the
44 development authority or the commissioner to authorize an SDA
45 district to hire additional staff in order to achieve capacity.

46 (4) If the development authority determines to delegate a school
47 facilities project to an SDA district in accordance with paragraph (2)
48 of this subsection, the development authority, the commissioner, and

1 the district shall enter into a grant agreement. The grant agreement
 2 shall, at a minimum, establish a timeline for the completion of the
 3 school facilities project, which timeline shall be established based on
 4 the scope of the work to be performed.

5 (5) If the development authority determines to delegate a school
 6 facilities project to an SDA district in accordance with paragraph (2)
 7 of this subsection, the SDA district shall be deemed to be in
 8 noncompliance with the grant agreement entered into pursuant to
 9 paragraph (4) of this subsection if the district enters into a contract
 10 with a contractor, subcontractor, or consultant which is debarred,
 11 suspended, or disqualified from State ¹[or],¹ development authority ¹,
 12 or federal government¹ contracting ¹at the time of the contract award¹
 13 or with a firm which has not been prequalified by the development
 14 authority. If the district enters into a contract with a debarred,
 15 suspended, or disqualified contractor, subcontractor, or consultant,
 16 then the grant agreement shall be rendered null and void.
 17 ²[¹Notwithstanding the provisions of any law, rule, or regulation to
 18 the contrary, an SDA district to which the development authority has
 19 delegated management of a school facilities project may enter into a
 20 contract for work with a person or firm that was previously debarred,
 21 suspended, or disqualified from State, development authority, or
 22 federal government contracting.¹]²

23 (cf: P.L.2007, c.260, s.44)

24

25 ¹[10.] 9.¹ Section 14 of P.L.2000, c.72 (C.18A:7G-14) is
 26 amended to read as follows:

27 14. Notwithstanding any other provisions of law to the contrary:

28 a. The financing authority shall have the power, pursuant to the
 29 provisions of P.L.2000, c.72 (C.18A:7G-1 et al.), P.L.1974, c.80
 30 (C.34:1B-1 et seq.) and P.L.2007, c.137 (C.52:18A-235 et al.), to issue
 31 bonds and refunding bonds, incur indebtedness and borrow money
 32 secured, in whole or in part, by moneys received pursuant to sections
 33 17, 18, and 19 of P.L.2000, c.72 (C.18A:7G-17, C.18A:7G-18, and
 34 C.18A:7G-19) for the purposes of: financing all or a portion of the
 35 costs of school facilities projects and any costs related to the issuance
 36 thereof, including, but not limited to, the administrative, insurance,
 37 operating and other expenses of the financing authority to undertake
 38 the financing, and the development authority to undertake the
 39 planning, design, and construction of school facilities projects; lending
 40 moneys to local units to pay the costs of all or a portion of school
 41 facilities projects and any costs related to the issuance thereof; funding
 42 the grants to be made pursuant to section 15 of P.L.2000, c.72
 43 (C.18A:7G-15); and financing the acquisition of school facilities
 44 projects to permit the refinancing of debt by the district pursuant to
 45 section 16 of P.L.2000, c.72 (C.18A:7G-16). Notwithstanding the
 46 provisions of this section to the contrary, ⁴if financial support is
 47 provided to the development authority following a budget request
 48 made directly to the Division of Budget and Accounting in the

1 Department of the Treasury for State support pursuant to subsection k.
 2 of this section,⁴ bonds and refunding bonds, or any indebtedness or
 3 other borrowed moneys, secured, in whole or in part, by moneys
 4 received pursuant to sections 17, 18, and 19 of P.L.2000, c.72
 5 (C.18A:7G-17, C.18A:7G-18, and C.18A:7G-19) ⁴["or,"¹] or⁴
 6 pursuant to this section after the effective date of P.L. , c. (C.)
 7 (pending before the Legislature as this bill) shall not be issued for the
 8 purposes of financing costs related to the issuance of the bonds,
 9 indebtedness, or other borrowed moneys including, but not limited to,
 10 the administrative ⁴expenses (other than retained professional services
 11 related to the issuance of the bonds, indebtedness, or other borrowed
 12 moneys)⁴; ¹non-project¹ insurance ⁴expenses⁴, operating and other
 13 expenses of the financing authority to undertake the financing ⁴["⁴, and
 14 the development authority to undertake the planning, design, and
 15 construction of school facilities projects. Bonds,"⁴. If financial support
 16 is provided to the development authority following a budget request
 17 pursuant to subsection k. of this section, bonds,⁴ indebtedness, or other
 18 borrowed moneys issued pursuant to this section shall also not be
 19 issued for the purposes of financing any costs related to the issuance of
 20 moneys lent to local units to pay the costs of all or a portion of school
 21 facilities projects. The administrative ⁴expenses (other than retained
 22 professional services related to the issuance of the bonds,
 23 indebtedness, or other borrowed moneys)⁴; ¹non-project¹ insurance
 24 ⁴expenses⁴, operating ⁴["⁴"]⁴ and other expenses of the financing
 25 authority related to undertaking the financing of school facilities
 26 projects pursuant to this section shall be supported by State
 27 appropriations ⁴when financial support is made available following a
 28 budget request pursuant to subsection k. of this section⁴. The
 29 administrative, ¹non-project¹ insurance, operating, and other expenses
 30 of the development authority ⁴["to undertake the planning, design, and
 31 construction of school facilities projects"]⁴ shall be funded by State
 32 appropriations pursuant to paragraph (2) of subsection o. of section 4
 33 of P.L.2007, c.137, (C.52:18A-238) ⁴when financial support is made
 34 available following a budget request pursuant to subsection k. of this
 35 section⁴; ⁴["Bonds"] If financial support is provided to the development
 36 authority following a budget request pursuant to subsection k. of this
 37 section, bonds⁴ and refunding bonds, or any indebtedness or other
 38 borrowed moneys issued pursuant to this section after the effective
 39 date of P.L. , c. (C.) (pending before the Legislature as this
 40 bill) shall only be issued for the purposes of: financing all or a portion
 41 of the costs of school facilities projects; lending moneys to local units
 42 to pay the costs of all or a portion of school facilities projects; funding
 43 the grants to be made pursuant to section 15 of P.L.2000, c.72
 44 (C.18A:7G-15); ⁴["and"]⁴ financing the acquisition of school facilities
 45 projects to permit the refinancing of debt by the district pursuant to
 46 section 16 of P.L.2000, c.72 (C.18A:7G-16) ⁴; and paying for the

1 administrative expenses of the financing authority that are in
2 connection with retained professional services related to the issuance
3 of the bonds, indebtedness, or other borrowed moneys⁴. The aggregate
4 principal amount of the bonds, notes or other obligations issued by the
5 financing authority as authorized pursuant to P.L.2000, c.72
6 (C.18A:7G-1 et al.) shall not exceed: \$100,000,000 for the State share
7 of costs for county vocational school district school facilities projects;
8 \$6,000,000,000 for the State share of costs for Abbott district school
9 facilities projects; and \$2,500,000,000 for the State share of costs for
10 school facilities projects in all other districts. The aggregate principal
11 amount of the bonds, notes or other obligations issued by the financing
12 authority as authorized pursuant to P.L.2008, c.39 (C.18A:7G-14.1 et
13 al.) shall not exceed: \$2,900,000,000 for the State share of costs of
14 SDA district school facilities projects; and \$1,000,000,000 for the
15 State share of costs for school facilities projects in all other districts,
16 \$50,000,000 of which shall be allocated for the State share of costs for
17 county vocational school district school facilities projects. This
18 limitation shall not include any bonds, notes or other obligations
19 issued for refunding purposes.

20 The financing authority may establish reserve funds to further
21 secure bonds and refunding bonds issued pursuant to this section and
22 may issue bonds to pay for the administrative, insurance and operating
23 costs of the financing authority and the development authority in
24 carrying out the provisions of this act. Notwithstanding the provisions
25 of this section to the contrary, the proceeds of bonds issued pursuant to
26 this section after the effective date of P.L. , c. (C.) (pending
27 before the Legislature as this bill) shall not pay for any costs related to
28 the issuance of the bonds, including the administrative⁴expenses
29 (other than retained professional services related to the issuance of the
30 bonds, indebtedness, or other borrowed moneys)⁴, ¹non-project¹
31 insurance and operating costs of the financing authority and the
32 development authority in carrying out the provisions of P.L.2000, c.72
33 (C.18A:7G-1 et al.). Such costs of the financing authority shall be
34 supported by State appropriations⁴when financial support is made
35 available following a budget request pursuant to subsection k. of this
36 section⁴. Such costs of the development authority shall be funded by
37 State appropriations pursuant to paragraph (2) of subsection o. of
38 section 4 of P.L.2007, c.137, (C.52:18A-238)⁴when financial support
39 is made available following a budget request pursuant to subsection k.
40 of this section⁴. In addition to its bonds and refunding bonds, the
41 financing authority shall have the power to issue subordinated
42 indebtedness, which shall be subordinate in lien to the lien of any or all
43 of its bonds or refunding bonds as the financing authority may
44 determine.

45 b. The financing authority shall issue the bonds or refunding
46 bonds in such manner as it shall determine in accordance with the
47 provisions of P.L.2000, c.72 (C.18A:7G-1 et al.), P.L.1974, c.80
48 (C.34:1B-1 et seq.), and P.L.2007, c.137 (C.52:18A-235 et al.);

1 provided that notwithstanding any other law to the contrary, no
2 resolution adopted by the financing authority authorizing the issuance
3 of bonds or refunding bonds pursuant to this section shall be adopted
4 or otherwise made effective without the approval in writing of the
5 State Treasurer; and refunding bonds issued to refund bonds issued
6 pursuant to this section shall be issued on such terms and conditions as
7 may be determined by the financing authority and the State Treasurer.
8 The financing authority may, in any resolution authorizing the
9 issuance of bonds or refunding bonds issued pursuant to this section,
10 pledge the contract with the State Treasurer provided for pursuant to
11 section 18 of P.L.2000, c.72 (C.18A:7G-18), or any part thereof, or
12 may pledge all or any part of the repayments of loans made to local
13 units pursuant to section 19 of P.L.2000, c.72 (C.18A:7G-19) for the
14 payment or redemption of the bonds or refunding bonds, and covenant
15 as to the use and disposition of money available to the financing
16 authority for payment of the bonds and refunding bonds. All costs
17 associated with the issuance of bonds and refunding bonds by the
18 financing authority for the purposes set forth in this act may be paid by
19 the financing authority from amounts it receives from the proceeds of
20 the bonds or refunding bonds, and from amounts it receives pursuant
21 to sections 17, 18, and 19 of P.L.2000, c.72 (C.18A:7G-17, C.18A:7G-
22 18 and C.18A:7G-19). The costs may include, but shall not be limited
23 to, any costs relating to the issuance of the bonds or refunding bonds,
24 administrative costs of the financing authority attributable to the
25 making and administering of loans and grants to fund school facilities
26 projects, and costs attributable to the agreements entered into pursuant
27 to subsection d. of this section. Notwithstanding the provisions of this
28 section to the contrary, ⁴if financial support is provided to the
29 development authority following a budget request made directly to the
30 Division of Budget and Accounting in the Department of the Treasury
31 for State support pursuant to subsection k. of this section, ⁴ the
32 proceeds of bonds and refunding bonds that are issued pursuant to this
33 section after the effective date of P.L. , c. (C.) (pending before
34 the Legislature as this bill) shall not pay for the administrative costs of
35 the financing authority associated with the issuance of the bonds and
36 refunding bonds including, but not limited to, administrative costs
37 ⁴(other than retained professional services related to the issuance of
38 the bonds, indebtedness, or other borrowed moneys) ⁴ of the financing
39 authority attributable to the making and administering of loans and
40 grants to fund school facilities projects, and costs attributable to the
41 agreements entered into pursuant to subsection d. of this section. Such
42 costs of the financing authority shall be supported by State
43 appropriations ⁴when financial support is made available following a
44 budget request pursuant to subsection k. of this section ⁴.

45 c. Each issue of bonds or refunding bonds of the financing
46 authority shall be special obligations of the financing authority payable
47 out of particular revenues, receipts or funds, subject only to any
48 agreements with the holders of bonds or refunding bonds, and may be

- 1 secured by other sources of revenue, including, but not limited to, one
2 or more of the following:
- 3 (1) Pledge of the revenues and other receipts to be derived from
4 the payment of local unit obligations and any other payment made to
5 the financing authority pursuant to agreements with any local unit, or a
6 pledge or assignment of any local unit obligations, and the rights and
7 interest of the financing authority therein;
- 8 (2) Pledge of rentals, receipts and other revenues to be derived
9 from leases or other contractual arrangements with any person or
10 entity, public or private, including one or more local units, or a pledge
11 or assignment of those leases or other contractual arrangements and
12 the rights and interests of the financing authority therein;
- 13 (3) Pledge of all moneys, funds, accounts, securities and other
14 funds, including the proceeds of the bonds;
- 15 (4) Pledge of the receipts to be derived from payments of State aid
16 to the financing authority pursuant to section 21 of P.L.2000, c.72
17 (C.18A:7G-21);
- 18 (5) Pledge of the contract or contracts with the State Treasurer
19 pursuant to section 18 of P.L.2000, c.72 (C.18A:7G-18);
- 20 (6) Pledge of any sums remitted to the local unit by donation from
21 any person or entity, public or private, subject to the approval of the
22 State Treasurer;
- 23 (7) A mortgage on all or any part of the property, real or personal,
24 comprising a school facilities project then owned or thereafter to be
25 acquired, or a pledge or assignment of mortgages made to the
26 financing authority by any person or entity, public or private, including
27 one or more local units and rights and interests of the financing
28 authority therein; and
- 29 (8) The receipt of any grants, reimbursements or other payments
30 from the federal government.
- 31 d. The resolution authorizing the issuance of bonds or refunding
32 bonds pursuant to this section may also provide for the financing
33 authority to enter into any revolving credit agreement, agreement
34 establishing a line of credit or letter of credit, reimbursement
35 agreement, interest rate exchange agreement, currency exchange
36 agreement, interest rate floor or cap, options, puts or calls to hedge
37 payment, currency, rate, spread or similar exposure or similar
38 agreements, float agreements, forward agreements, insurance
39 contracts, surety bonds, commitments to purchase or sell bonds,
40 purchase or sale agreements, or commitments or other contracts or
41 agreements and other security agreements approved by the financing
42 authority in connection with the issuance of the bonds or refunding
43 bonds pursuant to this section. In addition, the financing authority
44 may, in anticipation of the issuance of the bonds or the receipt of
45 appropriations, grants, reimbursements or other funds, including,
46 without limitation, grants from the federal government for school
47 facilities projects, issue notes, the principal of or interest on which, or
48 both, shall be payable out of the proceeds of notes, bonds or other

1 obligations of the financing authority or appropriations, grants,
2 reimbursements or other funds or revenues of the financing authority.

3 e. The financing authority is authorized to engage, subject to the
4 approval of the State Treasurer and in such manner as the State
5 Treasurer shall determine, the services of financial advisors and
6 experts, placement agents, underwriters, appraisers, and other advisors,
7 consultants and agents as may be necessary to effectuate the financing
8 of school facilities projects.

9 f. Bonds and refunding bonds issued by the financing authority
10 pursuant to this section shall be special and limited obligations of the
11 financing authority payable from, and secured by, funds and moneys
12 determined by the financing authority in accordance with this section.
13 Notwithstanding any other provision of law or agreement to the
14 contrary, any bonds and refunding bonds issued by the financing
15 authority pursuant to this section shall not be secured by the same
16 property as bonds and refunding bonds issued by the financing
17 authority to finance projects other than school facilities projects.
18 Neither the members of the financing authority nor any other person
19 executing the bonds or refunding bonds shall be personally liable with
20 respect to payment of interest and principal on these bonds or
21 refunding bonds. Bonds or refunding bonds issued pursuant to this
22 section shall not be a debt or liability of the State or any agency or
23 instrumentality thereof, except as otherwise provided by this
24 subsection, either legal, moral or otherwise, and nothing contained in
25 this act shall be construed to authorize the financing authority to incur
26 any indebtedness on behalf of or in any way to obligate the State or
27 any political subdivision thereof, and all bonds and refunding bonds
28 issued by the financing authority shall contain a statement to that
29 effect on their face.

30 g. The State hereby pledges and covenants with the holders of any
31 bonds or refunding bonds issued pursuant to this act that it will not
32 limit or alter the rights or powers vested in the financing authority by
33 this act, nor limit or alter the rights or powers of the State Treasurer in
34 any manner which would jeopardize the interest of the holders or any
35 trustee of the holders, or inhibit or prevent performance or fulfillment
36 by the financing authority or the State Treasurer with respect to the
37 terms of any agreement made with the holders of the bonds or
38 refunding bonds or agreements made pursuant to subsection d. of this
39 section; except that the failure of the Legislature to appropriate
40 moneys for any purpose of this act shall not be deemed a violation of
41 this section.

42 h. The financing authority and the development authority may
43 charge to and collect from local units, districts, the State and any other
44 person, any fees and charges in connection with the financing
45 authority's or development authority's actions undertaken with respect
46 to school facilities projects, including, but not limited to, fees and
47 charges for the financing authority's administrative, organization,
48 insurance, operating and other expenses incident to the financing of

1 school facilities projects, and the development authority's
2 administrative, organization, insurance, operating, planning, design,
3 construction management, acquisition, construction, completion and
4 placing into service and maintenance of school facilities projects.
5 Notwithstanding any provision of this act to the contrary, no SDA
6 district shall be responsible for the payment of any fees and charges
7 related to the development authority's operating expenses.

8 i. Upon the issuance by the financing authority of bonds pursuant
9 to this section, other than refunding bonds, the net proceeds of the
10 bonds shall be transferred to the development authority. The
11 development authority shall establish ¹four¹ three¹ funds in which
12 the net proceeds of the bonds issued pursuant to this section, and any
13 State appropriations for school facilities projects, shall be deposited.
14 The ¹four¹ three¹ funds shall be as follows:

15 (1) the SDA District Project Fund, in which shall be deposited any
16 funds made available for the State share of costs for SDA district
17 school facilities projects, which funds shall include, but not be limited
18 to, the proceeds of bonds issued pursuant to subsection a. of this
19 section for the State share of costs for SDA district school facilities
20 projects, the proceeds of any general obligation or other bonds that
21 may be authorized for SDA district school facilities projects, and any
22 State appropriations for SDA district school facilities projects;

23 (2) the Regular Operating District Construction and Maintenance
24 Grants Fund, in which shall be deposited any funds made available for
25 the State share of costs for school facilities projects in districts other
26 than SDA districts, which funds shall include, but not be limited to, the
27 proceeds of bonds issued pursuant to subsection a. of this section for
28 the State share of costs for school facilities projects in districts other
29 than SDA districts, the proceeds of any general obligation or other
30 bonds that may be authorized for school facilities projects in districts
31 other than SDA districts, and any State appropriations for school
32 facilities projects in districts other than SDA districts; ¹and¹

33 (3) (a) the SDA District Emergent Project Fund, in which shall be
34 deposited any funds made available for emergent projects in SDA
35 districts under the “Emergent Condition Remediation Program”
36 established pursuant to section 20 of P.L. , c. (C.) (pending
37 before the Legislature as this bill), which funds shall include, but not
38 be limited to, the proceeds of bonds issued pursuant to subsection a. of
39 this section for the State share of costs for SDA district emergent
40 projects, the proceeds of any general obligation or other bonds that
41 may be authorized for SDA district emergent projects, and any State
42 appropriations for SDA district emergent projects;

43 (b) as used in this paragraph, “emergent project” means a school
44 facilities project or other capital project eligible for State funding that
45 would alleviate a condition that, if not corrected on an expedited basis,
46 would render a building or facility so potentially injurious or
47 hazardous that it causes an imminent peril to the health and safety of
48 students or staff ¹; and

1 (4) the Charter School and Renaissance School Project
 2 Construction and Maintenance Fund in which shall be deposited any
 3 funds made available for school facilities projects of charter schools or
 4 renaissance school projects located in SDA districts approved pursuant
 5 to section 5 of P.L. , c. (C.) (pending before the Legislature as
 6 this bill), which funds shall include, but not be limited to, the proceeds
 7 of bonds issued pursuant to subsection a. of this section for the State
 8 share of costs for school facilities projects of charter schools and
 9 renaissance school projects physically located in SDA districts, the
 10 proceeds of any general obligation bonds that may be authorized for
 11 SDA district charter school or renaissance school project school
 12 facilities projects or any State appropriations for SDA district charter
 13 school or renaissance school project school facilities projects】¹.

14 j. In the event that the annual appropriations act provides for
 15 direct funding for school facilities projects, or in the event that a
 16 separate act appropriates direct funding of school facilities projects
 17 from the “New Jersey Debt Defeasance and Prevention Fund”
 18 established pursuant to section 1 of P.L.2021 c.125 (C.52:9H-2.2), no
 19 less than ¹【50】 70¹ percent of the direct funding shall be appropriated
 20 to the SDA District Project Fund and the SDA District Emergent
 21 Project Fund. The remaining funds for school facilities projects shall
 22 be ¹【utilized in a manner to be determined by the development
 23 authority】 disbursed to the Regular Operating District Construction
 24 and Maintenance Grants Fund¹.

25 ⁴k. In the event that the financing authority issues bonds or incurs
 26 indebtedness pursuant to this section for the purpose of financing all or
 27 a portion of the costs of school facilities projects and for the purpose
 28 of providing funding to the development authority to undertake school
 29 facilities projects, the development authority may submit a budget
 30 request directly to the Division of Budget and Accounting in the
 31 Department of the Treasury, for State support to provide supplemental
 32 financing for the development authority’s operations in carrying out
 33 the provisions of P.L.2000, c.72 (C.18A:7G-1 et al.).⁴
 34 (cf: P.L.2008, c.39, s.4)

35
 36 ¹【11.】 10.¹ Section 15 of P.L.2000, c.72 (C.18A:7G-15) is
 37 amended to read as follows:

38 15. a. In the case of a district other than an SDA district, for any
 39 project approved by the commissioner after the effective date of 【this
 40 act】 P.L.2000, c.72 (C.18A:7G-1 et al.), the district may elect to
 41 receive a one-time grant for the State share of the project in
 42 accordance with the provisions of subsection b. of this section rather
 43 than annual debt service aid under section 9 of P.L.2000, c.72
 44 (C.18A:7G-9). The State share payable to the district shall equal the
 45 product of the project's final eligible costs and the district aid
 46 percentage or 【40%】 40 percent, whichever is greater ²【, except that if
 47 the project’s design conforms to the standards of the model school

1 design program established by the development authority pursuant to
2 paragraph (2) of subsection h. of section 4 of P.L.2000, c.72
3 (C.18A:7G-4), the district aid percentage shall be increased by 15
4 percent above the amount calculated under section 3 of P.L.2000, c.72
5 (C.18A:7G-3)]². If the project's design incorporates the
6 implementation of energy efficiency improvements or the installation
7 of energy efficient features or equipment, the district aid percentage
8 shall be increased by no more than five percent. ²In order to qualify
9 for a district aid percentage increase for the implementation of energy
10 efficiency improvements or the installation of energy efficient features
11 or equipment pursuant to this subsection, a district shall submit to the
12 development authority and Department of Education a certification,
13 along with evidential documentation, attesting that the project's design
14 incorporates the implementation of energy efficiency improvements or
15 the installation of energy efficient features or equipment.²

16 b. The commissioner shall establish a process for the annual
17 allocation of grant funding. Under that process, the commissioner
18 shall annually notify districts of the date on which the commissioner
19 shall begin to receive applications for grant funding. A district shall
20 have 90 days from that date to submit an application to the
21 commissioner. The commissioner shall make a decision on a district's
22 application within 90 days of the submission of all such applications
23 and shall allocate the grant funding in accordance with the priority
24 process established pursuant to paragraph (4) of subsection m. of
25 section 5 of P.L.2000, c.72 (C.18A:7G-5).

26 c. The development authority shall provide grant funding for the
27 State's share of the final eligible costs of a school facilities project
28 pursuant to an agreement between the district and the development
29 authority which shall, in addition to other terms and conditions, set
30 forth the terms of disbursement of the State share. The funding of the
31 State share shall not commence until the district secures financing for
32 the local share.

33 (cf: P.L.2008, c.39, s.5)

34

35 ¹**[12.] 11.**¹ Section 23 of P.L.2000, c.72 (C.18A:7G-23) is
36 amended to read as follows:

37 23. a. Not less than the prevailing wage rate determined by the
38 Commissioner of Labor and Workforce Development pursuant to
39 the provisions of P.L.1963, c.150 (C.34:11-56.25 et seq.) shall be
40 paid to workers employed in the performance of construction
41 contracts in connection with any school facilities project that is
42 undertaken by the development authority, a redevelopment entity,
43 **[or]** a district, a charter school or renaissance school project, a
44 county improvement authority, or a private entity, when the private
45 entity is undertaking construction on a school facilities project
46 under a public-private partnership, and any contractor who violates
47 the provisions of this subsection shall be prohibited from
48 subsequently bidding on any State or district contract.

1 b. Registration fees collected pursuant to P.L.1999, c.238
2 (C.34:11-56.48 et seq.) shall be applied toward the enforcement and
3 administrative costs of the Division of Workplace Standards, Office
4 of Wage and Hour Compliance, Public Contracts section and
5 Registration section within the Department of Labor and Workforce
6 Development.

7 (cf: P.L.2007, c.137, s.34)

8

9 ¹**[13.]** 12.¹ (New section) There is hereby created within the
10 development authority an Office of Contracting Accountability. The
11 office shall, in consultation with the Department of Labor and
12 Workforce Development, ensure the compliance in the payment of
13 no less than the prevailing wage rate determined by the
14 Commissioner of Labor and Workforce Development pursuant to
15 the provisions of P.L.1963, c.150 (C.34:11-56.25 et seq.), as well as
16 with all other applicable State wage and hour laws and regulations,
17 by contractors selected for a school facilities project undertaken by
18 the development authority or by an SDA district that has been
19 delegated management of the project by the development authority.
20 The office shall collect and review all certified payrolls for work on
21 school facilities projects undertaken by the development authority
22 or by an SDA district that has been delegated management of the
23 project by the development authority, and shall conduct at least one
24 worksite inspection per project on a quarterly basis. Violations of
25 State wage and hour law requirements shall be reflected in the
26 mandatory uniform performance evaluation of contractors, as
27 required pursuant to section 62 of P.L.2000, c.72 (C.18A:7G-36).
28 Violations of wage and hour requirements shall constitute grounds
29 for the development authority to revoke prequalification from a
30 contractor, which prequalification is granted pursuant to the process
31 established by the development authority pursuant to section 59 of
32 P.L.2000, c.72 (C.18A:7G-33).

33

34 ¹**[14.]** 13.¹ Section 57 of P.L.2000, c.72 (C.18A:7G-31) is
35 amended to read as follows:

36 57. a. Notwithstanding any provision of this act or any other
37 law or regulation to the contrary, a board of education or a board of
38 school estimate, as appropriate, may, through the adoption of a
39 board resolution, establish a capital reserve account. The account
40 shall be established and held in accordance with GAAP and shall be
41 subject to annual audit. The funds in the capital reserve account
42 shall be used to finance the district's long-range facilities plan
43 required pursuant to subsection a. of section 4 of **[this act]**
44 P.L.2000, c.72 (C.18A:7G-4) and the amount in the account shall
45 not exceed the total amount of local funds required to implement
46 the plan.

47 b. A board of education or a board of school estimate, as
48 appropriate, may appropriate funds in the district's annual budget

1 for the establishment of the capital reserve account pursuant to
2 subsection a. of this section or to supplement the funds in the
3 account as required to meet the needs of the long-range facilities
4 plan.

5 c. A board of education may, by resolution of the board:
6 transfer funds from the capital reserve account to the appropriate
7 line item account for the funding of capital projects as contained in
8 the district's long-range facilities plan; and transfer funds from the
9 capital reserve account to the debt service account for the purpose
10 of offsetting principal and interest payments for bonded projects
11 which are included in the district's long-range facilities plan.

12 d. A board of education may, by resolution of the board:
13 transfer funds from the capital reserve account to the appropriate
14 line item account for the funding of capital projects subject to a
15 public-private partnership agreement entered into pursuant to
16 section 2 of P.L.2018, c.90 (C.18A:18A-60); and transfer funds
17 from the capital reserve account to the debt service account for the
18 purpose of offsetting principal and interest payments for bonded
19 projects subject to a public-private partnership agreement entered
20 into pursuant to section 2 of P.L.2018, c.90 (C.18A:18A-60).

21 (cf: P.L.2004, c.73, s.5)

22

23 ¹~~15.~~ 14.¹ Section 60 of P.L.2000, c.72 (C.18A:7G-34) is
24 amended to read as follows:

25 60. a. The prequalification process shall include a requirement
26 that the contractor proposing to submit bids on a school facilities
27 project submit a statement under oath on a form designated by the
28 development authority. The form shall fully describe and establish the
29 financial ability, responsibility, plant and equipment, organization,
30 ownership, relationships and prior experience of the prospective bidder
31 and any other pertinent and material facts as may be deemed necessary
32 by the development authority. The submission shall include:

33 (1) A certified, audited financial statement or compilation of
34 financial statements or other documentation of financial status
35 acceptable to the development authority;

36 (2) Proof of any contractor or trade license required by law for any
37 trade or specialty area in which the contractor is seeking
38 prequalification and a statement as to whether any contractor or trade
39 license has been revoked;

40 (3) A statement as to bonding capacity, which shall be from a
41 surety authorized to issue bid, performance and payment bonds in the
42 State of New Jersey in accordance with N.J.S.2A:44-143 through
43 N.J.S.2A:44-147 to the contractor, and shall indicate aggregate
44 bonding limits;

45 (4) A list of the names and titles of all individuals who own 10%
46 or more of any class of stock in the corporation or are a 10% or more
47 partner in the firm. If any of the aforementioned stockholders or

1 partners is itself a corporation, or a partnership, that entity shall also
2 provide the information specified herein;

3 (5) Disclosure of any judgments, convictions or criminal
4 indictments for any conduct constituting a crime under local, State or
5 federal law¹. The prospective bidder shall also disclose whether, in
6 the past five years, the following have been convicted of a criminal
7 offense under local, State, or federal law: the contractor; the
8 contractor's corporate directors or officers; any employee of the
9 contractor serving in a supervisory capacity or who is empowered to
10 make discretionary decisions with respect to bids or public works
11 contracts; or any individual who owns five percent or more of any
12 class of stock in the corporation or is a five percent or more partner in
13 the firm. Failure to disclose a conviction of a criminal offense
14 pursuant to this paragraph shall constitute cause for the denial or
15 revocation of a contractor's prequalification status¹;

16 (6) Disclosure of any unsatisfied judgments, injunctions or liens
17 obtained by a governmental agency including, but not limited to,
18 judgments based on taxes owed and fines and penalties assessed by
19 any government agency;

20 (7) Disclosure of any determination for violations of federal, State
21 or local laws, rules or regulations, including health laws,
22 unemployment insurance or workers' compensation coverage or claim
23 requirements, the "Employee Retirement Income Security Act of
24 1974" (Pub.L.93-406, 29 U.S.C. s. 1001 et seq.), security laws,
25 environmental laws, safety laws, licensing laws, tax laws and antitrust
26 laws;

27 (8) Disclosure of any federal, State or local debarments, non-
28 responsibility findings or denials of prequalification;

29 (9) Disclosure of any bankruptcy filings or proceedings;

30 (10) A statement as to past performance, which shall give an
31 accurate and complete record of work completed in the past five years
32 by the contractor giving the names of the projects, type of work,
33 location, contract price, bid and final contract amount paid and the
34 names of the owner and of the architect or engineer in charge for the
35 owner. This statement shall also disclose any labor problems
36 experienced, any failure to complete a contract on schedule, any
37 penalties, judgments, orders or liens imposed by reason of any contract
38 undertaken within the five-year period and whether the contractor has
39 been defaulted for cause on any project as determined by an
40 unappealed or nonappealable decision. This statement shall also
41 indicate the status of any litigation pending against the potential
42 bidder. The contractor shall be required to attach to this statement all
43 performance evaluations in his possession for any work performed by
44 the contractor on any public or private projects;

45 (11) A statement as to organization, which shall demonstrate the
46 adequacy of such organization to undertake a school facilities project.
47 This statement shall include the resumes of the management and
48 professional staff;

1 (12) A statement setting forth the contractor's equipment inventory
2 and technical resources; and

3 (13) A statement on staffing capabilities, including labor sources,
4 staffing plans, turnover rates, and any use of registered apprenticeship
5 programs and journeyman training programs.

6 b. After the receipt of the submission provided for in subsection
7 a. of this section, the development authority may verify information
8 provided in the contractor's submission, including applicable license
9 and certificate requirements, federal or State debarments and
10 violations of law. The development authority may also conduct
11 random inquiries or surveys of the contractor's prior customers.

12 c. Based upon the submission provided for in subsection a. of this
13 section the development authority shall assign a contractor the
14 following classification and limits for the purpose of determining the
15 types of projects for which a contractor is entitled to bid:

16 (1) a trade or work classification; and

17 (2) an aggregate rating limit.

18 To effectuate these requirements of the prequalification process,
19 the development authority shall develop rules and regulations for
20 assigning classifications and aggregate limits.

21 d. The classification shall be made and an immediate notice
22 thereof shall be sent to the contractor by registered or certified mail or
23 other legally valid methods.

24 e. The development authority shall establish procedures to permit
25 contractors to challenge a classification made pursuant to this section.

26 f. The prequalification submission shall include an affidavit
27 which acknowledges receipt of information regarding the appropriate
28 federal Bureau of Apprenticeship and Training apprenticeship laws
29 and regulations as adopted by the State and information regarding the
30 county apprenticeship coordinators and the federal Bureau of
31 Apprenticeship and Training.

32 g. The development authority shall maintain a registry of all
33 contractors prequalified to bid on school facilities projects. The
34 registry shall include the classification of the bidder and aggregate
35 building limit. The development authority shall maintain an updated
36 version of the registry available on the Internet website of the
37 authority.

38 (cf: P.L.2007, c.137, s.39)

39

40 ¹15. (New section) a. As part of the application process
41 established under section 59 of P.L.2000, c.72 (C.18A:7G-33) for
42 the prequalification of a contractor that desires to bid on school
43 facilities projects, the development authority shall seek certification
44 from the Department of Labor and Workforce Development and the
45 Department of the Treasury that the contractor is in substantial good
46 standing with the respective department or has entered into an
47 agreement with the respective department that includes a practical
48 corrective action plan for the contractor.

1 b. As part of the application process established under section
2 59 of P.L.2000, c.72 (C.18A:7G-33) for the prequalification of a
3 contractor that desires to bid on school facilities projects, the
4 development authority shall undertake a moral integrity review,
5 which shall include a criminal history record check, judgment
6 search, and lien search of:

7 (1) the contractor;

8 (2) the contractor's corporate directors or officers;

9 (3) any employee of the contractor who serves in a supervisory
10 capacity or that is empowered to make discretionary decisions with
11 respect to bids or contracts for public works contracts; or

12 (4) any individual who owns five percent or more of any class
13 of stock in the corporation or is a five percent or more partner in the
14 firm.

15 c. The development authority shall not approve the application
16 of a contractor for prequalification to bid on a school facilities
17 projects if the contractor has been convicted of a criminal offense
18 under local, State, or federal law or if, at the time of the application,
19 the contractor is disbarred, suspended, or disqualified from State,
20 development authority, or federal government contracting.

21 d. The development authority shall not approve the application
22 of a contractor for prequalification to bid on school facilities
23 projects if the contractor is prohibited from contracting with any
24 public body pursuant to subsection d. of section 1 of P.L.2019,
25 c.366 (C.34:1A-1.16).¹

26
27 16. Section 61 of P.L.2000, c.72 (C.18A:7G-35) is amended to
28 read as follows:

29 61. a. A contractor's prequalification classification shall be
30 valid for 24 months. A contractor shall be reclassified after the 24-
31 month period in order to remain eligible to bid on school facilities
32 projects.

33 b. Any material changes relevant to the prequalification
34 process shall be reported by the contractor to the development
35 authority in writing within 10 days. Based on the information
36 provided, the development authority may change the classification
37 or revoke prequalification for cause. The development authority
38 may revoke a contractor's prequalification if the contractor fails to
39 report material changes relevant to the prequalification process
40 within 10 days.

41 (cf: P.L.2007, c.137, s.40)

42
43 17. Section 62 of P.L.2000, c.72 (C.18A:7G-36) is amended to
44 read as follows:

45 62. a. A mandatory uniform performance evaluation shall be
46 conducted on all school facilities projects undertaken by the
47 development authority. The evaluation shall, at a minimum, include
48 cost, schedule adherence and quality.

1 b. A contractor shall be notified of a performance evaluation.
2 The contractor shall be afforded an opportunity to respond to an
3 adverse evaluation. Following the opportunity for the contractor to
4 respond to an adverse evaluation, the development authority may
5 revoke a contractor's prequalification to bid on school facilities
6 projects ¹, provided that the contractor had a below average score
7 according to the development authority's scoring criteria for the
8 mandatory uniform evaluation conducted pursuant to subsection a. of
9 this section¹.

10 c. The contractor performance evaluations shall be utilized in
11 reviewing bid submissions.

12 (cf: P.L.2007, c.137, s.41)

13

14 18. Section 63 of P.L.2000, c.72 (C.18A:7G-37) is amended to
15 read as follows:

16 63. a. A prequalified contractor seeking to bid school facilities
17 projects, and any subcontractors required to be named under
18 P.L.2000, c.72 (C.18A:7G-1 et al.) shall, as a condition of bidding,
19 submit a sworn contractor certification regarding qualifications and
20 credentials.

21 b. In the contractor certification form, a principal owner or
22 officer of the company shall certify that the firm has the following
23 qualifications and credentials:

24 (1) A current, valid certificate of registration issued pursuant to
25 "The Public Works Contractor Registration Act," P.L.1999, c.238
26 (C.34:11-56.48 et seq.), a copy of which shall be attached to the
27 certification form, if applicable;

28 (2) A current, valid "Certificate of Authority to perform work in
29 New Jersey" issued by the Department of the Treasury, a copy of
30 which shall be attached to the certification form;

31 (3) Any current, valid contractor or trade license required under
32 applicable New Jersey law for any trade or specialty area in which
33 the firm seeks to perform work, a copy of which shall be attached to
34 the certification;

35 (4) During the term of construction of the school facilities
36 project, the contractor will have in place a suitable quality control
37 and quality insurance program and an appropriate safety and health
38 plan; and

39 (5) Workers' compensation insurance and liability policies that
40 sufficiently cover the contractor's workforce based on the number
41 of workers and craft trades it employs.

42 c. The contractor certification form shall further require that a
43 principal owner or officer of the company certify that, at the time
44 that the firm is bidding a project, the amount of its bid proposal and
45 the value of all of its outstanding incomplete contracts does not
46 exceed the firm's existing aggregate rating limit.

47 (cf: P.L.2000, c.72, s.63)

1 19. (New section) a. The development authority and an SDA
2 district to which the development authority has delegated management
3 of a school facilities project, as well as any contractor or consultant
4 retained thereby, shall not enter into a contract for work with any
5 person or firm that ¹**【has been】** is currently¹ debarred, suspended, or
6 disqualified from State, development authority, or federal government
7 contracting.

8 b. The development authority and any SDA district to which the
9 development authority has delegated management of a school facilities
10 project shall insert in all contracts with all contracted parties, and all
11 contractors and consultants shall insert into all of their contracts with
12 all subcontractors and subconsultants, a clause stating that the
13 contracted party, its subcontractors or subconsultants may be debarred,
14 suspended or disqualified from contracting or working, or both, on the
15 approved school facilities project if the contracted party commits any
16 of the acts listed in N.J.A.C.17:19-4.1 or any other applicable
17 regulation issued by the development authority.

18 c. ¹(1)¹ The development authority or the SDA district to which
19 the development authority has delegated management of a school
20 facilities project shall include in its bid specification for any work or
21 services on an approved school facilities project that all bidders submit
22 a sworn statement by the bidder, or an officer or partner of the bidder,
23 indicating whether the bidder is, at the time of the bid, included on the
24 State Treasurer's, the development authority's or the federal
25 government's list of debarred, suspended or disqualified bidders as a
26 result of action taken by any state or federal agency, as the case may
27 be. Bid specifications for the approved school facilities project shall
28 state that the district shall immediately notify the development
29 authority in writing whenever it appears that a bidder is on the State
30 Treasurer's, the development authority's, or the federal government's
31 list.

32 ¹(2)¹ The inclusion of the bidder on any of the lists ¹enumerated
33 in paragraph (1) of this subsection¹ shall constitute cause for the
34 immediate termination of any contract for a school facilities project,
35 ¹**【and】** provided, however, that the development authority or SDA
36 district to which the development authority has delegated management
37 of a school facilities project is able to replace the bidder without
38 significantly impacting the cost and delivery date of the project. The
39 inclusion of the bidder on any of the lists enumerated in paragraph (1)
40 of this subsection¹ shall ¹also¹ result in the development authority's
41 immediate suspension of the bidder from contracting or engaging in
42 work or services on a school facilities project ¹during the period of the
43 bidder's debarment, suspension, or disqualification¹.

44
45 20. (New section) a. There is hereby created within the
46 development authority an Emergent Condition Remediation Program
47 to provide for the financing of emergent projects in the public schools

1 of SDA districts, which public schools shall not include charter
2 schools or renaissance school projects physically located in the SDA
3 districts. Emergent projects financed under the program shall be
4 funded by moneys from the SDA District Emergent Project Fund
5 established pursuant to paragraph (3) of subsection i. of section 14 of
6 P.L.2000, c.72 (C.18A:7G-14).

7 b. Under the Emergent Condition Remediation Program
8 established pursuant to subsection a. of this section, the development
9 authority shall create a process whereby contractors prequalified by
10 the development authority to bid on school facilities projects apply to
11 be a part of a pool of contractors available to address emergent
12 conditions in SDA districts under a standing retainer agreement
13 subject to the development authority's project labor agreement ²for
14 emergent projects in accordance with the provisions of ⁴section 2 of⁴
15 P.L.2002, c.44 ⁴[(C.52:38-1 et seq.)²] (C.52:38-2)⁴. The prequalified
16 contractors that are part of the pool of contractors established pursuant
17 to this subsection shall be available for any emergent project in any
18 SDA district. Nothing in this subsection shall be construed as requiring
19 the retainer of prequalified contractors for specific emergent projects.

20 ¹c. As used in this section, "emergent project" means a school
21 facilities project or other capital project eligible for State funding that
22 would alleviate a condition that, if not corrected on an expedited basis,
23 would render a building or facility so potentially injurious or
24 hazardous that it causes an imminent peril to the health and safety of
25 students or staff.¹

26
27 21. (New section) Notwithstanding the provisions of any law,
28 rule, or regulation to the contrary, an SDA district to which the
29 development authority has delegated management of a school
30 facilities project shall not enter into a cooperative pricing system or
31 agreement for construction services on school facilities projects.

32
33 22. N.J.S.18A:18A-4 is amended to read as follows:

34 18A:18A-4. a. Every contract for the provision or performance
35 of any goods or services, the cost of which in the aggregate exceeds
36 the bid threshold, shall be awarded only by resolution of the board
37 of education to the lowest responsible bidder after public
38 advertising for bids and bidding therefor, except as is provided
39 otherwise in this chapter or specifically by any other law.

40 The board of education may, by resolution approved by a
41 majority of the board of education and subject to subsections b. and
42 c. of this section, disqualify a bidder who would otherwise be
43 determined to be the lowest responsible bidder, if the board of
44 education finds that:

45 (1) any board **or, in the case of a contract for a school facilities**
46 **project, the New Jersey Economic Development Authority,** of
47 education has had prior negative experience with the bidder within
48 the past 10 years, as reported in a contractor evaluation submitted

1 pursuant to N.J.S. 18A:18A-15 **[**or in a school facilities project
2 performance evaluation submitted pursuant to regulations of the
3 Department of the Treasury or section 62 of P.L.2000, c.72
4 (C.18A:7G-36), as appropriate.**]** or

5 (2) in the case of a contract for a school facilities project as
6 defined in section 3 of P.L.2000, c.72 (C.18A:7G-3), there has been
7 at least one instance of prior negative experience with the bidder by
8 any board of education, or by the New Jersey Economic
9 Development Authority or the New Jersey Schools Development
10 Authority, or any combination thereof, as reported in a contractor
11 evaluation submitted pursuant to N.J.S.18A:18A-15, a school
12 facilities project performance evaluation, or in a mandatory uniform
13 performance evaluation conducted pursuant to section 62 of
14 P.L.2000, c.72 (C.18A:7G-36), as appropriate.

15 b. As used in this section, "prior negative experience" means
16 any of the following:

17 (1) the bidder has been found, through either court adjudication,
18 arbitration, mediation, or other contractually stipulated alternate
19 dispute resolution mechanism, to have: failed to provide or perform
20 goods or services; or failed to complete the contract in a timely
21 manner; or otherwise performed unsatisfactorily under a prior
22 contract with a board of education or, in the case of a school
23 facilities project, with the New Jersey Economic Development
24 Authority or the New Jersey Schools Development Authority;

25 (2) the bidder defaulted on a contract, thereby requiring a board
26 of education or, in the case of a school facilities project, the New
27 Jersey Economic Development Authority or the New Jersey Schools
28 Development Authority, to utilize the services of another contractor
29 to provide the goods or perform the services or to correct or
30 complete the contract;

31 (3) the bidder defaulted on a contract, thereby requiring a board
32 of education or, in the case of a school facilities project, the New
33 Jersey Economic Development Authority or the New Jersey Schools
34 Development Authority, to look to the bidder's surety for
35 completion of the contract or tender of the costs of completion;
36 **[or]**

37 (4) the bidder is debarred or suspended from contracting with
38 any of the agencies or departments of the executive branch of the
39 State of New Jersey at the time of the contract award, whether or
40 not the action was based on experience with a board of education
41 or, in the case of a school facilities project, with the New Jersey
42 Economic Development Authority **[.]** or the New Jersey Schools
43 Development Authority;

44 (5) the bidder's prequalification to bid on a school facilities
45 project, which prequalification was granted pursuant to the process
46 established by the development authority under section 59 of
47 P.L.2000, c.72 (C.18A:7G-33), has been revoked by the New Jersey
48 Schools Development Authority;

1 (6) the bidder has been suspended from contracting or engaging
2 in work or services on a school facilities project; or

3 (7) the bidder's prequalification to submit bids on a school
4 facilities project has been revoked pursuant to subsection b. of
5 section 61 of P.L.2000, c.72 (C.18A:7G-35) or subsection b. of
6 section 62 of P.L.2000, c.72 (C.18A:7G-36).

7 c. The following conditions apply if the board of education is
8 contemplating a disqualification based on prior negative experience:

9 (1) The existence of any of the indicators of prior negative
10 experience set forth in this section shall not require that a bidder be
11 disqualified. In each instance, the decision to disqualify shall be
12 made within the discretion of the board of education and shall be
13 rendered in the best interests of the board of education.

14 (2) All mitigating factors shall be considered in determining the
15 seriousness of the prior negative experience and in deciding
16 whether disqualification is warranted.

17 (3) The bidder shall be furnished by the board of education with
18 a written notice (a) stating that a disqualification is being
19 considered; (b) setting forth the reason for the disqualification; and
20 (c) indicating that the bidder shall be accorded an opportunity for a
21 hearing before the board of education if the bidder so requests
22 within a stated period of time. At the hearing, the bidder shall show
23 good cause why the bidder should not be disqualified by presenting
24 documents and testimony. If the board of education determines that
25 good cause has not been shown by the bidder, it may vote to find
26 the bidder lacking in responsibility and, thus, disqualified.

27 (4) Disqualification shall be for a reasonable, defined period of
28 time which shall not exceed five years.

29 (5) A disqualification, other than a disqualification pursuant to
30 which a board of education is prohibited by law from entering into a
31 contract with a bidder, may be voided or the period thereof may be
32 reduced, in the discretion of the board of education, upon the
33 submission of a good faith application under oath, supported by
34 documentary evidence, setting forth substantial and appropriate
35 grounds for the granting of relief, such as reversal of a judgment, or
36 actual change of ownership, management or control of the bidder.

37 (6) An opportunity for a hearing need not be offered to a bidder
38 whose disqualification is based on its suspension or debarment by
39 an agency or department of the executive branch of the State of
40 New Jersey. The term of such a disqualification shall be concurrent
41 with the term of the suspension or debarment by the State agency or
42 department.

43 d. The purchase of text books and materials that exceed the bid
44 threshold and are approved by a board of education pursuant to
45 N.J.S.18A:34-1 shall not require the further adoption of a resolution
46 for purchase.

47 (cf: P.L.2002, c.90, s.1)

1 23. (New section) a. Within 120 days of the effective date of
2 P.L. , c. (C.) (pending before the Legislature as this bill),
3 the Commissioner of Education, in consultation with the New
4 Jersey Schools Development Authority, shall, pursuant to the
5 Administrative Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et
6 seq.), promulgate regulations for school districts concerning the
7 incorporation of construction contract provisions that encourage the
8 completion of construction projects on schedule.

9 b. At a minimum, the regulations shall include sample
10 provisions that school districts may include in future issuances of
11 construction contracts. In addition to any other considerations that
12 the commissioner may deem appropriate, the regulations shall
13 prescribe:

14 (1) industry-leading penalties for the late delivery of projects by
15 contractors; and

16 (2) incentives for contractors who deliver projects on time and
17 under budget.

18

19 24. Section 2 of P.L.2018, c.90 (C.18A:18A-60) is amended to
20 read as follows:

21 2. a. As used in this section:

22 "Authority" means the New Jersey Economic Development
23 Authority established pursuant to section 4 of P.L.1974, c.80
24 (C.34:1B-4).

25 "Bundling" means the use of a solicitation for multiple projects
26 in one single contract, through a public-private partnership project
27 delivery method, the result of which restricts competition.

28 "Project" shall have the same meaning as provided in section 3
29 of P.L.2000, c.72 (C.18A:7G-3) for school facilities project, and
30 shall include any infrastructure or facility used or to be used by the
31 public or in support of a public purpose or activity.

32 "Public-private partnership agreement" means an agreement
33 entered into by a school district and a private entity pursuant to this
34 section for the purpose of permitting a private entity to assume full
35 financial and administrative responsibility for the development,
36 construction, reconstruction, repair, alteration, improvement,
37 extension, operation, and maintenance of a school facilities project
38 of, or for the benefit of, the school district.

39 "School district" shall have the same meaning as provided in
40 section 3 of P.L.2000, c.72 (C.18A:7G-3) and includes a local
41 school district, regional school district, or county special services
42 school district or county vocational school established and
43 operating under the provisions of Title 18A of the New Jersey
44 Statutes that can demonstrate to the satisfaction of the
45 Commissioner of Education and the Chief Executive Officer of the
46 Schools Development Authority that a school facility is necessary
47 due to overcrowding or is in need of replacement. The term "school

1 district" shall include a charter school established under P.L.1995,
2 c.426 (C.18A:36A-1 et seq.)

3 b. (1) A school district may enter into a contract with a private
4 entity, subject to subsection f. of this section, to be referred to as a
5 public-private partnership agreement, that permits the private entity
6 to assume full financial and administrative responsibility for a
7 project of, or for the benefit of, the school district~~],~~ provided that
8 the project is financed in whole by the private entity~~],~~ except that a
9 school district may, by resolution, draw against its capital reserve
10 account in order to finance a portion of a project for which a school
11 district and private entity enter into a public-private partnership
12 agreement pursuant to the provisions of this section.

13 (2) A public-private partnership agreement may include an
14 agreement under which a school district and a private entity enter
15 into a lease of a revenue-producing public building, structure, or
16 facility in exchange for up-front or structured financing by the
17 private entity for the project. Under the lease agreement, the
18 private entity shall be responsible for the management, operation,
19 and maintenance of the building, structure, or facility. The private
20 entity shall receive some or all, as per the agreement, of the revenue
21 generated by the building, structure, or facility, and shall operate
22 the building, structure, or facility in accordance with school district
23 standards. At the end of the lease term, subsequent revenue
24 generated by the building, structure, or facility, along with
25 management, operation, and maintenance responsibility, shall revert
26 to the school district. A lease agreement entered into pursuant to
27 this section shall be limited in duration to a term of not more than
28 30 years. A lease agreement shall be subject to all applicable
29 provisions of current law governing leases by a school district not
30 inconsistent with the provisions of this section.

31 (3) Bundling of projects shall be prohibited under this section.

32 c. (1) A private entity that assumes financial and
33 administrative responsibility for a project pursuant to this section
34 shall not be subject to, unless otherwise set forth herein, the
35 procurement and contracting requirements of all statutes applicable
36 to the school district at which the project is completed, including,
37 but not limited to, the "Public School Contracts Law,"
38 N.J.S.18A:18A-1 et seq.

39 (2) For the purposes of facilitating the financing of a project
40 pursuant to this section, a public entity may become the owner or
41 lessee of the project or the lessee of the land, or both, may become
42 the lessee of a building, structure, or facility to which the school
43 district holds title, may issue indebtedness in accordance with the
44 public entity's enabling legislation and, notwithstanding any
45 provision of law to the contrary, shall be empowered to enter into
46 contracts with a private entity and its affiliates without being
47 subject to the procurement and contracting requirements of any
48 statute applicable to the public entity provided that the private

1 entity has been selected by the school district pursuant to a
2 solicitation of proposals or qualifications from at least two private
3 entities. For the purposes of this subsection, a public entity shall
4 include the New Jersey Economic Development Authority, and any
5 project undertaken pursuant to this section of which the authority
6 becomes the owner or lessee, or which is situated on land of which
7 the authority becomes the lessee, shall be deemed a "project" under
8 "The New Jersey Economic Development Authority Act," P.L.1974,
9 c.80 (C.34:1B-1 et seq.).

10 (3) Prior to the commencement of work on a project, the private
11 entity shall establish a construction account and appoint a third-
12 party financial institution, who shall be prequalified by the State
13 Treasurer to act as a collateral agent and manage the construction
14 account. The construction account shall include the funding,
15 financial instruments, or both, that shall be used to fully capitalize
16 and fund the project, and the collateral agent shall maintain a full
17 accounting of the funds and instruments in the account. The funds
18 and instruments in the construction account shall be held in trust for
19 the benefit of the contractor, construction manager, and design-
20 build team involved in the project. The funds and instruments in
21 the construction account shall not be the property of the private
22 entity unless all amounts due to the construction account
23 beneficiaries are paid in full. The construction account shall not be
24 designated for more than one project.

25 d. Each worker employed in the construction, rehabilitation, or
26 building maintenance services of facilities by a private entity that
27 has entered into a public-private partnership agreement with a
28 school district pursuant to this section shall be paid not less than the
29 prevailing wage rate for the worker's craft or trade as determined by
30 the Commissioner of Labor and Workforce Development pursuant
31 to P.L.1963, c.150 (C.34:11-56.25 et seq.) and P.L.2005, c.379
32 (C.34:11-56.58 et seq.).

33 e. (1) All building construction projects under a public-private
34 partnership agreement entered into pursuant to this section shall
35 contain a project labor agreement. The project labor agreement
36 shall be subject to the provisions of P.L.2002, c.44 (C.52:38-1 et
37 seq.), and shall be in a manner that to the greatest extent possible
38 enhances employment opportunities for individuals residing in the
39 county of the project's location. The general contractor,
40 construction manager, design-build team, or subcontractor for a
41 construction project proposed in accordance with this paragraph
42 shall be registered pursuant to the provisions of P.L.1999, c.238
43 (C.34:11-56.48 et seq.), and shall be classified by the Division of
44 Property Management and Construction, or shall be prequalified by
45 the Department of Transportation, as appropriate, to perform work
46 on a public-private partnership project.

47 (2) All projects proposed in accordance with this section shall
48 be submitted to the State Treasurer, in consultation with the

1 Department of Education, Schools Development Authority, and the
2 New Jersey Economic Development Authority for a review and
3 approval in accordance with subsection f. of this section prior to the
4 execution of the public-private partnership agreement and, when
5 practicable, are encouraged to adhere to the Leadership in Energy
6 and Environmental Design Green Building Rating System as
7 adopted by the United States Green Building Council, the Green
8 Globes Program adopted by the Green Building Initiative, or a
9 comparable nationally recognized, accepted, and appropriate
10 sustainable development rating system.

11 (3) The general contractor, construction manager, or design-
12 build team shall be required to post a performance bond to ensure
13 the completion of the project and a payment bond guaranteeing
14 prompt payment of moneys due in accordance with and conforming
15 to the requirements of N.J.S.2A:44-143 et seq.

16 (4) Prior to being submitted to the State Treasurer for review
17 and approval, all projects proposed in accordance with this section
18 shall be subject to a public hearing, the record of which shall have
19 been kept open for a period of seven days following the conclusion
20 of the hearing, after the ranking of proposals takes place pursuant to
21 paragraph (5) of subsection j. of this section. The school district
22 shall provide notice of the public hearing no less than 14 days prior
23 to the date of the hearing. The notice shall prominently state the
24 purpose and nature of the proposed project, and shall be published
25 on the official Internet website of the school district and in at least
26 one or more newspapers with Statewide circulation.

27 (5) Prior to entering into a public -private partnership, the
28 school district must determine: (i) the benefits to be realized by the
29 project, (ii) the cost of the project if it is developed by the public
30 sector supported by comparisons to comparable projects, (iii) the
31 maximum public contribution that the school district will allow
32 under the public -private partnership, (iv) a comparison of the
33 financial and non-financial benefits of the public-private
34 partnership compared to other options including the public sector
35 option, (v) a list of risks, liabilities and responsibilities to be
36 transferred to the private entity and those to be retained by the
37 school district, and (vi) if the project has a high, medium or low
38 level of project delivery risk and how the public is protected from
39 these risks.

40 (6) Prior to entering into a public- private partnership, the
41 school district at a public hearing shall find that the project is in the
42 best interest of the public by finding that (i) it will cost less than the
43 public sector option, or if it costs more there are factors that warrant
44 the additional expense, (ii) there is a public need for the project and
45 the project is consistent with existing long-term plans, (iii) there are
46 specific significant benefits to the project, (iv) there are specific
47 significant benefits to using the public-private partnership instead
48 of other options including No-Build, (v) the private development

1 will result in timely and efficient development and operation, and
2 (vi) the risks, liabilities and responsibilities transferred to the
3 private entity provide sufficient benefits to warrant not using other
4 means of procurement.

5 f. (1) All projects proposed in accordance with this section
6 shall be submitted to the State Treasurer for review and approval,
7 which shall be conducted in consultation with the Commissioner of
8 the Department of Education and the Chief Executive Officer of the
9 Schools Development Authority. The Commissioner of the
10 Department of Education shall determine if a project is subject to
11 voter approval pursuant to N.J.S.18A:24-10. If a project is subject
12 to voter approval, such approval is required prior to progressing
13 thru the procurement process. The projects are encouraged, when
14 practicable, to adhere to the green building manual prepared by the
15 Commissioner of Community Affairs pursuant to section 1 of
16 P.L.2007, c.132 (C.52:27D-130.6).

17 (2) All projects proposed in accordance with this section that
18 have a transportation component or impact the transportation
19 infrastructure shall be submitted to the Department of
20 Transportation. The State Treasurer shall consult with the
21 Department of Transportation in making its final determination.

22 (3) (a) In order for an application to be complete and considered
23 by the State Treasurer, the application shall include, but not be
24 limited to: (i) a full description of the proposed public-private
25 partnership agreement between the school district and the private
26 developer, including all information obtained by and findings of the
27 school district pursuant to paragraphs (4) and (5) of subsection (e)
28 of this section; (ii) a full description of the project, including a
29 description of any agreement for the lease of a revenue-producing
30 facility related to the project; (iii) the estimated costs and financial
31 documentation for the project showing the underlying financial
32 models and assumptions that determined the estimated costs. The
33 financial documentation must include at least three different
34 projected estimated costs showing scenarios in which materially
35 different economic circumstances are assumed and an explanation
36 for how the estimated costs were determined based on the three
37 scenarios; (iv) a timetable for completion of the construction of the
38 project; (v) an analysis of all available funding options for the
39 project, including an analysis of the financial viability and
40 advisability of such project, along with evidence of the public
41 benefit in advancing the project as a public-private partnership; (vi)
42 a record of the public hearing held pursuant to paragraph (4) of
43 subsection e. of this section, which shall have been kept open for a
44 period of seven days following the conclusion of the hearing; (vii)
45 any other requirements that the State Treasurer deems appropriate
46 or necessary. The application shall also include a resolution by the
47 school district's governing body of its intent to enter into a public-
48 private partnership agreement pursuant to this section.

1 (b) As part of the estimated costs and financial documentation
2 for the project, the application shall contain a long-range
3 maintenance plan and a long-range maintenance bond and shall
4 specify the expenditures that qualify as an appropriate investment in
5 maintenance. The long-range maintenance plan shall be approved
6 by the State Treasurer pursuant to regulations promulgated by the
7 State Treasurer that reflect national building maintenance standards
8 and other appropriate building maintenance benchmarks.

9 (4) The State Treasurer, in consultation with the authority, the
10 Commissioner of the Department of Education, and the Chief
11 Executive Officer of the Schools Development Authority, shall
12 review all completed applications, and request additional
13 information as is needed to make a complete assessment of the
14 project. No public-private partnership agreement shall be executed
15 until approval has been granted by the State Treasurer. Prior to a
16 final decision by the State Treasurer on the application, the
17 authority, the Department of Education, and the Schools
18 Development Authority shall be afforded the opportunity to provide
19 comments on the application that they deem appropriate, and the
20 State Treasurer shall consider any comments submitted by the
21 authority, the Department of Education, and the Schools
22 Development Authority with respect to the application. The State
23 Treasurer will find that: (i) the school district's assumptions
24 regarding the project's scope, its benefits, its risks and the cost of
25 the public sector option were fully and reasonably developed (ii) the
26 design of the project is feasible; (iii) the experience and
27 qualifications of the private entity; (iv) the financial plan is sound;
28 (v) the long-range maintenance plan is adequate to protect the
29 investment; (vi) the project is in the best interest of the public,
30 using the criteria in paragraph (6) of subsection e. of this section;
31 (vii) a resolution by the school district's governing body of its intent
32 to enter into a public-private partnership agreement for the project
33 has been received; and (viii) the term sheet for any proposed
34 procurement contains all necessary elements.

35 (5) The State Treasurer, in consultation with the Commissioner
36 of the Department of Education and Chief Executive Officer of the
37 Schools Development Authority, may promulgate any rules and
38 regulations necessary to implement this subsection, including, but
39 not limited to, provisions for fees to cover administrative costs, and
40 for the determination of minimum school district standards for the
41 operation of the project, and for the qualification for professional
42 services, construction contracting, and other relevant qualifications.

43 g. A project with an expenditure of under \$50 million
44 developed under a public-private partnership agreement shall
45 include a requirement that precludes contractors from engaging in
46 the project if the contractor has contributed to the private entity's
47 financing of the project in an amount of more than 10% of the
48 project's financing costs.

1 h. The power of eminent domain shall not be delegated to any
2 private entity under the provisions of P.L.2018, c.90 (C.40A:11-52
3 et al.); however, a school district may dedicate any property
4 interest, including improvements, and tangible personal property of
5 the school district for public use in a qualifying project if the school
6 district finds that so doing will serve the public purpose of the
7 project by minimizing the cost of the project to the school district or
8 reducing the delivery time of a project.

9 i. Any public-private partnership agreement, if appropriate,
10 shall include provisions affirming that the agreement and any work
11 performed under the agreement are subject to the provisions of the
12 "Construction Industry Independent Contractor Act," P.L.2007,
13 c.114 (C.34:20-1 et seq.). Any public-private partnership agreement
14 will also include, at a minimum: (i) the term of the agreement, (ii)
15 the total project cost, (iii) a completion date guarantee, (iv) a
16 provision for damages if the private entity fails to meet the
17 completion date, and (v) a maximum rate of return to the private
18 entity and a provision for the distribution of excess earnings to the
19 local government unit or to the private party for debt reduction.

20 j. (1) A private entity seeking to enter into a public-private
21 partnership agreement with the school district shall be qualified by
22 the school district as part of the procurement process, provided such
23 process ensures that the private entity and its subcontractors and
24 consultants, where relevant, meet at least the minimum
25 qualifications standards promulgated by the State Treasurer, in
26 consultation with the New Jersey Economic Development
27 Authority, Department of Education, Schools Development
28 Authority, and such other school district standards for qualification
29 for professional services, construction contracting, and other
30 qualifications applicable to the project, prior to submitting a
31 proposal under the procurement process.

32 (2) A request for qualifications for a public-private partnership
33 agreement shall be advertised at least 45 days prior to the
34 anticipated date of receipt. The advertisement of the request for
35 qualifications shall be published on the official Internet website of
36 the school district and at least one or more newspapers with
37 Statewide circulation.

38 (3) After the school district determines the qualified respondents
39 utilizing, at minimum, the qualification standards promulgated by
40 the State Treasurer, the school district shall issue a request for
41 proposals to each qualified respondent no less than 45 days prior to
42 the date established for submission of the proposals. The request
43 for proposals shall include relevant technical submissions,
44 documents, and the evaluation criteria to be used in the selection of
45 the designated respondent. The evaluation criteria shall be, at
46 minimum, criteria promulgated by the State Treasurer, in
47 consultation with the New Jersey Economic Development

1 Authority, Department of Education, and Schools Development
2 Authority.

3 (4) The school district may accept unsolicited proposals from
4 private entities for public-private partnership agreements. If the
5 school district receives an unsolicited proposal and determines that
6 it meets the standards of this section, the school district shall
7 publish a notice of the receipt of the proposal on the Internet site of
8 the school district and through advertisement in at least one or more
9 newspapers with Statewide circulation. The school district shall
10 also provide notice of the proposal at its next scheduled public
11 meeting and to the State Treasurer. To qualify as an unsolicited
12 proposal, the unsolicited proposal must at a minimum include a
13 description of the public-private project, the estimated construction
14 and life-cycle costs, a timeline for development, proposed plan of
15 financing, including projected revenues, public or private, debt,
16 equity investment, description of how the project meets needs
17 identified in existing plans, the permits and approvals needed to
18 develop the project from local, state and federal agencies and a
19 projected schedule for obtaining such permits and approvals, a
20 statement of risks, liabilities and responsibilities to be assumed by
21 the private entity. The notice shall provide that the school district
22 will accept, for 120 days after the initial date of publication,
23 proposals meeting the standards of this section from other private
24 entities for eligible projects that satisfy the same basic purpose and
25 need. A copy of the notice shall be mailed to each municipal and
26 county local government body in the geographic area affected by
27 the proposal.

28 (5) After the proposal or proposals have been received, and any
29 public notification period has expired, the school district shall rank
30 the proposals in order of preference. In ranking the proposals, the
31 school district shall rely upon, at minimum, the evaluation criteria
32 promulgated by the State Treasurer, in consultation with the New
33 Jersey Economic Development Authority, Department of Education,
34 and Schools Development Authority. In addition, the local school
35 district may consider factors that include, but may not be limited to,
36 professional qualifications, general business terms, innovative
37 engineering, architectural services, or cost-reduction terms, finance
38 plans, and the need for school district funds to deliver the project
39 and discharge the agreement. The private entity selected shall
40 comply with all laws and regulations required by the State
41 government entity, including but not limited to section 1 of
42 P.L.2001, c.134 (C.52:32-44), sections 2 through 8 of P.L.1975,
43 c.127 (C.10:5-32 to 38), section 1 of P.L.1977, c.33 (C.52:25-24.2),
44 P.L.2005, c.51 (C.19:44A-20.13 et al.); P.L.2005, c.271 (C.40A:11-
45 51 et al.), Executive Order No. 117 of 2008, Executive Order No.
46 118 of 2008, Executive Order No. 189, prior to executing the public
47 private partnership agreement. If only one proposal is received, the
48 school district shall negotiate in good faith and, if not satisfied with

1 the results of the negotiations, the school district may, at its sole
2 discretion, terminate negotiations.

3 (6) The school district may require, upon receipt of one or more
4 proposals, that the private entity assume responsibility for all costs
5 incurred by the school district before execution of the public-private
6 partnership agreement, including costs of retaining independent
7 experts to review, analyze, and advise the school district with
8 respect to the proposal.

9 (7) The school district shall set aside one percent of each project
10 and remit it the Public-Private Partnership Review fund established
11 pursuant to section 8 of P.L.2018, c.90 (C.52:18A-260), for
12 purposes of plan review and analysis required under the bill.

13 (8) Nothing in this section shall be construed as or deemed a
14 waiver of the sovereign immunity of the State, the local government
15 unit or an affected locality or public entity or any officer or
16 employee thereof with respect to the participation in or approval of
17 all or any part of the public-private project.
18 (cf: P.L.2018, c.90, s.2)

19

20 25. N.J.S.18A:21-4 is amended to read as follows:

21 18A:21-4. A board of education may in any school year draw
22 against its capital reserve account, up to the amount of the balance
23 therein, to the extent that the withdrawal is anticipated as a revenue
24 in the school budget for the then current school year or approved by
25 the commissioner for good cause; provided, that no money drawn
26 from the account may be used for current expenses of the general
27 fund or debt service payments but shall be used exclusively for
28 capital expenses of the general fund or capital projects fund when
29 expressly authorized as part of a referendum, except as provided for
30 in section 2 of P.L.2018, c.90 (C.18A:18A-60).

31 (cf: P.L.1996, c.138, s.52)

32

33 ¹[26. Section 10 of P.L.1995, c.426 (C.18A:36A-10) is amended
34 to read as follows:

35 10. A charter school may be located in part of an existing public
36 school building, in space provided on a public work site, in a public
37 building, or any other suitable location. In the case of a nonpublic
38 school that converts to a charter school pursuant to the provisions of
39 section 1 of P.L.2011, c.140 (C.18A:36A-4.1), the charter school
40 may be located in the same school building in which the nonpublic
41 school was located. The facility shall be exempt from public school
42 facility regulations except those pertaining to the health or safety of
43 the pupils, unless the facility is part of a school facilities project
44 that is undertaken by the New Jersey Schools Development
45 Authority pursuant to section 5 of P.L. , c. (C.) (pending
46 before the Legislature as this bill). A charter school shall not
47 construct a facility with public funds other than federal funds.
48 Notwithstanding the provisions of this section to the contrary, a

1 charter school physically located in an SDA district may construct a
2 facility with public funds other than federal funds and be subject to
3 the provisions of the "Public School Contracts Law,"
4 N.J.S.18A:18A-1 et seq., provided that the public funds are
5 provided for a school facilities project approved pursuant to the
6 provisions of section 5 of P.L. , c. (C.) (pending before the
7 Legislature as this bill).
8 (cf: P.L.2011, c.140, s.3)]¹

9
10 ¹[27. Section 7 of P.L.2011, c.176 (C.18A:36C-7) is amended to
11 read as follows:

12 7. a. Notwithstanding that a renaissance school project shall be
13 constructed, controlled, operated, and managed by a nonprofit
14 entity, except that the New Jersey Schools Development Authority
15 may undertake a school facilities project on behalf of a renaissance
16 school project pursuant to section 5 of P.L. , c. (C.)
17 (pending before the Legislature as this bill), and not the local board
18 of education, it shall be a public school. However nothing contained
19 herein shall restrict a for-profit entity from constructing a
20 renaissance school project, or a renaissance school project from
21 being located on land owned by a for-profit entity. Further, the
22 renaissance school project shall be authorized to retain any business
23 entity, however formed, whose primary purpose is the staffing,
24 operation, and management of elementary schools, middle schools,
25 or high schools in the United States, except as it relates to
26 instructional services.

27 b. The costs of a renaissance school project including, but not
28 limited to, the costs of land acquisition, site remediation, site
29 development, design, construction, and any other costs required to
30 place into service the school facility or facilities constituting the
31 renaissance school project shall be at the sole expense of the
32 nonprofit entity, except that a renaissance school project physically
33 located in an SDA district may receive funds for the State share of a
34 school facilities project pursuant to the provisions of section 5 of
35 P.L. , c. (C.) (pending before the Legislature as this bill).
36 The nonprofit entity may use State funds to pay for a lease, debt
37 service, or mortgage for any facility constructed or otherwise
38 acquired.

39 c. Notwithstanding the provisions of the "Educational Facilities
40 Construction and Financing Act," P.L.2000, c.72 (C.18A:7G-1 et
41 al.), or any other law or regulation to the contrary, there shall be no
42 State share for the costs of a renaissance school project, except that
43 a renaissance school project physically located in an SDA district
44 may receive funds for the State share of a school facilities project
45 approved pursuant to the provisions of section 5 of P.L. ,
46 c. (C.) (pending before the Legislature as this bill).

47 d. Notwithstanding the provisions of the "Public School
48 Contracts Law," N.J.S.18A:18A-1 et seq., or any other law or

1 regulation to the contrary, the nonprofit entity or any entity acting
2 in cooperation with a renaissance school project shall not be subject
3 to public bidding for goods and services, and any contracts entered
4 into by the nonprofit entity shall not be deemed public contracts or
5 public works; except that any contract entered into by the nonprofit
6 entity or any entity acting in cooperation with a renaissance school
7 project shall be deemed a public work for the purposes of the "New
8 Jersey Prevailing Wage Act," P.L.1963, c.150 (C.34:11-56.25 et
9 seq.), and subject to the applicable provisions of that act.

10 e. The renaissance school district in which a renaissance school
11 project is located shall pay to the nonprofit entity in 12 equal
12 monthly installments an amount per pupil equal to 95% of the
13 district's per pupil expenditure. In addition the 12 monthly
14 installments shall include the security categorical aid attributable to
15 the student, a percentage of the district's special education
16 categorical aid equal to the percentage of the district's special
17 education students enrolled in the renaissance school project, and if
18 applicable 100% of preschool education aid. The district shall also
19 pay directly to the renaissance school project any federal funds
20 attributable to the student.

21 f. Renaissance school projects shall be required to meet the
22 same testing and academic performance standards established by
23 law and regulation for public school students, and shall meet any
24 additional testing and academic performance standards established
25 by the nonprofit entity and approved by the commissioner.

26 g. The nonprofit entity shall have complete discretion in
27 naming the renaissance school project. The nonprofit entity may
28 not realize a net profit from its operation of a renaissance school
29 project. A private or parochial school shall not be eligible for
30 renaissance school project status.

31 h. A nonprofit entity shall operate a renaissance school project
32 in accordance with the contract entered into pursuant to section 6 of
33 this act, the provisions of this act, and the laws and regulations that
34 govern charter schools which are not inconsistent with this act.

35 (cf: P.L.2014, c.61, s.3) **1**

36

37 **1** **[28.]** 26.¹ Section 12 of P.L.1991, c.431 (C.40A:20-12) is
38 amended to read as follows:

39 12. The rehabilitation or improvements made in the development
40 or redevelopment of a redevelopment area or area appurtenant thereto
41 or for a redevelopment relocation housing project, pursuant to
42 P.L.1991, c.431 (C.40A:20-1 et seq.), shall be exempt from taxation
43 for a limited period as hereinafter provided. When housing is to be
44 constructed, acquired or rehabilitated by an urban renewal entity, the
45 land upon which that housing is situated shall be exempt from taxation
46 for a limited period as hereinafter provided. The exemption shall be
47 allowed when the clerk of the municipality wherein the property is
48 situated shall certify to the municipal tax assessor that a financial

1 agreement with an urban renewal entity for the development or the
2 redevelopment of the property, or the provision of a redevelopment
3 relocation housing project, or the provision of a low and moderate
4 income housing project has been entered into and is in effect as
5 required by P.L.1991, c.431 (C.40A:20-1 et seq.).

6 Delivery by the municipal clerk to the municipal tax assessor of a
7 certified copy of the ordinance of the governing body approving the
8 tax exemption and financial agreement with the urban renewal entity
9 shall constitute the required certification. For each exemption granted
10 pursuant to P.L.2003, c.125 (C.40A:12A-4.1 et al.), upon certification
11 as required hereunder, the tax assessor shall implement the exemption
12 and continue to enforce that exemption without further certification by
13 the clerk until the expiration of the entitlement to exemption by the
14 terms of the financial agreement or until the tax assessor has been duly
15 notified by the clerk that the exemption has been terminated.

16 Within 10 calendar days following the later of the effective date of
17 an ordinance following its final adoption by the governing body
18 approving the tax exemption or the execution of the financial
19 agreement by the urban renewal entity, the municipal clerk shall
20 transmit a certified copy of the ordinance and financial agreement to
21 the chief financial officer of the county and to the county counsel for
22 informational purposes.

23 Whenever an exemption status changes during a tax year, the
24 procedure for the apportionment of the taxes for the year shall be the
25 same as in the case of other changes in tax exemption status during the
26 tax year. Tax exemptions granted pursuant to P.L.2003, c.125
27 (C.40A:12A-4.1 et al.) represent long term financial agreements
28 between the municipality and the urban renewal entity and as such
29 constitute a single continuing exemption from local property taxation
30 for the duration of the financial agreement. The validity of a financial
31 agreement or any exemption granted pursuant thereto may be
32 challenged only by filing an action in lieu of prerogative writ within 20
33 days from the publication of a notice of the adoption of an ordinance
34 by the governing body granting the exemption and approving the
35 financial agreement. Such notice shall be published in a newspaper of
36 general circulation in the municipality and in a newspaper of general
37 circulation in the county if different from the municipal newspaper.

38 a. The financial agreement shall specify the duration of the
39 exemption for urban renewal entities in accordance with the
40 parameters of either paragraph (1) or paragraph (2) of this subsection:

41 (1) the financial agreement may specify a duration of not more
42 than 30 years from the completion of the entire project, or unit of the
43 project if the project is undertaken in units, or not more than 35 years
44 from the execution of the financial agreement between the
45 municipality and the urban renewal entity; or

46 (2) for each project undertaken pursuant to a redevelopment
47 agreement which allows the redeveloper to undertake two or more
48 projects sequentially, the financial agreement may specify a duration

1 of not more than 30 years from the completion of a project, or unit of
2 the project if the project is undertaken in units, or not more than 50
3 years from the execution of the first financial agreement implementing
4 a project under the redevelopment agreement. As used in this
5 subsection, "redevelopment agreement" means an agreement entered
6 into pursuant to subsection f. of section 8 of P.L.1992, c.79
7 (C.40A:12A-8) between a municipality or redevelopment entity and a
8 redeveloper.

9 A financial agreement may provide for an exemption period of less
10 than 30 years from the completion of the entire project, less than 35
11 years from the execution of the financial agreement, or less than 50
12 years from the execution of the first financial agreement implementing
13 a project under the redevelopment agreement. Nothing in this
14 subsection shall be construed as requiring a financial agreement for a
15 project undertaken pursuant to a redevelopment agreement which
16 allows the redeveloper to undertake two or more projects sequentially
17 to specify a duration within the parameters of paragraph (2) of this
18 subsection.

19 b. During the term of any exemption, in lieu of any taxes to be
20 paid on the buildings and improvements of the project and, to the
21 extent authorized pursuant to this section, on the land, the urban
22 renewal entity shall make payment to the municipality of an annual
23 service charge, which shall remit a portion of that revenue to the
24 county as provided hereinafter. In addition, the municipality may
25 assess an administrative fee, not to exceed two percent of the annual
26 service charge, for the processing of the application. The annual
27 service charge for municipal services supplied to the project to be paid
28 by the urban renewal entity for any period of exemption, shall be
29 determined as follows:

30 (1) An annual amount equal to a percentage determined pursuant
31 to this subsection and section 11 of P.L.1991, c.431 (C.40A:20-11), of
32 the annual gross revenue from each unit of the project, if the project is
33 undertaken in units, or from the total project, if the project is not
34 undertaken in units. The percentage of the annual gross revenue shall
35 not be more than 15% in the case of a low and moderate income
36 housing project, nor less than 10% in the case of all other projects.

37 At the option of the municipality, or where because of the nature of
38 the development, ownership, use or occupancy of the project or any
39 unit thereof, if the project is to be undertaken in units, the total annual
40 gross rental or gross shelter rent or annual gross revenue cannot be
41 reasonably ascertained, the governing body shall provide in the
42 financial agreement that the annual service charge shall be a sum equal
43 to a percentage determined pursuant to this subsection and section 11
44 of P.L.1991, c.431 (C.40A:20-11), of the total project cost or total
45 project unit cost determined pursuant to P.L.1991, c.431 (C.40A:20-1
46 et seq.) calculated from the first day of the month following the
47 substantial completion of the project or any unit thereof, if the project
48 is undertaken in units. The percentage of the total project cost or total

1 project unit cost shall not be more than 2% in the case of a low and
2 moderate income housing project, and shall not be less than 2% in the
3 case of all other projects.

4 (2) In either case, the financial agreement shall establish a
5 schedule of annual service charges to be paid over the term of the
6 exemption period, which shall be in stages as follows:

7 (a) For the first stage of the exemption period, which shall
8 commence with the date of completion of the unit or of the project, as
9 the case may be, and continue for a time of not less than six years nor
10 more than 15 years, as specified in the financial agreement, the urban
11 renewal entity shall pay the municipality an annual service charge for
12 municipal services supplied to the project in an annual amount equal to
13 the amount determined pursuant to paragraph (1) of this subsection
14 and section 11 of P.L.1991, c.431 (C.40A:20-11). For the remainder
15 of the period of the exemption, if any, the annual service charge shall
16 be determined as follows:

17 (b) For the second stage of the exemption period, which shall not
18 be less than one year nor more than six years, as specified in the
19 financial agreement, an amount equal to either the amount determined
20 pursuant to paragraph (1) of this subsection and section 11 of
21 P.L.1991, c.431 (C.40A:20-11), or 20% of the amount of taxes
22 otherwise due on the value of the land and improvements, whichever
23 shall be greater;

24 (c) For the third stage of the exemption period, which shall not be
25 less than one year nor more than six years, as specified in the financial
26 agreement, an amount equal to either the amount determined pursuant
27 to paragraph (1) of this subsection and section 11 of P.L.1991, c.431
28 (C.40A:20-11), or 40% of the amount of taxes otherwise due on the
29 value of the land and improvements, whichever shall be greater;

30 (d) For the fourth stage of the exemption period, which shall not be
31 less than one year nor more than six years, as specified in the financial
32 agreement, an amount equal to either the amount determined pursuant
33 to paragraph (1) of this subsection and section 11 of P.L.1991, c.431
34 (C.40A:20-11), or 60% of the amount of taxes otherwise due on the
35 value of the land and improvements, whichever shall be greater; and

36 (e) For the final stage of the exemption period, the duration of
37 which shall not be less than one year and shall be specified in the
38 financial agreement, an amount equal to either the amount determined
39 pursuant to paragraph (1) of this subsection and section 11 of
40 P.L.1991, c.431 (C.40A:20-11), or 80% of the amount of taxes
41 otherwise due on the value of the land and improvements, whichever
42 shall be greater.

43 If the financial agreement provides for an exemption period of less
44 than 30 years from the completion of the entire project, less than 35
45 years from the execution of the financial agreement, or less than 50
46 years from the execution of the first financial agreement implementing
47 a project under the redevelopment agreement, the financial agreement
48 shall set forth a schedule of annual service charges for the exemption

1 period which shall be based upon the minimum service charges and
2 staged adjustments set forth in this section.

3 The annual service charge shall be paid to the municipality on a
4 quarterly basis in a manner consistent with the municipality's tax
5 collection schedule.

6 Each municipality which enters into a financial agreement on or
7 after the effective date of P.L.2003, c.125 (C.40A:12A-4.1 et al.) shall
8 remit ¹~~5~~ five¹ percent of the annual service charge collected by the
9 municipality to the county in accordance with the provisions of
10 R.S.54:4-74. If the municipality enters into a contract with a board of
11 education pursuant to section ¹~~8~~ 7¹ of P.L. , c. (C.)
12 (pending before the Legislature as this bill), the municipality shall also
13 remit to the board of education such amounts as may be required under
14 the contract.

15 Against the annual service charge the urban renewal entity shall be
16 entitled to credit for the amount, without interest, of the real estate
17 taxes on land paid by it in the last four preceding quarterly
18 installments.

19 Notwithstanding the provisions of this section or of the financial
20 agreement, the minimum annual service charge shall be the amount of
21 the total taxes levied against all real property in the area covered by
22 the project in the last full tax year in which the area was subject to
23 taxation, and the minimum annual service charge shall be paid in each
24 year in which the annual service charge calculated pursuant to this
25 section or the financial agreement would be less than the minimum
26 annual service charge.

27 c. All exemptions granted pursuant to the provisions of P.L.1991,
28 c.431 (C.40A:20-1 et seq.) shall terminate at the time prescribed in the
29 financial agreement.

30 Upon the termination of the exemption granted pursuant to the
31 provisions of P.L.1991, c.431 (C.40A:20-1 et seq.), the project, all
32 affected parcels, land and all improvements made thereto shall be
33 assessed and subject to taxation as are other taxable properties in the
34 municipality. After the date of termination, all restrictions and
35 limitations upon the urban renewal entity shall terminate and be at an
36 end upon the entity's rendering its final accounting to and with the
37 municipality.

38 (cf: P.L.2018, c.97, s.17)

39

40 ¹~~29.~~ 27.¹ Section 3 of P.L.2007, c.137 (C.52:18A-237) is
41 amended to read as follows:

42 3. a. There is established in, but not of, the Department of the
43 Treasury a public body corporate and politic, with corporate
44 succession, to be known as the "New Jersey Schools Development
45 Authority." The development authority shall constitute an
46 instrumentality of the State exercising public and essential
47 governmental functions, and the exercise by the development authority

1 of the powers conferred by this act shall be deemed and held to be an
2 essential governmental function of the State.

3 b. The development authority shall consist of the Commissioner
4 of Education, the Commissioner of the Department of Community
5 Affairs, the executive director of the Economic Development
6 Authority, and the State Treasurer, who shall serve as ex officio
7 members; and ¹[11] ¹² public members appointed by the Governor
8 with the advice and consent of the Senate. At least one of the public
9 members shall have knowledge or expertise in the area of law
10 enforcement and the remaining public members shall have knowledge
11 or expertise in real estate development, construction management,
12 finance, architectural or building design, ¹education,¹ or any other
13 related field. In addition, the development authority shall consist of
14 two public members, one appointed by the ⁴Governor upon the
15 recommendation of the⁴ Senate President and one appointed by the
16 ⁴Governor upon the recommendation of the⁴ Speaker of the General
17 Assembly, which members shall have knowledge or expertise in real
18 estate development, construction management, finance, architectural
19 or building design, ¹education,¹ or any other related field.

20 c. Each public member shall serve for a term of five years and
21 shall hold office for the term of the member's appointment and until
22 the member's successor shall have been appointed and qualified. A
23 member shall be eligible for reappointment. Any vacancy in the
24 membership occurring other than by expiration of term shall be filled
25 in the same manner as the original appointment but for the unexpired
26 term only.

27 In the case of the first 11 public members appointed by the
28 Governor pursuant to subsection b. of this section, three shall serve for
29 a term of two years, three shall serve for a term of three years, three
30 shall serve for a term of four years, and two shall serve for a term of
31 five years.

32 d. (1) Each member appointed by the Governor may be removed
33 from office by the Governor, for cause, after a public hearing, and may
34 be suspended by the Governor pending the completion of such
35 hearing. Each member before entering upon **[his]** the member's duties
36 shall take and subscribe an oath to perform the duties of the office
37 faithfully, impartially and justly to the best of **[his]** the member's
38 ability. A record of such oath shall be filed in the Office of the
39 Secretary of State.

40 (2) Each member appointed by the ⁴Governor upon the
41 recommendation of the⁴ Senate President and Speaker of the General
42 Assembly may be removed from office by the ⁴Governor upon the
43 recommendation of the⁴ Senate President or Speaker as applicable, for
44 cause, after a public hearing, and may be suspended by the ⁴Governor
45 upon the recommendation of the⁴ Senate President or Speaker as
46 applicable pending the completion of the hearing. Each member before
47 entering upon the member's duties shall take and subscribe an oath to

1 perform the duties of the office faithfully, impartially and justly to the
2 best of the member's ability. A record of the oath shall be filed in the
3 Office of the Secretary of State.

4 e. A chairperson shall be appointed by the Governor from the
5 public members. The members of the development authority shall
6 elect from their remaining number a vice-chairperson, a secretary, and
7 a treasurer thereof. The development authority shall employ an
8 executive director who shall be its chief executive officer. The powers
9 of the development authority shall be vested in the members thereof in
10 office from time to time and ~~eight~~ ¹~~nine~~ ¹⁰ members of the
11 development authority shall constitute a quorum at any meeting
12 thereof. Action may be taken and motions and resolutions adopted by
13 the development authority at any meeting thereof by the affirmative
14 vote of at least ~~eight~~ ¹~~nine~~ ¹⁰ members of the development
15 authority. No vacancy in the membership of the development
16 authority shall impair the right of a quorum of the members to exercise
17 all the powers and perform all the duties of the development authority.

18 f. Each member of the development authority shall execute a
19 bond to be conditioned upon the faithful performance of the duties of
20 such member in such form and amount as may be prescribed by the
21 Director of the Division of Budget and Accounting in the Department
22 of the Treasury. Such bonds shall be filed in the Office of the
23 Secretary of State. At all times thereafter the members and treasurer
24 of the development authority shall maintain such bonds in full force
25 and effect. All costs of such bonds shall be borne by the development
26 authority.

27 g. The members of the development authority shall serve without
28 compensation, but the development authority may reimburse its
29 members for actual expenses necessarily incurred in the discharge of
30 their duties. Notwithstanding the provisions of any other law to the
31 contrary, no officer or employee of the State shall be deemed to have
32 forfeited or shall forfeit any office or employment or any benefits or
33 emoluments thereof by reason of the acceptance of the office of ex
34 officio member of the development authority or any services therein.

35 h. Each ex officio member of the development authority may
36 designate an officer or employee of the member's department to
37 represent the member at meetings of the development authority, and
38 each such designee may lawfully vote and otherwise act on behalf of
39 the member for whom the person constitutes the designee. Any such
40 designation shall be in writing delivered to the development authority
41 and shall continue in effect until revoked or amended by writing
42 delivered to the development authority.

43 i. The development authority shall appoint from among its
44 members an audit committee and such other committees as it deems
45 necessary or conducive to the efficient management and operation of
46 the development authority.

47 j. The development authority may be dissolved by act of the
48 Legislature on condition that the development authority has no debts

1 or obligations outstanding or that provision has been made for the
2 payment or retirement of such debts or obligations. Upon any such
3 dissolution of the development authority, all property, funds and assets
4 thereof shall be vested in the State.

5 k. A true copy of the minutes of every meeting of the
6 development authority shall be forthwith delivered by and under the
7 certification of the secretary thereof to the Governor. No action taken
8 at the meeting by the development authority shall have force or effect
9 until 10 days, Saturdays, Sundays, and public holidays excepted, after
10 the copy of the minutes shall have been so delivered, unless during
11 such 10-day period the Governor shall approve the same in which case
12 the action shall become effective upon such approval. If, in that 10-day
13 period, the Governor returns a copy of the minutes with veto of any
14 action taken by the development authority or any member thereof at
15 the meeting, the action shall be null and void and of no effect.

16 l. The development authority shall cause an audit of its books and
17 accounts to be made at least once in each year by certified public
18 accountants and cause a copy thereof to be filed with the Secretary of
19 State, the Director of the Division of Budget and Accounting in the
20 Department of the Treasury, and the State Auditor.

21 m. The development authority shall submit to the Governor, the
22 Joint Budget Oversight Committee, the President of the Senate and the
23 Speaker of the General Assembly a biannual report pursuant to the
24 provisions of section 24 of P.L.2000, c.72 (C.18A:7G-24).

25 n. The Director of the Division of Budget and Accounting in the
26 Department of the Treasury and the director's legally authorized
27 representatives are authorized and empowered from time to time to
28 examine the accounts, books and records of the development authority
29 including its receipts, disbursements, contracts, funds, investments and
30 any other matters relating thereto and to its financial standing.

31 o. No member, officer, employee or agent of the development
32 authority shall be interested, either directly or indirectly, in any school
33 facilities project, or in any contract, sale, purchase, lease or transfer of
34 real or personal property to which the development authority is a
35 party.¹

36 (cf: P.L.2007, c.137, s.3)

37

38 ¹**[30.] 28.**¹ Section 4 of P.L.2007, c.137 (C.52:18A-238) is
39 amended to read as follows:

40 4. The development authority shall have the following powers:

41 a. To adopt bylaws for the regulation of its affairs and the
42 conduct of its business;

43 b. To adopt and have a seal and to alter the same at pleasure;

44 c. To sue and be sued;

45 d. To acquire in the name of the development authority by
46 purchase or otherwise, on such terms and conditions and such manner
47 as it may deem proper, or by the exercise of the power of eminent
48 domain in the manner provided by the "Eminent Domain Act of 1971,"

- 1 P.L.1971, c.361 (C.20:3-1 et seq.), any lands or interests therein or
2 other property which it may determine is reasonably necessary for any
3 school facilities project;
- 4 e. To enter into contracts with a person upon such terms and
5 conditions as the development authority shall determine to be
6 reasonable, including, but not limited to, for the planning, design,
7 construction, reconstruction, improvement, equipping, furnishing,
8 operation and maintenance of a school facilities project and the
9 reimbursement thereof, and to pay or compromise any claims arising
10 therefrom;
- 11 f. To sell, convey or lease to any person all or any portion of its
12 property, for such consideration and upon such terms as the
13 development authority may determine to be reasonable;
- 14 g. To mortgage, pledge or assign or otherwise encumber all or
15 any portion of any property or revenues, whenever it shall find such
16 action to be in furtherance of the purposes of P.L.2000, c.72
17 (C.18A:7G-1 et al.) and P.L.2007, c.137 (C.52:18A-235 et al.);
- 18 h. To grant options to purchase or renew a lease for any of its
19 property on such terms as the development authority may determine to
20 be reasonable;
- 21 i. To contract for and to accept any gifts or grants or loans of
22 funds or property or financial or other aid in any form from the United
23 States of America or any agency or instrumentality thereof, or from the
24 State or any agency, instrumentality or political subdivision thereof, or
25 from any other source and to comply, subject to the provisions of
26 P.L.2000, c.72 (C.18A:7G-1 et al.) and P.L.2007, c.137 (C.52:18A-
27 235 et al.), with the terms and conditions thereof;
- 28 j. In connection with any application for assistance under
29 P.L.2000, c.72 (C.18A:7G-1 et al.) or P.L.2007, c.137 (C.52:18A-235
30 et al.) or commitments therefor, to require and collect such fees and
31 charges as the development authority shall determine to be reasonable;
- 32 k. To adopt, amend and repeal regulations to carry out the
33 provisions of P.L.2000, c.72 (C.18A:7G-1 et al.) and P.L.2007, c.137
34 (C.52:18A-235 et al.);
- 35 l. To acquire, purchase, manage and operate, hold and dispose of
36 real and personal property or interests therein, take assignments of
37 rentals and leases and make and enter into all contracts, leases,
38 agreements and arrangements necessary or incidental to the
39 performance of its duties;
- 40 m. To purchase, acquire and take assignments of notes, mortgages
41 and other forms of security and evidences of indebtedness;
- 42 n. To purchase, acquire, attach, seize, accept or take title to any
43 property by conveyance or by foreclosure, and sell, lease, manage or
44 operate any property for a use specified in P.L.2000, c.72 (C.18A:7G-
45 1 et al.) and P.L.2007, c.137 (C.52:18A-235 et al.);
- 46 o. (1) To employ consulting engineers, architects, attorneys, real
47 estate counselors, appraisers, and such other consultants and
48 employees as may be required in the judgment of the development

1 authority to carry out the purposes of P.L.2000, c.72 (C.18A:7G-1 et
2 al.) and P.L.2007, c.137 (C.52:18A-235 et al.) and to fix and pay their
3 compensation from funds available to the development authority
4 therefor, all without regard to the provisions of Title 11A of the New
5 Jersey Statutes, provided, however, that an affirmative vote of the
6 development authority shall be required in the hiring, termination, and
7 disciplining of '【employees】 the management team¹ of the
8 development authority, '【as well as in the transfer of any employees
9 of the development authority among different subunits of the
10 development authority】 which shall include the Chief Executive
11 Officer, the Vice President and Chief Financial Officer, and the Vice
12 President of Corporate Governance¹;

13 (2) Notwithstanding the provisions of P.L.2007, c.137 (C.52:18A-
14 235 et al.) or any other law, rule, or regulation to the contrary, the
15 operations of the development authority shall be funded annually
16 through State appropriations. The Legislature shall annually
17 appropriate such sums as are necessary to finance the operations of the
18 development authority, as authorized under this subsection.

19 p. To do and perform any acts and things authorized by P.L.2000,
20 c.72 (C.18A:7G-1 et al.) and P.L.2007, c.137 (C.52:18A-235 et al.)
21 under, through or by means of its own officers, agents and employees,
22 or by contract with any person;

23 q. To procure insurance against any losses in connection with its
24 property, operations or assets in such amounts and from such insurers
25 as it deems desirable;

26 r. To do any and all things necessary or convenient to carry out
27 its purposes and exercise the powers given and granted in P.L.2000,
28 c.72 (C.18A:7G-1 et al.) and P.L.2007, c.137 (C.52:18A-235 et al.);

29 s. To construct, reconstruct, rehabilitate, improve, alter, equip,
30 maintain or repair or provide for the construction, reconstruction,
31 improvement, alteration, equipping or maintenance or repair of any
32 property and lot, award and enter into construction contracts, purchase
33 orders and other contracts with respect thereto, upon such terms and
34 conditions as the development authority shall determine to be
35 reasonable, including, but not limited to, reimbursement for the
36 planning, designing, construction, reconstruction, improvement,
37 equipping, furnishing, operation and maintenance of any such property
38 and the settlement of any claims arising therefrom;

39 t. To undertake school facilities projects and to enter into
40 agreements or contracts, execute instruments, and do and perform all
41 acts or things necessary, convenient or desirable for the purposes of
42 the development authority to carry out any power expressly provided
43 pursuant to P.L.2000, c.72 (C.18A:7G-1 et al.) or P.L.2007, c.137
44 (C.52:18A-235 et al.), including, but not limited to, entering into
45 contracts with the State Treasurer, the New Jersey Economic
46 Development Authority, the Commissioner of Education, districts, and
47 any other entity which may be required in order to carry out the

1 provisions of P.L.2000, c.72 (C.18A:7G-1 et al.) or P.L.2007, c.137
2 (C.52:18A-235 et al.);

3 u. To enter into leases, rentals or other disposition of a real
4 property interest in and of any school facilities project to or from any
5 local unit pursuant to P.L.2000, c.72 (C.18A:7G-1 et al.) or P.L.2007,
6 c.137 (C.52:18A-235 et al.);

7 v. To make and contract to make loans or leases to local units to
8 finance the cost of school facilities projects and to acquire and contract
9 to acquire bonds, notes or other obligations issued or to be issued by
10 local units to evidence the loans or leases, all in accordance with the
11 provisions of P.L.2000, c.72 (C.18A:7G-1 et al.) and P.L.2007, c.137
12 (C.52:18A-235 et al.);

13 w. To charge to and collect from local units, the State, and any
14 other person, any fees and charges in connection with the development
15 authority's actions undertaken with respect to school facilities projects
16 including, but not limited to, fees and charges for the development
17 authority's administrative, organization, insurance, operating and other
18 expenses incident to the planning, design, construction and placing
19 into service and maintenance of school facilities projects.

20 (cf: P.L.2007, c.137, s.4)

21

22 ¹29. Section 3 of P.L.2021, c.71 (C.52:35B-3) is amended to
23 read as follows:

24 3. a. If a contracting unit determines in its discretion that the
25 design-build approach meets their needs better than the traditional
26 design-bid-build approach established under New Jersey public
27 procurement statutes for the project or projects under consideration,
28 it shall be the public policy of this State to permit that contracting
29 unit to enter into design-build contracts as defined in section 2 of
30 P.L.2021, c.71 (C.52:35B-2), provided the following conditions are
31 met:

32 (1) The contracting unit shall, prior to issuing solicitations,
33 publish procedures consistent with regulations promulgated by the
34 contracting unit, where applicable for the solicitation and award of
35 design-build contracts, and shall adhere to sections 2 through 9 of
36 P.L.2021, c.71 (C.52:35B-2 through C.52:35B-9) and those
37 procedures; and

38 (2) The contracting unit shall, for each public project or projects
39 under sections 2 through 9 of P.L.2021, c.71 (C.52:35B-2 through
40 C.52:35B-9), make a determination based on the timeliness of the
41 project or projects that it is in the best interest of the public to enter
42 into a design-build contract to complete the public project or
43 projects.

44 b. All workers employed in a design-build construction project
45 shall be paid the prevailing wage determined by the Commissioner
46 of Labor pursuant to the provisions of the "New Jersey Prevailing
47 Wage Act," P.L.1963, c.150 (C.34:11-56.25 et seq.).

1 c. Except where the contracting unit is the Department of
2 Transportation, all design-build construction projects shall be
3 encouraged to adhere to the Leadership in Energy and
4 Environmental Design Green Building Rating System as adopted by
5 the United States Green Building Council, the Green Globes
6 Program adopted by the Green Building Initiative, or a comparable
7 nationally recognized, accepted, and appropriate sustainable
8 development system.

9 d. Notwithstanding the provisions of sections 2 through 9 of
10 P.L.2021, c.71 (C.52:35B-2 through C.52:35B-9) to the contrary, an
11 independent State transportation authority which already has an
12 established prequalification, project rating, or proposal process for
13 design-build contracts as of the effective date of P.L.2021, c.71
14 (C.52:35B-1 et al.) may continue to award design-build contracts
15 pursuant to that process.

16 e. Notwithstanding the provisions of any other law, rule, or
17 regulation to the contrary, in the event that a government entity that
18 enters a contract pursuant to P.L.2007, c.137 (C.52:18A:-235 et
19 seq.) already has an established prequalification, project rating, or
20 proposal process for design-build contracts as of the effective date
21 of P.L.2021, c.71 (C.52:35B-1 et al.), that entity may continue to
22 award design-build contracts pursuant to that process.¹

23 (cf: P.L.2021, c.71, s.3)

24
25 ¹30. (New section) As used in sections 31 through 34 of P.L. ,
26 c. (C.) (pending before the Legislature as this bill):

27 “Authority” means the New Jersey Economic Development
28 Authority established by section 4 of P.L.1974, c.80 (C.34:1B-4).

29 “Charter school” means a school established pursuant to
30 P.L.1995, c.426 (C.18A:36A-1 et seq.).

31 “Charter school development corporation” means a non-profit
32 corporation established pursuant to Title 15 of the Revised Statutes,
33 Title 15A of the New Jersey Statutes, any other law of this State, or
34 is otherwise qualified to do business in New Jersey and has a
35 primary purpose of providing operational, development,
36 fundraising, real estate, or other supporting services to charter
37 schools or renaissance school projects, or other non-profit entity
38 with experience undertaking facilities construction, development,
39 rehabilitation, leasing and financing, and acquisition of real estate
40 for community development or charter schools.

41 “Community Development Financial Institution” means an entity
42 designated and certified by the United States Department of the
43 Treasury as a Community Development Financial Institution
44 pursuant to 12 C.F.R. Part 1805.

45 “Department” means the Department of Education.

46 “Eligible borrower” means a non-profit charter school, non-profit
47 renaissance school project, community development financial
48 institution, charter school development corporation, eligible lender,

1 a non-profit entity with expertise in charter school lending that can
2 leverage the loan, and any other entity designated an eligible
3 borrower by the authority. Eligible borrower shall not include a
4 charter school or renaissance school project that is operated by a
5 for-profit management company.

6 “Eligible lender” means any lawfully constituted nonprofit
7 mortgage lender.

8 “Loan fund” means the “Charter School and Renaissance School
9 Project Facilities Loan Fund” established pursuant to section 33 of
10 P.L. , c. (C.) (pending before the Legislature as this bill).

11 “Loan program” means the “Charter School and Renaissance
12 School Project Facilities Loan Program” established pursuant to
13 section ~~4~~³¹ 32⁴ of P.L. , c. (C.) (pending before the
14 Legislature as this bill).

15 “Renaissance school project” has the same meaning as defined in
16 section 3 of P.L.2011, c.176 (C.18A:36C-3).

17 “School facility” means any structure, building, or facility used
18 wholly or in part for educational purposes that is owned or leased
19 from a nonprofit entity, its wholly owned subsidiary, or government
20 agency, and operated by a charter school or renaissance school
21 project.

22 “School facilities project” means the planning, acquisition of
23 new land or building in the municipality in which the charter school
24 or renaissance school project’s charter has permitted them to
25 operate, demolition, construction, improvement, alteration,
26 modernization, renovation, reconstruction, or capital maintenance
27 of all or any part of a school facility or of any other personal
28 property necessary for, or ancillary to, any school facility, and shall
29 include fixtures, furnishings, and equipment, and shall also include,
30 but is not limited to, refinancing short term bridge funding to
31 commence construction, site acquisition, site development, services
32 of design professionals, such as engineers and architects,
33 construction management, legal services, financing costs, and
34 administrative costs and expenses incurred in connection with the
35 project.

36 “SDA district” is a district that received education opportunity
37 aid or preschool expansion aid in the 2007-2008 school year.¹

38 ⁴“Title” means ownership, simple or in fee, or a 99-year ground
39 leasehold.⁴

40
41 ¹31. (New section) Notwithstanding the provisions of section
42 10 of P.L.1995, c.426 (C.18A:36A-10), section 7 of P.L.2011, c.176
43 (C.18A:36C-7), or any other law, rule, or regulation to the contrary:

44 a. a charter school, renaissance school project, or any other
45 eligible borrower authorized to undertake a school facilities project
46 pursuant to sections 30 through 34 of P.L. , c. (C.)
47 (pending before the Legislature as this bill) shall be subject to the

1 public bidding requirements provided pursuant to the “Public
2 School Contracts Law,” N.J.S.18A:18A-1 et seq.;

3 b. a charter school, renaissance school project, or any other
4 eligible borrower may accept public funds in the form of a loan for
5 a school facilities project pursuant to the provisions of sections 30
6 through 34 of P.L. , c. (C.) (pending before the Legislature
7 as this bill);

8 c. a charter school board of trustees may incur debt for a period
9 greater than 12 months provided that the debt incurred is used in
10 connection with a school facilities project pursuant to the provisions
11 of sections 30 through 34 of P.L. , c. (C.) (pending before
12 the legislature as this bill); and

13 d. a school facilities project funded by a loan pursuant to the
14 provisions of sections 30 through 34 of P.L. , c. (C.)
15 (pending before the Legislature as this bill) shall adhere to all
16 public school facilities regulations pertaining to the health and
17 safety of pupils.

18 e. Nothing in sections 30 through 34 of P.L. , c. (C.)
19 (pending before the Legislature as this bill) shall be construed to
20 prohibit an eligible borrower who receives a loan pursuant to those
21 provisions from simultaneously seeking or accepting private
22 funding to support the undertaking of a school facilities project of a
23 charter school or renaissance school project.¹

24
25 ¹32. (New section) a. The authority shall establish and administer
26 a loan program to be known as the “Charter School and Renaissance
27 School Project Facilities Loan Program” to provide eligible borrowers
28 with a loan including, but not limited to, subordinate loans, to
29 undertake or facilitate school facilities projects for non-profit charter
30 schools and non-profit renaissance school projects located in an SDA
31 district.

32 b. (1) The authority, in consultation with the department, shall
33 annually review the applications for school facilities projects
34 submitted pursuant to subsection c. of this section and may approve
35 applications for loans on a quarterly basis. The authority ⁴, in
36 consultation with the department,⁴ shall consider the critical need of a
37 school facilities project in making a determination on a submitted
38 application. At a minimum, the criteria and methodology for
39 determining critical need shall prioritize, in order from highest to
40 lowest priority:

41 (a) school facilities projects that address critical operational
42 building needs related to health and safety issues and program
43 mandates, which projects shall include, in order from highest to lowest
44 priority:

45 (i) essential building systems upgrades, including finishing work
46 and the repair or replacement of structural, mechanical, heating and
47 cooling, electrical, and plumbing systems;

- 1 (ii) building skin, including the repair or replacement of roofs,
2 windows, and masonry;
- 3 (iii) improvements or other modifications and alterations needed
4 to address appropriate building code issues;
- 5 (iv) upgrades required for a school facility to meet the standards of
6 the “Americans with Disabilities Act of 1990” (42 U.S.C. s.12101 et
7 seq.);
- 8 (v) hazardous material abatement and required refinishing work,
9 which hazardous material may include radon, lead, and asbestos;
- 10 (vi) security and communication systems upgrades;
- 11 (vii) technology infrastructure upgrades, which shall not include
12 technology equipment with a useful life of less than five years; and
- 13 (viii) site drainage related to the remediation of an existing issue
14 and not in conjunction with new construction;
- 15 (b) new construction projects of a charter school or renaissance
16 school project offering programs within grade levels permitted by the
17 school’s charter and within the municipality in which the charter
18 school or renaissance school project’s charter has permitted them to
19 operate; and
- 20 (c) major renovation and rehabilitation projects ², including
21 projects² that seek to expand the capacity of a charter school or
22 renaissance school project facility used for educational purposes of a
23 charter school or renaissance school project that operates grade levels
24 permitted within the school’s charter and within the municipality in
25 which the charter school or renaissance school project’s charter has
26 permitted them to operate.
- 27 (2) In the event that a school facilities project for which an eligible
28 borrower is seeking a loan pursuant to this section is requested for a
29 leased facility in which the charter school or renaissance school project
30 is the sole lessee, the eligible borrower shall submit the lease
31 agreement or lease agreement addendum as part of the application.
32 The lease agreement or lease agreement addendum shall demonstrate
33 that the lessor of the facility is a non-profit entity or government
34 agency and that the term of the lease is no less than 10 years, inclusive
35 of all lease renewal options. An eligible borrower shall not receive a
36 loan pursuant to this section in the event that the school facilities
37 project for which the eligible borrower is seeking funds is requested
38 for a leased facility in which the lessor is a for-profit entity.
- 39 (3) In the event that a school facilities project for which an eligible
40 borrower is seeking a loan pursuant to this section is requested for a
41 leased facility in which the charter school or renaissance school project
42 is not the only lessee, the eligible borrower shall not seek a loan for
43 any costs related to the improvement, alteration, modernization,
44 renovation, reconstruction, maintenance, or capital maintenance of all
45 or any part of the shared spaces of the facility, which shared spaces
46 shall include elevators, stairs, roofs, and common areas.
- 47 c. An eligible borrower seeking a loan for a school facilities
48 project pursuant to the provisions of this section shall apply to the

1 authority and department in a form and manner prescribed by the
 2 authority in consultation with the department. In the case of a charter
 3 school or renaissance school project established after the effective date
 4 of P.L. , c. (C.) (pending before the Legislature as this bill),
 5 the authority shall not approve a loan for a school facilities project
 6 until after the charter school's first renewal pursuant to section 17 of
 7 P.L.1995, c.426 (C.18A:36A-17) or after the renaissance school
 8 project's first renewal under section 10 of P.L.2011, c.176
 9 (C.18A:36C-10) or of a charter school or renaissance school project
 10 placed on probationary status by the Commissioner of Education. In
 11 addition to any other information the authority and department deem
 12 appropriate, the application shall require the eligible borrower to
 13 submit a detailed plan of the anticipated use of loan proceeds, full
 14 project costs, and all sources of funding.

15 d. (1) The authority and department may approve applications for
 16 loans on a quarterly basis, subject to the availability of funds in the
 17 loan fund established pursuant to section 33 of P.L. ,
 18 c. (C.) (pending before the Legislature as this bill). Upon
 19 approval of the application, the authority shall provide loans ²[that
 20 are] with an interest rate that is equal to² the lower of one-half of the
 21 Triple A Bond Rate available on the date of loan approval or 1.75
 22 percent to eligible borrowers seeking to undertake school facilities
 23 projects for charter schools and renaissance school projects located in
 24 SDA districts. The terms of the loan and the repayment schedule shall
 25 be established by the authority.

26 (2) All loan repayments, and interest thereon, shall be deposited by
 27 the authority in the loan fund established pursuant to section 33 of P.L.
 28 , c. (C.) (pending before the Legislature as this bill), for use in
 29 the manner provided for in this section.

30 e. ²(1)² The authority shall require, as a condition of a loan for
 31 a school facilities project pursuant to the provisions of sections 30
 32 through 34 of P.L. , c. (C.) (pending before the Legislature as
 33 this bill) on a school facility owned by the charter school or
 34 renaissance school project, that, notwithstanding the provisions of
 35 section 7 of P.L.2013, c.149 (C.18A:36C-16) or any other law, rule or
 36 regulation to the contrary, in the event the authorization to operate a
 37 charter school ²is revoked, not renewed, or surrendered² or ²the
 38 authorization to operate a² renaissance school project is terminated or
 39 expires for any reason, and no substitute or replacement owner or
 40 operator for that charter school or renaissance school project has been
 41 approved prior to the ²[termination or expiration]² date ²that the
 42 operations of the charter school or renaissance school project cease²,
 43 the title to the charter school or renaissance school project shall revert
 44 to ²[the board of education of the district in which the charter school
 45 or renaissance school project is located] another eligible borrower² or
 46 the ⁴[State] Department of the Treasury⁴ ², except as provided

1 pursuant to paragraph (2) of this subsection,² for consideration in an
 2 amount calculated as follows:

3 ²**[(1)]** (a)² if the principal and interest due on any outstanding
 4 debt used to finance a school facilities project pursuant to the
 5 provisions of sections 30 through 34 of P.L. , c. (C.) (pending
 6 before the Legislature as this bill) of a charter school or renaissance
 7 school project is equal to or greater than the fair market value of the
 8 charter school or renaissance school project, as determined by a
 9 certified appraiser agreed to by the board of education of the district in
 10 which the charter school or renaissance school project is located and
 11 the owner of the charter school or renaissance school project, ²[the
 12 board of education of the district in which the charter school or
 13 renaissance school project is located] ³[the] an³ eligible borrower² or
 14 the ⁴[State] Department of the Treasury⁴ shall assume any
 15 outstanding debt used to finance the school facilities project of the
 16 charter school or renaissance school project, and thereafter ²[the board
 17 of education of the district in which the charter school or renaissance
 18 school project is located] an eligible borrower² or the State shall be
 19 legally obligated for the payment thereof; or

20 ²**[(2)]** (b)² if the fair market value of the charter school or
 21 renaissance school project is greater than the amount of the principal
 22 and interest due on the outstanding debt used to finance a school
 23 facilities project pursuant to the provisions of sections 30 through 34
 24 of P.L. , c. (C.) (pending before the Legislature as this bill) of
 25 a charter school or renaissance school project, ²[the board of
 26 education of the school district in which the charter school or
 27 renaissance school project is located or]² the State shall pay to the
 28 owner of the charter school or renaissance school project the fair
 29 market value of the charter school or renaissance project, provided
 30 that, to the extent that any debt used to finance the school facilities
 31 project pursuant to the provisions of sections 30 through 34
 32 of P.L. , c. (C.) (pending before the Legislature as this bill) of
 33 a charter school or renaissance school project, is then outstanding, the
 34 owner of the charter school or renaissance school project shall utilize
 35 the funds received from ²[the board of education of the district in
 36 which the charter school or renaissance school is located or]² the State
 37 pursuant to this ²[paragraph] subparagraph² to retire the outstanding
 38 debt. ²If the school district in which the charter school or renaissance
 39 school project is located does not exercise its right of first refusal
 40 established pursuant to paragraph (2) of this subsection, the ⁴[State]
 41 Department of the Treasury⁴ may sell the property to another charter
 42 school or renaissance school project ³or another eligible borrower³.

43 (2) The authority shall require, as a condition of a loan for a school
 44 facilities project pursuant to the provisions of sections 30 through 34
 45 of P.L. , c. (C.) (pending before the Legislature as this bill) on
 46 a school facility owned by the charter school or renaissance school
 47 project that, notwithstanding the provisions of section 7 of P.L.2013,

1 c.149 (C.18A:36C-16) or any other law, rule, or regulation to the
2 contrary, in the event the authorization to operate a charter school is
3 revoked, not renewed, or surrendered or the authorization to operate a
4 renaissance school project is terminated or expired for any reason, and
5 no substitute or replacement owner or operator for that charter school
6 or renaissance school project has been approved prior to the date that
7 the operations of the charter school or renaissance school project
8 cease, the board of education of the district in which the charter school
9 or renaissance school project is located shall have the right of first
10 refusal of the title to the charter school or renaissance school project
11 school facility. If the title transfers to the board of education, the State
12 shall assume, pursuant to subparagraph (a) of paragraph (1) of this
13 subsection, or pay, any outstanding debt used to finance a school
14 facilities project of the charter school or renaissance school project
15 pursuant to the provisions of sections 30 through 34 of
16 P.L. , c. (C.) (pending before the Legislature as this bill).²

17 f. The authority, in consultation with the department, shall
18 promulgate within ⁴[180 days] 12 months⁴ following the date of
19 enactment of P.L. , c. (C.) (pending before the Legislature as
20 this bill), pursuant to the “Administrative Procedures Act,” P.L.1968,
21 c.410 (C.52:14B-1 et seq.), such rules and regulations as may be
22 necessary to implement the provisions of this section, which rules and
23 regulations shall at a minimum establish:

24 (1) the process for review and approval of charter school and
25 renaissance school project school facilities projects; and

26 (2) the process for the reversion to the board of education of the
27 district in which the charter school or renaissance school project is
28 located², an eligible borrower,² or the State of a school facilities
29 project pursuant to subsection e. of this section, which shall be
30 consistent with the requirements of section 7 of P.L.2013, c.149
31 (C.18A:36C-16).

32 g. Not less than the prevailing wage rate determined by the
33 Commissioner of Labor and Workforce Development pursuant to the
34 provisions of P.L.1963, c.150 (C.34:11-56.25 et seq.) shall be paid to
35 workers employed in the performance of construction contracts in
36 connection with any charter school or renaissance school project
37 school facilities project undertaken pursuant to sections 30 through 34
38 of P.L. , c. (C.) (pending before the Legislature as this bill).

39 h. The authority shall not approve a second or subsequent loan
40 pursuant to the provisions of the loan program to an eligible borrower
41 who is in arrears or default of a prior loan issued pursuant to the
42 provisions of the loan program.¹

43 ²i. In the event that the aggregate amount of a loan provided
44 pursuant to this section exceeds \$5,000,000 for a school facilities
45 project approved pursuant to the provisions of sections 30 through 34
46 of P.L. , c. (C.) (pending before the Legislature as this bill),
47 the authority shall require as a condition of the loan that the school

1 facilities project be subject to the provisions of ³[the Schools
2 Development Authority's] a³ project labor agreement.²

3
4 ¹33. (New section) a. The authority shall establish and
5 maintain the "Charter School and Renaissance School Project
6 Facilities Loan Fund," which shall be a non-lapsing, revolving fund
7 that shall serve as the repository of all monies used to support the
8 loan program.

9 b. All loans provided under section ⁴[31] 32⁴ of P.L. , c.
10 (C.) (pending before the Legislature as this bill) shall be issued
11 from monies held in the loan fund. All monies received by the
12 authority from the repayment of loans and the interest thereon shall
13 be deposited into the loan fund.¹

14
15 ¹34. (New section) The Legislature shall annually appropriate
16 to the New Jersey Economic Development Authority for deposit
17 into the "Charter School and Renaissance School Project Facilities
18 Loan Fund" such funds as are necessary for the implementation of
19 sections 30 through 33 of P.L. , c. (C.) (pending before the
20 Legislature as this bill) until such time as the loan program becomes
21 self-sustaining. The New Jersey Economic Development Authority
22 may also utilize such other funds, including federal funds, as
23 available, for deposit into the "Charter School and Renaissance
24 School Project Facilities Loan Fund."¹

25
26 ²35. (New section) Notwithstanding the provisions of section
27 10 of P.L.1995, c.426 (C.18A:36A-10) or any other law, rule, or
28 regulation to the contrary, a charter school located in an SDA
29 district may construct a facility with public funds other than federal
30 funds, including loan funds received pursuant to the provisions of
31 sections 30 through 34 of P.L. , c. (C.) (pending before the
32 Legislature as this bill), and be subject to the provisions of the
33 "Public School Contracts Law," N.J.S.18A:18A-1 et seq., provided
34 that the public funds are provided for a school facilities project
35 approved pursuant to section 32 of P.L. , c. (C.) (pending
36 before the Legislature as this bill).²

37
38 ³²36. (New section) Notwithstanding the provisions of section
39 7 of P.L.2011, c.176 (C.18A:36C-7) or any other law, rule, or
40 regulation to the contrary, a renaissance school project located in an
41 SDA district may construct a facility with public funds, including
42 loan funds received pursuant to sections 30 through 34 of P.L. , c.
43 (C.) (pending before the Legislature as this bill), and be
44 subject to the provisions of the "Public School Contracts Law,"
45 N.J.S.18A:18A-1 et seq., provided that the public funds are
46 provided for a school facilities project approved pursuant to section

1 32 of P.L. , c. (C.)(pending before the Legislature as this
2 bill).²³

3

4 ¹**[31.]** ²**[35.1]** ³**[37.2]** 36.³ This act shall take effect
5 immediately.

6

7

8

9

10 Revises various provisions of law governing construction of
11 school facilities projects and operations of New Jersey Schools
12 Development Authority; establishes “Charter School and
13 Renaissance School Project Facilities Loan Program” in EDA.

ASSEMBLY, No. 4496

STATE OF NEW JERSEY 220th LEGISLATURE

INTRODUCED JUNE 29, 2022

Sponsored by:

Assemblyman CRAIG J. COUGHLIN

District 19 (Middlesex)

Assemblywoman PAMELA R. LAMPITT

District 6 (Burlington and Camden)

Assemblyman ROBERT J. KARABINCHAK

District 18 (Middlesex)

SYNOPSIS

Revises various provisions of law governing construction of school facilities projects and operations of New Jersey Schools Development Authority.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 10/27/2022)

1 AN ACT concerning the construction of school facilities projects,
2 supplementing P.L.2000, c.72 (C.18A:7G-1 et al.) and chapter
3 18A of Title 18A of the New Jersey Statutes, and amending
4 various parts of the statutory law.

5

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

8

9 1. Section 3 of P.L.2000, c.72 (C.18A:7G-3) is amended to
10 read as follows:

11 3. As used in sections 1 through 30 and 57 through 71 of
12 P.L.2000, c.72 (C.18A:7G-1 et al.) and sections 14 through 17 of
13 P.L.2007, c.137 (C.18A:7G-45 through C.18A:7G-48), unless the
14 context clearly requires a different meaning:

15 "Area cost allowance" means \$138 per square foot for the school
16 year 2000-2001 and shall be inflated by an appropriate cost index
17 for the 2001-2002 school year. For the 2002-2003 school year and
18 subsequent school years, the area cost allowance shall be
19 established by the commissioner pursuant to subsection h. of
20 section 4 of P.L.2000, c.72 (C.18A:7G-4). The area cost allowance
21 used in determining preliminary eligible costs of school facilities
22 projects shall be that of the year of application for approval of the
23 project;

24 "Capital maintenance project" means a school facilities project
25 intended to extend the useful life of a school facility, including up-
26 grades and replacements of building systems, such as structure,
27 enclosure, mechanical, plumbing and electrical systems;

28 "Charter school" means a school established pursuant to
29 P.L.1995, c.426 (C.18A:36A-1 et seq.);

30 "Commissioner" means the Commissioner of Education;

31 "Core curriculum content standards" means the standards
32 established pursuant to the provisions of subsection a. of section 4
33 of P.L.2007, c.260 (C.18A:7F-46);

34 "Cost index" means the average annual increase, expressed as a
35 decimal, in actual construction cost factors for the New York City
36 and Philadelphia areas during the second fiscal year preceding the
37 budget year as determined pursuant to regulations promulgated by
38 the development authority pursuant to section 26 of P.L.2000, c.72
39 (C.18A:7G-26);

40 "Debt service" means and includes payments of principal and
41 interest upon school bonds issued to finance the acquisition of
42 school sites and the purchase or construction of school facilities,
43 additions to school facilities, or the reconstruction, remodeling,
44 alteration, modernization, renovation or repair of school facilities,
45 including furnishings, equipment, architect fees and the costs of
46 issuance of such obligations and shall include payments of principal
47 and interest upon school bonds heretofore issued to fund or refund

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.

1 such obligations, and upon municipal bonds and other obligations
2 which the commissioner approves as having been issued for such
3 purposes. Debt service pursuant to the provisions of P.L.1978, c.74
4 (C.18A:58-33.22 et seq.), P.L.1971, c.10 (C.18A:58-33.6 et seq.)
5 and P.L.1968, c.177 (C.18A:58-33.2 et seq.) is excluded;

6 "Demonstration project" means a school facilities project
7 selected by the State Treasurer for construction by a redevelopment
8 entity pursuant to section 6 of P.L.2000, c.72 (C.18A:7G-6);

9 "Development authority" means the New Jersey Schools
10 Development Authority established pursuant to section 3 of
11 P.L.2007, c.137 (C.52:18A-237);

12 "District" means a local or regional school district established
13 pursuant to chapter 8 or chapter 13 of Title 18A of the New Jersey
14 Statutes, a county special services school district established
15 pursuant to article 8 of chapter 46 of Title 18A of the New Jersey
16 Statutes, a county vocational school district established pursuant to
17 article 3 of chapter 54 of Title 18A of the New Jersey Statutes, and
18 a district under full State intervention pursuant to P.L.1987, c.399
19 (C.18A:7A-34 et al.);

20 "District aid percentage" means the number expressed as a
21 percentage derived from dividing the district's equalization aid
22 calculated pursuant to section 11 of P.L.2007, c.260 (C.18A:7F-53)
23 as of the date of the commissioner's determination of preliminary
24 eligible costs by the district's adequacy budget calculated pursuant
25 to section 9 of P.L.2007, c.260 (C.18A:7F-51) as of the date of the
26 commissioner's determination of preliminary eligible costs;

27 "Excess costs" means the additional costs, if any, which shall be
28 borne by the district, of a school facilities project which result from
29 design factors that are not required to meet the facilities efficiency
30 standards and not approved pursuant to paragraph (1) of subsection
31 g. of section 5 of P.L.2000, c.72 (C.18A:7G-5) or are not authorized
32 as community design features included in final eligible costs
33 pursuant to subsection c. of section 6 of P.L.2000, c.72 (C.18A:7G-
34 6);

35 "Facilities efficiency standards" means the standards developed
36 by the commissioner pursuant to subsection h. of section 4 of
37 P.L.2000, c.72 (C.18A:7G-4);

38 "Final eligible costs" means for school facilities projects to be
39 constructed by the development authority, the final eligible costs of
40 the school facilities project as determined by the commissioner, in
41 consultation with the development authority, pursuant to section 5
42 of P.L.2000, c.72 (C.18A:7G-5); for demonstration projects, the
43 final eligible costs of the project as determined by the commissioner
44 and reviewed by the development authority which may include the
45 cost of community design features determined by the commissioner
46 to be an integral part of the school facility and which do not exceed
47 the facilities efficiency standards, and which were reviewed by the

1 development authority and approved by the State Treasurer
2 pursuant to section 6 of P.L.2000, c.72 (C.18A:7G-6); **and** for
3 districts other than SDA districts, final eligible costs as determined
4 pursuant to paragraph (1) of subsection h. of section 5 of P.L.2000,
5 c.72 (C.18A:7G-5) ; for school facilities projects of charter schools
6 and renaissance school projects located in SDA districts, final
7 eligible costs as determined pursuant to subsection c. of section 4 of
8 P.L. , c. (C.) (pending before the Legislature as this bill);

9 "Financing authority" means the New Jersey Economic
10 Development Authority established pursuant to P.L.1974, c.80
11 (C.34:1B-1 et seq.);

12 "FTE" means a full-time equivalent student which shall be
13 calculated as follows: each student in grades 1 through 12 shall be
14 counted at **100%** 100 percent of the actual count of students, in
15 the case of districts which operate a half-day kindergarten program
16 each kindergarten student shall be counted at **50%** 50 percent of
17 the actual count of kindergarten students, in the case of districts
18 which operate a full-day kindergarten program or which currently
19 operate a half-day kindergarten program but propose to build
20 facilities to house a full-day kindergarten program each
21 kindergarten student shall be counted at **100%** 100 percent of the
22 actual count of kindergarten students, and each preschool student
23 who is enrolled in a full-day preschool program pursuant to section
24 12 of P.L.2007, c.260 (C.18A:7F-54) shall be counted at **100%**
25 100 percent of the actual count of preschool students. In addition,
26 each preschool disabled child who is entitled to receive a full-time
27 program pursuant to N.J.S.18A:46-6 shall be counted at **100%**
28 100 percent of the actual count of these students in the district;

29 "Functional capacity" means the number of students that can be
30 housed in a building in order to have sufficient space for it to be
31 educationally adequate for the delivery of programs and services
32 necessary for student achievement of the core curriculum content
33 standards. Functional capacity is determined by dividing the
34 existing gross square footage of a school building by the minimum
35 area allowance per FTE student pursuant to subsection b. of section
36 8 of P.L.2000, c.72 (C.18A:7G-8) for the grade level students
37 contained therein. The difference between the projected enrollment
38 determined pursuant to subsection a. of section 8 of P.L.2000, c.72
39 (C.18A:7G-8) and the functional capacity is the unhoused students
40 that are the basis upon which the additional costs of space to
41 provide educationally adequate facilities for the entire projected
42 enrollment are determined. The existing gross square footage for
43 the purposes of defining functional capacity is exclusive of existing
44 spaces that are not contained in the facilities efficiency standards
45 but which are used to deliver programs and services aligned to the
46 core curriculum content standards, used to provide support services
47 directly to students, or other existing spaces that the district can

1 demonstrate would be structurally or fiscally impractical to convert
2 to other uses contained in the facilities efficiency standards;

3 "Lease purchase payment" means and includes payment of
4 principal and interest for lease purchase agreements in excess of
5 five years approved pursuant to subsection (f) of N.J.S.18A:20-4.2
6 prior to the effective date of P.L.2000, c.72 (C.18A:7G-1 et al.) to
7 finance the purchase or construction of school facilities, additions
8 to school facilities, or the reconstruction, remodeling, alteration,
9 modernization, renovation or repair of school facilities, including
10 furnishings, equipment, architect fees and issuance costs. Approved
11 lease purchase agreements in excess of five years shall be accorded
12 the same accounting treatment as school bonds;

13 "Local share" means, in the case of a school facilities project to
14 be constructed by the development authority, the total costs less the
15 State share as determined pursuant to section 5 of P.L.2000, c.72
16 (C.18A:7G-5); in the case of a demonstration project, the total costs
17 less the State share as determined pursuant to sections 5 and 6 of
18 P.L.2000, c.72 (C.18A:7G-5 and C.18A:7G-6); and in the case of a
19 school facilities project which shall be financed pursuant to section
20 15 of P.L.2000, c.72 (C.18A:7G-15), the total costs less the State
21 share as determined pursuant to that section;

22 "Local unit" means a county, municipality, board of education or
23 any other political subdivision or instrumentality authorized to
24 construct, operate and maintain a school facilities project and to
25 borrow money for those purposes pursuant to law;

26 "Local unit obligations" means bonds, notes, refunding bonds,
27 refunding notes, lease obligations and all other obligations of a
28 local unit which are issued or entered into for the purpose of paying
29 for all or a portion of the costs of a school facilities project,
30 including moneys payable to the development authority;

31 "Long-range facilities plan" means the plan required to be
32 submitted to the commissioner by a district pursuant to section 4 of
33 P.L.2000, c.72 (C.18A:7G-4);

34 "Maintenance" means expenditures which are approved for
35 repairs and replacements for the purpose of keeping a school
36 facility open and safe for use or in its original condition, including
37 repairs and replacements to a school facility's heating, lighting,
38 ventilation, security and other fixtures to keep the facility or
39 fixtures in effective working condition. Maintenance shall not
40 include capital maintenance or contracted custodial or janitorial
41 services, expenditures for the cleaning of a school facility or its
42 fixtures, the care and upkeep of grounds or parking lots, and the
43 cleaning of, or repairs and replacements to, movable furnishings or
44 equipment, or other expenditures which are not required to maintain
45 the original condition over the school facility's useful life.
46 Approved maintenance expenditures shall be as determined by the
47 commissioner pursuant to regulations to be adopted by the

1 commissioner pursuant to section 26 of P.L.2000, c.72 (C.18A:7G-
2 26);

3 "Model school design" means the design standards developed by
4 the development authority pursuant to paragraph (2) of subsection
5 h. of section 4 of P.L.2000, c.72 (C.18A:7G-4);

6 "Other allowable costs" means the costs of temporary facilities,
7 site development, acquisition of land or other real property interests
8 necessary to effectuate the school facilities project, fees for the
9 services of design professionals, including architects, engineers,
10 construction managers and other design professionals, legal fees,
11 financing costs and the administrative costs of the development
12 authority and the financing authority or the district, charter school,
13 or renaissance school project incurred in connection with the school
14 facilities project;

15 "Other facilities" means athletic stadiums, swimming pools, ice
16 rinks, any associated structures or related equipment tied to such
17 facilities including, but not limited to, grandstands and night field
18 lights, greenhouses, facilities used for non-instructional or non-
19 educational purposes, and any structure, building, or facility used
20 solely for school administration;

21 "Preliminary eligible costs" means the initial eligible costs of a
22 school facilities project as calculated pursuant to the formulas set
23 forth in section 7 of P.L.2000, c.72 (C.18A:7G-7) or as otherwise
24 provided pursuant to section 5 of P.L.2000, c.72 (C.18A:7G-5) and
25 which shall be deemed to include the costs of construction and other
26 allowable costs;

27 "Redevelopment entity" means a redevelopment entity
28 authorized by a municipal governing body to implement plans and
29 carry out redevelopment projects in the municipality pursuant to the
30 "Local Redevelopment and Housing Law," P.L.1992, c.79
31 (C.40A:12A-1 et al.);

32 "Renaissance school project" means a school established
33 pursuant to P.L.2011, c.176 (C.18A:36C-1 et seq.);

34 "School bonds" means, in the case of a school facilities project
35 which is to be constructed by the development authority, a
36 redevelopment entity, or a district under section 15 of P.L.2000,
37 c.72 (C.18A:7G-15), bonds, notes or other obligations issued by a
38 district to finance the local share; and, in the case of a school
39 facilities project which is not to be constructed by the development
40 authority or a redevelopment entity, or financed under section 15 of
41 P.L.2000, c.72 (C.18A:7G-15), bonds, notes or other obligations
42 issued by a district to finance the total costs;

43 "School enrollment" means the number of FTE students other
44 than evening school students, including post-graduate students and
45 post-secondary vocational students, who, on the last school day
46 prior to October 16 of the current school year, are recorded in the
47 registers of the school;

1 "School facility" means and includes any structure, building or
2 facility used wholly or in part for educational purposes by a district
3 and facilities that physically support such structures, buildings and
4 facilities, such as district wastewater treatment facilities, power
5 generating facilities, and steam generating facilities, but shall
6 exclude other facilities. "School facility" shall also mean any
7 structure, building, or facility used wholly or in part for educational
8 purposes that is owned or leased and operated by a charter school or
9 renaissance school project and facilities that physically support such
10 structures, buildings and facilities;

11 "School facilities project" means the planning, acquisition,
12 demolition, construction, improvement, alteration, modernization,
13 renovation, reconstruction or capital maintenance of all or any part
14 of a school facility or of any other personal property necessary for,
15 or ancillary to, any school facility, and shall include fixtures,
16 furnishings and equipment, and shall also include, but is not limited
17 to, site acquisition, site development, the services of design
18 professionals, such as engineers and architects, construction
19 management, legal services, financing costs and administrative
20 costs and expenses incurred in connection with the project;

21 "SDA district" is a district that received education opportunity
22 aid or preschool expansion aid in the 2007-2008 school year;

23 "Special education services pupil" means a pupil receiving
24 specific services pursuant to chapter 46 of Title 18A of the New
25 Jersey Statutes;

26 "State aid" means State municipal aid and State school aid;

27 "State debt service aid" means for school bonds issued for school
28 facilities projects approved by the commissioner after the effective
29 date of P.L.2000, c.72 (C.18A:7G-1 et al.) of districts which elect
30 not to have a redevelopment entity construct the project or which
31 elect not to finance the project under section 15 of P.L.2000, c.72
32 (C.18A:7G-15), the amount of State aid determined pursuant to
33 section 9 of P.L.2000, c.72 (C.18A:7G-9); and for school bonds or
34 certificates of participation issued for school facilities projects
35 approved by the commissioner prior to the effective date of
36 P.L.2000, c.72 (C.18A:7G-1 et al.) the amount of State aid
37 determined pursuant to section 10 of P.L.2000, c.72 (C.18A:7G-
38 10);

39 "State municipal aid" means business personal property tax
40 replacement revenues, State urban aid and State revenue sharing, as
41 these terms are defined in section 2 of P.L.1976, c.38 (C.40A:3-3),
42 or other similar forms of State aid payable to the local unit and to
43 the extent permitted by federal law, federal moneys appropriated or
44 apportioned to the municipality or county by the State;

45 "State school aid" means the funds made available to school
46 districts pursuant to section 11 of P.L.2007, c.260 (C.18A:7F-53);

1 "State share" means the State's proportionate share of the final
2 eligible costs of a school facilities project to be constructed by the
3 development authority as determined pursuant to section 5 of
4 P.L.2000, c.72 (C.18A:7G-5); in the case of a demonstration
5 project, the State's proportionate share of the final eligible costs of
6 the project as determined pursuant to sections 5 and 6 of P.L.2000,
7 c.72 (C.18A:7G-5 and C.18A:7G-6); **[and]** in the case of a school
8 facilities project to be financed pursuant to section 15 of P.L.2000,
9 c.72 (C.18A:7G-15), the State share as determined pursuant to that
10 section ; and in the case of a school facilities project of a charter
11 school or renaissance school project in an SDA district, the State
12 share as determined pursuant to section 4 of P.L. , c. (C.)
13 (pending before the Legislature as this bill);

14 "Total costs" means, in the case of a school facilities project
15 which is to be constructed by the development authority or a
16 redevelopment entity or financed pursuant to section 15 of
17 P.L.2000, c.72 (C.18A:7G-15), the final eligible costs plus excess
18 costs if any; and in the case of a school facilities project which is
19 not to be constructed by the development authority or a
20 redevelopment entity or financed pursuant to section 15 of
21 P.L.2000, c.72 (C.18A:7G-15), the total cost of the project as
22 determined by the district.

23 (cf: P.L.2007, c.260, s.39)

24

25 2. Section 4 of P.L.2000, c.72 (C.18A:7G-4) is amended to
26 read as follows:

27 4. a. (1) By December 15, 2000 and by October 1, 2005, each
28 district shall prepare and submit to the commissioner a long-range
29 facilities plan that details the district's school facilities needs and
30 the district's plan to address those needs for the ensuing five years.
31 Following the approval of the 2005 long-range facilities plan, each
32 district shall amend its long-range facilities plan at least once every
33 five years to update enrollment projections, building capacities, and
34 health and safety conditions. The long-range facilities plan shall
35 incorporate the facilities efficiency standards and shall be filed with
36 the commissioner for approval in accordance with those standards.
37 For those Abbott districts that have submitted long-range facilities
38 plans to the commissioner prior to the effective date of P.L.2000,
39 c.72 (C.18A:7G-1 et al.), this subsection shall not be read to require
40 an additional filing by October 1, 2000.

41 (2) Every long-rang facilities plan submitted to the
42 commissioner after the effective date of P.L. , c. (C.)
43 (pending before the Legislature as this bill), including any
44 amendment thereto, shall include a capital improvement plan for
45 each public school within the district. At a minimum, the capital
46 improvement plan shall indicate the enrollment projections,
47 building capacities, and health and safety conditions of each public

1 school within the district, as well as the school facilities needs of
2 each school.

3 b. Notwithstanding any other law or regulation to the contrary,
4 an application for a school facilities project pursuant to section 5 of
5 P.L.2000, c.72 (C.18A:7G-5) shall not be approved unless the
6 district has filed a long-range facilities plan that is consistent with
7 the application and the plan has been approved by the
8 commissioner; except that prior to October 1, 2000, the
9 commissioner may approve an application if the project is necessary
10 to protect the health or safety of occupants of the school facility, or
11 is related to required early childhood education programs, or is
12 related to a school facility in which the functional capacity is less
13 than **[90%]** 90 percent of the facilities efficiency standards based
14 on current school enrollment, or the district received bids on the
15 school facilities project prior to the effective date of P.L.2000, c.72
16 (C.18A:7G-1 et al.) and the district demonstrates that further delay
17 will negatively affect the cost of the project.

18 c. An amendment to a long-range facilities plan may be
19 submitted at any time to the commissioner for review and
20 determination on the approval or disapproval of the amendment.

21 d. Each long-range facilities plan shall include a cohort
22 survival methodology or other methodology approved by the
23 commissioner, accompanied by a certification by a qualified
24 demographer retained by the district that serves as the basis for
25 identifying the capacity and program needs detailed in the long-
26 range facilities plan.

27 e. The long-range facilities plan shall include an educational
28 adequacy inventory of all existing school facilities in the district
29 including the adequacy of school facilities to educate within the
30 district the existing and projected number of pupils with disabilities,
31 the identification of all deficiencies in the district's current
32 inventory of school facilities, which includes the identification of
33 those deficiencies that involve emergent health and safety concerns,
34 and the district's proposed plan for future construction and
35 renovation. The long-range facilities plan submissions shall
36 conform to the guidelines, criteria and format prescribed by the
37 commissioner.

38 f. Each district shall determine the number of "unhoused
39 students" for the ensuing five-year period calculated pursuant to the
40 provisions of section 8 of P.L.2000, c.72 (C.18A:7G-8).

41 g. Each district shall submit the long-range facilities plan to the
42 planning board of the municipality or municipalities in which the
43 district is situate for the planning board's review and findings and
44 the incorporation of the plan's goals and objectives into the
45 municipal master plan adopted by the municipality pursuant to
46 section 19 of P.L.1975, c.291 (C.40:55D-28).

1 h. (1) The commissioner shall develop, for the March 2002
2 Report on the Cost of Providing a Thorough and Efficient
3 Education issued by the commissioner pursuant to section 4 of
4 P.L.1996, c.138 (C.18A:7F-4), facilities efficiency standards for
5 elementary, middle, and high schools consistent with the core
6 curriculum school delivery assumptions in the report and sufficient
7 for the achievement of the core curriculum content standards,
8 including the provision of required programs in Abbott districts and
9 early childhood education programs in the districts in which these
10 programs are required by the State. The area allowances per FTE
11 student in each class of the district shall be derived from these
12 facilities efficiency standards. The commissioner shall revise the
13 facilities efficiency standards and the area cost allowance in
14 accordance with such schedule as the commissioner deems
15 necessary. The commissioner shall publish the revised facilities
16 efficiency standards and the area cost allowance in the New Jersey
17 Register and, within a reasonable period of time after 30 days
18 following publication, shall file the revised facilities efficiency
19 standards and the area cost allowance with the Office of
20 Administrative Law for publication in the New Jersey Register and
21 those standards shall become effective immediately upon filing.
22 During the 30-day period the commissioner shall provide an
23 opportunity for public comment on the proposed facilities
24 efficiency standards and the area cost allowance.

25 The facilities efficiency standards developed by the
26 commissioner shall not be construction design standards but rather
27 shall represent the instructional spaces, specialized instructional
28 areas, and administrative spaces that are determined by the
29 commissioner to be educationally adequate to support the
30 achievement of the core curriculum content standards including the
31 provision of required programs in Abbott districts and early
32 childhood education programs in the districts in which these
33 programs are required by the State. A district may design, at its
34 discretion, the educational and other spaces to be included within
35 the school facilities project. The design of the project may
36 eliminate spaces in the facilities efficiency standards, include
37 spaces not in the facilities efficiency standards, or size spaces
38 differently than in the facilities efficiency standards upon a
39 demonstration of the adequacy of the school facilities project to
40 deliver the core curriculum content standards pursuant to paragraph
41 (2) of subsection g. of section 5 of P.L.2000, c.72 (C.18A:7G-5).

42 Within a reasonable period of time after the effective date of
43 P.L.2000, c.72 (C.18A:7G-1 et al.), the commissioner shall publish
44 the facilities efficiency standards developed for the 2000-2001,
45 2001-2002, and 2002-2003 school years in the New Jersey Register.
46 Within a reasonable period of time after 30 days after publication in
47 the New Jersey Register, the commissioner shall file the facilities

1 efficiency standards with the Office of Administrative Law and
2 those standards shall become effective immediately upon filing with
3 the Office of Administrative Law. During the 30-day period the
4 commissioner shall provide an opportunity for public comment on
5 the proposed facilities efficiency standards.

6 (2) Within 120 days of the effective date of P.L. ,
7 c. (C.) (pending before the Legislature as this bill), the
8 development authority, in consultation with the commissioner, shall
9 develop three model school designs for the construction of
10 elementary, middle, and high schools, respectively. The model
11 school designs shall establish uniform standards for the exterior and
12 interior design of each category of school facilities projects. The
13 development authority, in consultation with the commissioner, may
14 revise the model school designs as the development authority deems
15 necessary. In addition to any other considerations that the
16 development authority may deem appropriate, the model school
17 designs shall: (a) not include immodest or irregularly-shaped
18 structures, including facades, windows, and courtyards, which
19 contribute to unnecessary and imprudent construction costs; and (b)
20 prioritize the utilization of vertical construction designs over
21 horizontal construction designs, which designs preserve green space
22 and maximize land use.

23 i. Within 90 days of the commissioner's receipt of a long-range
24 facilities plan for review, the commissioner shall determine whether
25 the plan is fully and accurately completed and whether all
26 information necessary for a decision on the plan has been filed by
27 the district. If the commissioner determines that the plan is
28 complete, the commissioner shall promptly notify the district in
29 writing and shall have 60 days from the date of that notification to
30 determine whether to approve the plan or not. If the commissioner
31 determines that the plan is not complete, the commissioner shall
32 notify the district in writing. The district shall provide to the
33 commissioner whatever information the commissioner determines is
34 necessary to make the plan accurate and complete. The district
35 shall submit that information to the commissioner, and the
36 commissioner shall have 60 days from the date of receipt of
37 accurate and complete information to determine whether to approve
38 the plan or not.

39 j. Notwithstanding any provision in subsection i. of this
40 section, if at any time the number of long-range facilities plans filed
41 by school districts with the commissioner and pending review
42 exceeds **【20%】** 20 percent of the number of school districts in New
43 Jersey, the commissioner may extend by 60 days the deadline for
44 reviewing each plan pending at that time.

45 k. (Deleted by amendment, P.L.2007, c.260).

46 l. By July 1, 2001, the commissioner shall provide the
47 Legislature with recommendations to address the circumstances of

1 districts which are contiguous with two or more Abbott districts.
2 The recommendations shall address the issues of the financing of
3 school facilities projects and the funding of the educational and
4 other programs required within these districts as a result of their
5 unique demographic situation.

6 m. By July 1, 2001, the commissioner shall study the Safe
7 Schools Design Guidelines, prepared by the Florida Center for
8 Community Design and Research, which address the issues of
9 school safety and security through the design of school facilities.
10 Based upon the commissioner's study, the commissioner shall issue
11 recommendations to districts on the appropriateness of including
12 the Safe Schools Design Guidelines in the design and construction
13 of school facilities projects.

14 (cf: P.L.2007, c.260, s.40)

15

16 3. Section 5 of P.L.2000, c.72 (C.18A:7G-5) is amended to
17 read as follows:

18 5. a. The development authority shall undertake and the
19 financing authority shall finance the school facilities projects of
20 SDA districts.

21 b. In the case of a district other than an SDA district, State
22 support for the project shall be determined pursuant to section 9 or
23 section 15 of P.L.2000, c.72 (C.18A:7G-9 or C.18A:7G-15), as
24 applicable.

25 c. Notwithstanding any provision of N.J.S.18A:18A-16 to the
26 contrary, the procedures for obtaining approval of a school facilities
27 project shall be as set forth in **【this act】** P.L.2000, c.72 (C.18A:7G-
28 1 et al.); provided that any district whose school facilities project is
29 not constructed by the development authority shall also be required
30 to comply with the provisions of N.J.S.18A:18A-16 and shall be
31 overseen by a non-conflicted construction management service
32 provider, which may include a county improvement authority and
33 private professional service firm, who shall serve from initial
34 application to the commissioner for approval of the project through
35 project completion.

36 d. (1) Any district seeking to initiate a school facilities project
37 shall apply to the commissioner for approval of the project. The
38 application may include, but not be limited to: a description of the
39 school facilities project; a schematic drawing of the project or, at
40 the option of the district, preliminary plans and specifications; a
41 delineation and description of each of the functional components of
42 the project; educational specifications detailing the programmatic
43 needs of each proposed space; the number of unhoused students to
44 be housed in the project; the area allowances per FTE student as
45 calculated pursuant to section 8 of P.L.2000, c.72 (C.18A:7G-8);
46 and the estimated cost to complete the project as determined by the
47 district.

1 (2) (a) In the case of an SDA district school facilities project,
2 **【based upon its educational priority ranking and the Statewide**
3 **strategic plan established pursuant to subsection m. of this section,**
4 **the commissioner may authorize】** the district shall not submit an
5 application for commissioner approval until the project has been
6 authorized by the Legislature pursuant to subparagraph (e) of
7 paragraph (3) of subsection m. of this section. If the district
8 submits an application before the project has been authorized
9 pursuant to that subparagraph, the application shall not be deemed
10 to be fully and accurately completed until the date of such
11 authorization. The development authority **【to】** may undertake
12 **【preconstruction activities which may include, but need not be**
13 **limited to, site identification, investigation, and acquisition,**
14 **feasibility studies, land-related design work, design work, site**
15 **remediation, demolition, and acquisition of temporary facilities】**
16 site identification and investigation for the project before a staff
17 allocation plan has been authorized by the Legislature. Upon
18 receipt of the authorization, the development authority may **【initiate**
19 the】 **undertake any other** preconstruction activities required to
20 prepare the application for commissioner approval of the school
21 facilities project, which activities may include, but need not be
22 limited to, site acquisition, feasibility studies, land-related design
23 work, design work, site remediation, demolition, and acquisition of
24 temporary facilities.

25 (b) In the case of an SDA district school facilities project, the
26 project design shall conform to a model school design developed by
27 the development authority pursuant to paragraph (2) of subsection
28 h. of section 4 of P.L.2000, c.72 (C.18A:7G-4), except that the
29 model school design may be modified to accommodate the capacity
30 needs of the project, provided that such modifications shall comply
31 with the facilities efficiency standards and the area allowances per
32 FTE student derived from those standards. In the event that the
33 SDA district school facilities project requires the implementation of
34 certain immodest or irregularly-shaped structures, but otherwise
35 conforms to a model school design, the development authority shall
36 approve the immodest or irregularly-shaped structures prior to the
37 submission of the project to the Legislature for authorization
38 pursuant to subparagraph (e) of paragraph (3) of subsection m. of
39 this section and shall provide an attestation that the implementation
40 of the structures is necessary for the purposes of completing the
41 SDA district school facilities project.

42 (c) In the case of a district other than an SDA district, the
43 project design of the school facilities project may conform to a
44 model school design developed by the development authority
45 pursuant to paragraph (2) of subsection h. of section 4 of P.L.2000,
46 c.72 (C.18A:7G-4), with any modifications authorized under
47 subparagraph (b) of this paragraph. If the project conforms to a

1 model school design or conforms to a model design with any
2 modification authorized under subparagraph (b) of this paragraph,
3 the district's district aid percentage shall be increased by 15
4 percent. In the event that the school facilities project requires the
5 implementation of certain immodest or irregularly-shaped
6 structures, but otherwise conforms to a model school design, the
7 development authority shall review the immodest or irregularly-
8 shaped structures under the district's proposal. If the development
9 authority approves the immodest or irregularly-shaped structures
10 under the proposed school facilities project, the district shall
11 continue to be eligible for the increased district aid percentage
12 provided under this subparagraph.

13 e. (1) The commissioner shall review each proposed school
14 facilities project to determine whether it is consistent with the
15 district's long-range facilities plan and whether it complies with the
16 facilities efficiency standards and the area allowances per FTE
17 student derived from those standards; and in the case of an SDA
18 district, the commissioner shall also review **【the project's**
19 **educational priority ranking and the Statewide strategic plan**
20 **developed】** whether the project complies with the model school
21 design standards and contains any modifications authorized
22 pursuant to subparagraph (b) of paragraph (2) of subsection d. of
23 this section, whether the project received the necessary approvals
24 for the implementation of immodest or irregularly-shaped structures
25 under subparagraph (b) of paragraph (2) of subsection d. of this
26 section, and whether the project has been authorized by the
27 Legislature pursuant to **【paragraphs (2) and】** subparagraph (e) of
28 paragraph (3) of subsection m. of this section; and in the case of a
29 district other than an SDA district the commissioner shall also
30 review the project's priority pursuant to paragraph (4) of subsection
31 m. of this section.

32 (2) The commissioner shall make a decision on a district's
33 application within 90 days from the date **【he】** the commissioner
34 determines that the application is fully and accurately completed
35 and that all information necessary for a decision has been filed by
36 the district, or from the date of the last revision made by the district.
37 If the commissioner is not able to make a decision within 90 days,
38 **【he】** the commissioner shall notify the district in writing explaining
39 the reason for the delay and indicating the date on which a decision
40 on the project will be made, provided that the date shall not be later
41 than 60 days from the expiration of the original 90 days set forth in
42 this subsection. If the decision is not made by the subsequent date
43 indicated by the commissioner, then the project shall be deemed
44 approved and the preliminary eligible costs for new construction
45 shall be calculated by using the proposed square footage of the
46 building as the approved area for unhoused students.

1 f. If the commissioner determines that the school facilities
2 project complies with the facilities efficiency standards and the
3 district's long-range facilities plan and does not exceed the area
4 allowance per FTE student derived from those standards, the
5 commissioner shall calculate the preliminary eligible costs of the
6 project pursuant to the formulas set forth in section 7 of P.L.2000,
7 c.72 (C.18A:7G-7); except that (1) in the case of a county special
8 services school district or a county vocational school district, the
9 commissioner shall calculate the preliminary eligible costs to equal
10 the amount determined by the board of school estimate and
11 approved by the board of chosen freeholders pursuant to section 14
12 of P.L.1971, c.271 (C.18A:46-42) or N.J.S.18A:54-31 as
13 appropriate, and (2) in the case of an SDA district, the
14 commissioner shall calculate the preliminary eligible costs to equal
15 the estimated cost as determined by the development authority,
16 provided that such costs shall not exceed the amounts authorized by
17 the Legislature pursuant to subparagraph (e) of paragraph (3) of
18 subsection m. of this section.

19 g. If the commissioner determines that the school facilities
20 project is inconsistent with the facilities efficiency standards or
21 exceeds the area allowances per FTE student derived from those
22 standards, the commissioner shall notify the district.

23 (1) The commissioner shall approve area allowances in excess
24 of the area allowances per FTE student derived from the facilities
25 efficiency standards if the board of education or State district
26 superintendent, as appropriate, demonstrates that school facilities
27 needs related to required programs cannot be addressed within the
28 facilities efficiency standards and that all other proposed spaces are
29 consistent with those standards. The commissioner shall approve
30 area allowances in excess of the area allowances per FTE student
31 derived from the facilities efficiency standards if the additional area
32 allowances are necessary to accommodate centralized facilities to
33 be shared among two or more school buildings within the district
34 and the centralized facilities represent a more cost effective
35 alternative.

36 (2) The commissioner may waive a facilities efficiency standard
37 if the board of education or State district superintendent, as
38 appropriate, demonstrates to the commissioner's satisfaction that the
39 waiver will not adversely affect the educational adequacy of the
40 school facility, including the ability to deliver the programs and
41 services necessary to enable all students to achieve the core
42 curriculum content standards.

43 (3) To house the district's central administration, a district may
44 request an adjustment to the approved areas for unhoused students
45 of 2.17 square feet for each FTE student in the projected total
46 district school enrollment if the proposed administrative offices will
47 be housed in a school facility and the district demonstrates either

1 that the existing central administrative offices are obsolete or that it
2 is more practical to convert those offices to instructional space. To
3 the extent that existing administrative space will continue to be used
4 for administrative purposes, the space shall be included in the
5 formulas set forth in section 7 of P.L.2000, c.72 (C.18A:7G-7).

6 If the commissioner approves excess facilities efficiency
7 standards or additional area allowances pursuant to paragraph (1),
8 (2), or (3) of this subsection, the commissioner shall calculate the
9 preliminary eligible costs based upon the additional area allowances
10 or excess facilities efficiency standards pursuant to the formulas set
11 forth in section 7 of P.L.2000, c.72 (C.18A:7G-7). In the event that
12 the commissioner does not approve the excess facilities efficiency
13 standards or additional area allowances, the district may either:
14 modify its submission so that the school facilities project meets the
15 facilities efficiency standards; or pay for the excess costs.

16 (4) The commissioner shall approve spaces in excess of, or
17 inconsistent with, the facilities efficiency standards, hereinafter
18 referred to as nonconforming spaces, upon a determination by the
19 district that the spaces are necessary to comply with State or federal
20 law concerning individuals with disabilities, including that the
21 spaces are necessary to provide in-district programs and services for
22 current disabled pupils who are being served in out-of-district
23 placements or in-district programs and services for the projected
24 disabled pupil population. A district may apply for additional State
25 aid for nonconforming spaces that will permit pupils with
26 disabilities to be educated to the greatest extent possible in the same
27 buildings or classes with their nondisabled peers. The
28 nonconforming spaces may: (a) allow for the return of pupils with
29 disabilities from private facilities; (b) permit the retention of pupils
30 with disabilities who would otherwise be placed in private facilities;
31 (c) provide space for regional programs in a host school building
32 that houses both disabled and nondisabled pupils; and (d) provide
33 space for the coordination of regional programs by a county special
34 services school district, educational services commission, jointure
35 commission, or other agency authorized by law to provide regional
36 educational services in a school building that houses both disabled
37 and nondisabled pupils. A district's State support ratio shall be
38 adjusted to equal the lesser of the sum of its district aid percentage
39 as defined in section 3 of P.L.2000, c.72 (C.18A:7G-3) plus 0.25, or
40 **【100%】** 100 percent for any nonconforming spaces approved by the
41 commissioner pursuant to this paragraph.

42 h. Upon approval of a school facilities project and
43 determination of the preliminary eligible costs:

44 (1) In the case of a district other than an SDA district, the
45 commissioner shall notify the district whether the school facilities
46 project is approved and, if so approved, the preliminary eligible
47 costs and the excess costs, if any. Following the determination of

1 preliminary eligible costs and the notification of project approval,
2 the district may appeal to the commissioner for an increase in those
3 costs if the detailed plans and specifications completed by a design
4 professional for the school facilities project indicate that the cost of
5 constructing that portion of the project which is consistent with the
6 facilities efficiency standards and does not exceed the area
7 allowances per FTE student exceeds the preliminary eligible costs
8 as determined by the commissioner for the project by **[10%]** 10
9 percent or more. The district shall file its appeal within 30 days of
10 the preparation of the plans and specifications. If the district
11 chooses not to file an appeal, then the final eligible costs shall equal
12 the preliminary eligible costs.

13 The appeal shall outline the reasons why the preliminary eligible
14 costs calculated for the project are inadequate and estimate the
15 amount of the adjustment which needs to be made to the
16 preliminary eligible costs. The commissioner shall forward the
17 appeal information to the development authority for its review and
18 recommendation. If the additional costs are the result of factors
19 that are within the control of the district or are the result of design
20 factors that are not required to meet the facilities efficiency
21 standards, the development authority shall recommend to the
22 commissioner that the preliminary eligible costs be accepted as the
23 final eligible costs. If the development authority determines the
24 additional costs are not within the control of the district or are the
25 result of design factors required to meet the facilities efficiency
26 standards, the development authority shall recommend to the
27 commissioner a final eligible cost based on its experience for
28 districts with similar characteristics, provided that, notwithstanding
29 anything to the contrary, the commissioner shall not approve an
30 adjustment to the preliminary eligible costs which exceeds **[10%]**
31 10 percent of the preliminary eligible costs. The commissioner
32 shall make a determination on the appeal within 30 days of its
33 receipt. If the commissioner does not approve an adjustment to the
34 school facilities project's preliminary eligible costs, the
35 commissioner shall issue his findings in writing on the reasons for
36 the denial and on why the preliminary eligible costs as originally
37 calculated are sufficient.

38 (2) In the case of an SDA district, the commissioner shall
39 promptly prepare and submit to the development authority a
40 preliminary project report which shall consist, at a minimum, of the
41 following information: a complete description of the school
42 facilities project; the actual location of the project; the total square
43 footage of the project together with a breakdown of total square
44 footage by functional component; the preliminary eligible costs of
45 the project; the maximum final eligible costs of the project, as
46 authorized by the Legislature; the maximum full-time equivalent
47 employees who may be allocated to the project, as authorized by the

1 Legislature; the project's priority ranking determined pursuant to
2 subsection m. of this section; any other factors to be considered by
3 the development authority in undertaking the project; and the name
4 and address of the person from the district to contact in regard to
5 the project.

6 i. Upon receipt by the development authority of the
7 preliminary project report, the development authority, upon
8 consultation with the district, shall prepare detailed plans and
9 specifications and schedules which contain the development
10 authority's estimated cost and schedule to complete the school
11 facilities project. The development authority shall transmit to the
12 commissioner its recommendations in regard to the project which
13 shall, at a minimum, contain the detailed plans and specifications;
14 whether the school facilities project can be completed within the
15 preliminary eligible costs; and any other factors which the
16 development authority determines should be considered by the
17 commissioner.

18 (1) In the event that the development authority determines that
19 the school facilities project can be completed within the preliminary
20 eligible costs: the final eligible costs shall be deemed to equal the
21 preliminary eligible costs; the commissioner shall be deemed to
22 have given final approval to the project; and the preliminary project
23 report shall be deemed to be the final project report delivered to the
24 development authority pursuant to subsection j. of this section.

25 (2) In the event that the development authority determines that
26 the school facilities project cannot be completed within the
27 preliminary eligible costs, prior to the submission of its
28 recommendations to the commissioner, the development authority
29 shall, in consultation with the district and the commissioner,
30 determine whether changes can be made in the project which will
31 result in a reduction in costs while at the same time meeting the
32 facilities efficiency standards approved by the commissioner.

33 (a) If the development authority determines that changes in the
34 school facilities project are possible so that the project can be
35 accomplished within the scope of the preliminary eligible costs
36 while still meeting the facilities efficiency standards, the
37 development authority shall so advise the commissioner, whereupon
38 the commissioner shall: calculate the final eligible costs to equal the
39 preliminary eligible costs; give final approval to the project with the
40 changes noted; and issue a final project report to the development
41 authority pursuant to subsection j. of this section.

42 (b) If the development authority determines that it is not
43 possible to make changes in the school facilities project so that it
44 can be completed within the preliminary eligible costs either
45 because the additional costs are the result of factors outside the
46 control of the district or the additional costs are required to meet the
47 facilities efficiency standards, the development authority shall

1 recommend to the commissioner that the preliminary eligible costs
2 be increased accordingly, whereupon the commissioner shall:
3 calculate the final eligible costs to equal the sum of the preliminary
4 eligible costs plus the increase recommended by the development
5 authority; give final approval to the project, provided that the final
6 eligible costs do not exceed the amounts authorized for expenditure
7 by the Legislature pursuant to subparagraph (e) of paragraph (3) of
8 subsection m. of this section; and issue a final project report to the
9 development authority pursuant to subsection j. of this section.

10 (c) If the additional costs are the result of factors that are within
11 the control of the district or are the result of design factors that are
12 not required to meet the facilities efficiency standards or approved
13 pursuant to paragraph (1) of subsection g. of this section, the
14 development authority shall recommend to the commissioner that
15 the preliminary eligible costs be accepted, whereupon the
16 commissioner shall: calculate the final eligible costs to equal the
17 preliminary eligible costs and specify the excess costs which are to
18 be borne by the district; give final approval to the school facilities
19 project; and issue a final project report to the development authority
20 pursuant to subsection j. of this section; provided that the
21 commissioner may approve final eligible costs which are in excess
22 of the preliminary eligible costs if, in his judgment, the action is
23 necessary to meet the educational needs of the district, provided
24 that such costs shall not exceed the amounts authorized for
25 expenditure by the Legislature pursuant to subparagraph (e) of
26 paragraph (3) of subsection m. of this section.

27 (d) For a school facilities project undertaken by the
28 development authority, the development authority shall be
29 responsible for any costs of construction, but only from the
30 proceeds of bonds issued by the financing authority pursuant to
31 P.L.2000, c.72 (C.18A:7G-1 et al.) and P.L.2007, c.137 (C.52:18A-
32 235 et al.), which exceed the amount originally projected by the
33 development authority and approved for financing by the
34 development authority, provided that the excess is the result of an
35 underestimate of labor or materials costs by the development
36 authority. After receipt by the development authority of the final
37 project report, the district shall be responsible only for the costs
38 associated with changes, if any, made at the request of the district to
39 the scope of the school facilities project.

40 j. The development authority shall not commence the
41 construction of a school facilities project unless the commissioner
42 transmits to the development authority a final project report and the
43 district complies with the approval requirements for the local share,
44 if any, pursuant to section 11 of P.L.2000, c.72 (C.18A:7G-11).
45 The final project report shall contain all of the information
46 contained in the preliminary project report and, in addition, shall
47 contain: the final eligible costs; the excess costs, if any; the total

1 costs which equals the final eligible costs plus excess costs, if any;
2 the State share; and the local share.

3 k. For the SDA districts, the State share shall be ~~【100%】~~ 100
4 percent of the final eligible costs. Except as otherwise provided
5 pursuant to section 9 of P.L.2000, c.72 (C.18A:7G-9), for all other
6 districts, the State share shall be an amount equal to the district aid
7 percentage; except that the State share shall not be less than ~~【40%】~~
8 40 percent of the final eligible costs.

9 If any district which is included in district factor group A or B,
10 other than an SDA district, is having difficulty financing the local
11 share of a school facilities project, the district may apply to the
12 commissioner to receive ~~【100%】~~ 100 percent State support for the
13 project and the commissioner may request the approval of the
14 Legislature to increase the State share of the project to ~~【100%】~~ 100
15 percent.

16 l. The local share for school facilities projects constructed by
17 the authority or a redevelopment entity shall equal the final eligible
18 costs plus any excess costs less the State share.

19 m. (1) Within 90 days of the effective date of P.L.2007, c.137
20 (C.52:18A-235 et al.), the commissioner shall develop an
21 educational facilities needs assessment for each SDA district. The
22 assessment shall be updated periodically by the commissioner in
23 accordance with the schedule the commissioner deems appropriate
24 for the district; except that each assessment shall at a minimum be
25 updated within five years of the development of the district's most
26 recent prior educational facilities needs assessment. The
27 assessment shall be transmitted to the development authority to be
28 used to initiate the planning activities required prior to the
29 establishment of the educational priority ranking of school facilities
30 projects pursuant to paragraph (2) of this subsection.

31 (2) Following the approval of an SDA district's long-range
32 facilities plan or of an amendment to that plan, but prior to
33 authorization of preconstruction activities for a school facilities
34 project included in the plan or amendment, the commissioner shall
35 establish, in consultation with the SDA district, an educational
36 priority ranking of all school facilities projects in the SDA district
37 based upon the commissioner's determination of critical need in
38 accordance with priority project categories developed by the
39 commissioner. The priority project categories shall include, but not
40 be limited to, health and safety, overcrowding in the early
41 childhood, elementary, middle, and high school grade levels, spaces
42 necessary to provide in-district programs and services for current
43 disabled students who are being served in out-of-district placements
44 or in-district programs and services for the projected disabled
45 student population, rehabilitation, and educational adequacy.

46 (3) (a) Upon the commissioner's determination of the
47 educational priority ranking of school facilities projects in SDA

1 districts pursuant to paragraph (2) of this subsection, the
2 development authority, in consultation with the commissioner, the
3 SDA districts, and the governing bodies of the municipalities in
4 which the SDA districts are situate, shall establish a Statewide
5 strategic plan to be used in the sequencing of SDA district school
6 facilities projects based upon the projects' educational priority
7 rankings and issues which impact the development authority's
8 ability to complete the projects including, but not limited to, the
9 construction schedule and other appropriate factors. The
10 development authority shall revise the Statewide strategic plan and
11 the sequencing of SDA district school facilities projects in
12 accordance with that plan no less than once every five years, except
13 that the plan shall be updated within 120 days of the effective date
14 of P.L. , c. (C.) (pending before the Legislature as this
15 bill). In addition to any other information that the development
16 authority may deem appropriate, the Statewide strategic plan shall
17 include the following information for each project: (i) a description
18 of the project, which shall indicate whether the project will be new
19 construction or renovation and whether the project will require the
20 acquisition of land; (ii) the total estimated project costs; and (iii) the
21 number of full-time equivalent staff needed to support the project.

22 (b) In developing the Statewide strategic plan, the development
23 authority shall prioritize: (i) new construction projects; (ii) projects
24 located on land owned by the school district or other public entities;
25 and (iii) projects needed to replace school buildings that have been
26 in use for 50 or more years.

27 (c) Any amendment to an SDA district's long-range facilities
28 plan that is submitted to the commissioner in the period between the
29 five-year updates of the long-range facilities plan shall be
30 considered by the development authority, in consultation with the
31 commissioner, for incorporation into the Statewide strategic plan.
32 In making a determination on whether or not to amend the
33 Statewide strategic plan, the development authority shall consider
34 the cost of the amendment, the impact of the amendment upon the
35 school development plans for other districts, and other appropriate
36 factors.

37 (d) Within 10 days following any update to the Statewide
38 strategic plan, the development authority shall transmit the plan to
39 the Legislature, pursuant to section 2 of P.L.1991, c.164 (C.52:14-
40 19.1), and to the members of the Senate Education Committee and
41 the Assembly Education Committee, or any successor committees.

42 (e) The development authority shall not expend any monies
43 from the SDA District Project Fund, established pursuant to
44 subsection i. of section 14 of P.L.2000, c.72 (C.18A:7G-14), and
45 shall not conduct any activities related to the construction of an
46 SDA district school facilities projects, except for site identification
47 and investigation activities, until the project is authorized by a

1 specific appropriation of the Legislature. Any act authorizing one
2 or more SDA district school facilities projects shall identify the
3 project to be funded, the maximum final eligible costs permitted for
4 the project, and the maximum full-time equivalent employees that
5 the development authority may allocate to the project.

6 (4) In the case of a district other than an SDA district, the
7 commissioner shall establish a priority process for the financing of
8 school facilities projects based upon the commissioner's
9 determination of critical need in accordance with priority project
10 categories developed by the commissioner. The priority project
11 categories shall include, but not be limited to, health and safety,
12 overcrowding in the elementary, middle, and high school grade
13 levels, spaces necessary to provide in-district programs and services
14 for current disabled students who are being served in out-of-district
15 placements or in-district programs and services for the projected
16 disabled student population, and full-day kindergarten facilities in
17 the case of school districts required to provide full-day preschool
18 pursuant to section 12 of P.L.2007, c.260 (C.18A:7F-54).

19 n. The provisions of the "Public School Contracts Law,"
20 N.J.S.18A:18A-1 et seq., shall be applicable to any school facilities
21 project constructed by a district but shall not be applicable to
22 projects constructed by the development authority or a
23 redevelopment entity pursuant to the provisions of this act.

24 o. In the case of a school facilities project of a district other
25 than an SDA district, any proceeds of school bonds issued by the
26 district for the purpose of funding the project which remain unspent
27 upon completion of the project shall be used by the district to
28 reduce the outstanding principal amount of the school bonds.

29 p. Upon completion by the development authority of a school
30 facilities project, if the cost of construction and completion of the
31 project is less than the total costs, the district shall be entitled to
32 receive a portion of the local share based on a pro rata share of the
33 difference based on the ratio of the State share to the local share.

34 q. The development authority shall determine the cause of any
35 costs of construction which exceed the amount originally projected
36 by the development authority and approved for financing by the
37 financing authority.

38 r. (Deleted by amendment, P.L.2007, c.137).

39 s. (Deleted by amendment, P.L.2007, c.137).

40 (cf: P.L.2009, c.185, s.1)

41
42 4. (New section) a. The State share of a school facilities project
43 undertaken by a charter school or renaissance school project located
44 in an SDA district shall be 100 percent of the final eligible costs as
45 determined pursuant to subsection c. of this section.
46 Notwithstanding the provisions of section 5 of P.L.2000, c.72
47 (C.18A:7G-5) or of any other section of law, rule, or regulation to

1 the contrary, a charter school or renaissance school project located
2 in an SDA district seeking to initiate a school facilities project, and
3 that is seeking the State share of the school facilities project, shall
4 apply to the development authority for approval of the project. In
5 the case of a charter school or renaissance school project
6 established after the effective date of P.L. , c. (C.)
7 (pending before the Legislature as this bill), the development
8 authority shall not approve a school facilities project until after the
9 charter school's first renewal under section 17 of P.L.1995, c.426
10 (C.18A:36A-17) or after the renaissance school project's first
11 renewal under section 10 of P.L.2011, c.176 (C.18A:36C-10).

12 b. (1) The development authority shall annually review the
13 applications for school facilities projects submitted pursuant to
14 subsection a. of this section and, upon such review, create a
15 Statewide charter school and renaissance school project facilities
16 strategic plan to be used in the sequencing of school facilities
17 projects of charter schools and renaissance school projects in SDA
18 districts. The Statewide charter school and renaissance school
19 project facilities strategic plan shall include a Statewide educational
20 priority ranking of the school facilities projects based upon the
21 development authority's determination of critical need, the criteria
22 and methodology of which shall be established by the development
23 authority pursuant to regulations promulgated by the development
24 authority pursuant to subsection g. of this section. At a minimum,
25 the criteria and methodology established by the development
26 authority for the determination of critical need shall prioritize: (a)
27 new construction projects; and (b) major renovation and
28 rehabilitation projects that seek to expand the capacity of a charter
29 school or renaissance school project facility used for education
30 purposes.

31 (2) In the event that a school facilities project for which a charter
32 school or renaissance school project is seeking State support
33 pursuant to this section is requested for a leased facility, the
34 applicant charter school or renaissance school project shall submit
35 the lease agreement or lease agreement addendum that stipulates
36 that the expiration of the term of the lease is no less than 10 years
37 from the effective date of P.L. , c. (C.) (pending before the
38 Legislature as this bill) and subject to an additional five year
39 renewal term at the option of the charter school or renaissance
40 school project.

41 c. If the school facilities project of a charter school or
42 renaissance school project located in an SDA district is approved
43 pursuant to this section, the development authority, in consultation
44 with the charter school or renaissance school project, shall
45 determine the final eligible costs of the approved school facilities
46 project, which final eligible costs shall be the reasonable estimated
47 costs of providing a school facility under the school facilities

1 project proposal that is structurally adequate and safe and that is
2 capable of providing an educational program which enables
3 students enrolled in the charter school or renaissance school project
4 to meet the core curriculum content standards. The development
5 authority, however, shall not expend any monies from the Charter
6 School and Renaissance School Project Construction and
7 Maintenance Fund, established pursuant to subsection i. of section
8 14 of P.L.2000, c.72 (C.18A:7G-14), and the charter school or
9 renaissance school project shall not conduct any activities related to
10 the construction of an approved school facilities project under this
11 section, except for site identification and investigation activities,
12 until the project is authorized by a specific appropriation of the
13 Legislature. Any act authorizing one or more school facilities
14 projects approved under this section shall identify the project to be
15 funded and the maximum final eligible costs permitted for the
16 project.

17 d. Following the authorization by the Legislature of a school
18 facilities project pursuant to subsection c. of this section, the
19 development authority shall authorize the charter school or
20 renaissance school project to undertake the school facilities project.
21 Nothing in this section shall be construed as requiring the
22 development authority to undertake any school facilities projects
23 approved pursuant to this section.

24 e. The development authority shall require, as a condition of
25 providing the State share of funds for a school facilities project
26 approved pursuant to this section that includes school facilities
27 owned by the charter school or renaissance school project, that,
28 notwithstanding the provisions of section 7 of P.L.2013, c.149
29 (C.18A:36C-16) or of any other law, rule, or regulation to the
30 contrary, the fee simple title of the facility shall revert to the State,
31 except that the board of education of the district in which the
32 charter school or renaissance school project is located shall have the
33 right of first refusal of the school facilities project prior to the
34 reversion to the State. The provisions of this subsection shall apply
35 in the following instances:

36 (1) upon the revocation or surrendering of a charter school's
37 charter, the non-renewal of a charter school's charter or of a
38 renaissance school project, or the closure of a charter school or
39 renaissance school project. In the case of the revocation,
40 surrendering, or non-renewal of a charter school's charter or the
41 closure of a charter school, the fee simple title shall revert to the
42 State during and as part of the comprehensive closure plan
43 implemented by the charter school's board of trustees pursuant to
44 section 17 of P.L.1995, c.426 (C.18A:36A-17) and regulations
45 promulgated thereto; or

1 (2) in the event that the school facilities project is no longer
2 being utilized for the purposes for which it was intended under the
3 application approved pursuant to this section.

4 f. No charter school or renaissance school project that is operated
5 by a for-profit management company shall be eligible to apply to
6 the development authority for the State share of a school facilities
7 project pursuant to this section.

8 g. The authority shall promulgate, pursuant to the
9 “Administrative Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et
10 seq.), such rules and regulations as may be necessary to implement
11 the provisions of this section, which rules and regulations shall
12 establish at a minimum:

13 (1) the process for review and approval of school facilities
14 projects undertaken by charter schools or renaissance school
15 projects;

16 (2) the specific criteria and methodology that the development
17 authority shall implement in creating an educational priority
18 ranking under the Statewide charter school and renaissance school
19 project facilities strategic plan pursuant to subsection b. of this
20 section;

21 (3) the process for the determination of final eligible costs for
22 which a charter school or renaissance school project would receive
23 State support pursuant to this section; and

24 (4) the process for the reversion to the State of a school facilities
25 project pursuant to subsection e. of this section.

26

27 5. (New section) a. Notwithstanding the provisions of P.L.2000,
28 c.72 (C.18A:7G-1 et al.) or any other section of law to the contrary,
29 the board of education of a district other than an SDA district may
30 enter into an agreement with a county improvement authority or a
31 municipal redevelopment agency to construct a school facilities
32 project and to issue its bonds to finance the local share of a project
33 that is to be financed under section 15 of P.L.2000, c.72 (18A:7G-
34 15), or to finance the total costs of a project that is not to be
35 financed under section 15 of P.L.2000, c.72 (C.18A:7G-15). The
36 bonds of a county improvement authority or municipal
37 redevelopment agency issued to finance the total costs of a school
38 facilities project that is not to be financed under section 15 of
39 P.L.2000, c.72 (C.18A:7G-15) shall be eligible for State debt
40 service aid in accordance with the formula established under section
41 9 of P.L.2000, c.72 (C.18A:7G-9).

42 b. A district other than an SDA district may lease its lands or
43 facilities to the county improvement authority or municipal
44 redevelopment agency, which may construct the school facilities
45 project through a design build contract. Whenever a school
46 facilities project is constructed by a county improvement authority
47 or municipal redevelopment agency through a design-build

1 contract: (1) the county improvement authority or municipal
2 redevelopment agency shall follow the procedures established by
3 the rules and regulations of the New Jersey Schools Development
4 Authority for the procurement of design-build contracts; (2) the
5 county improvement authority or municipal redevelopment agency
6 shall follow the design requirements and materials and system
7 standards established by the development authority; (3) the
8 provisions of the "Public School Contracts Law," (N.J.S.18A:18A-1
9 et seq.), and the "Local Public Contracts Law," P.L.1971, c.198
10 (C.40A:11-1 et seq.), shall not apply; and (4) a district other than an
11 SDA district shall comply with the procedures for obtaining
12 approval of the project under P.L.2000, c.72 (C.18A:7G-1 et al.),
13 but shall not be required to comply with the provisions of
14 N.J.S.18A:18A-16.

15 c. The county improvement authority or municipal
16 redevelopment agency shall lease the school facilities project to the
17 county, which shall then lease it for nominal consideration to the
18 district for as long as the county improvement authority or
19 municipal redevelopment agency bonds or refunding bonds are
20 outstanding. Nothing in this section shall be construed to authorize
21 a county to require the district to bear any portion of the cost of the
22 debt service on the county improvement authority or municipal
23 redevelopment agency bonds issued to fund the school facilities
24 project or any refunding bonds.

25 d. The county lease payments made to the county improvement
26 authority or municipal redevelopment agency pursuant to
27 subsection c. of this section shall not be subject to any cap on
28 appropriations or on spending or to any tax levy cap. The county
29 lease payments shall be sufficient to pay debt service on the county
30 improvement authority or municipal redevelopment agency bonds
31 issued to fund the school facilities project or any refunding bonds,
32 that remains after the application of any State debt service aid paid
33 on those bonds pursuant to section 9 of P.L.2000, c.72 (C.18A:7G-
34 9). The county lease payments shall be payable over the life of the
35 bonds.

36 e. When the bonds issued by a county improvement authority
37 or municipal redevelopment authority are no longer outstanding, the
38 leases and liens of the county and the county improvement authority
39 or municipal redevelopment agency shall expire and the school
40 facilities project shall be solely vested in the school district. The
41 school district shall be responsible for the operation, maintenance,
42 and improvement of the school facility upon the completion of the
43 school facilities project.

44

45 6. (New section) a. Notwithstanding any provision of law to the
46 contrary, when the development authority undertakes a school
47 facilities project on behalf of a district, and the project will be

1 constructed on a brownfield site, the development authority shall
2 not be responsible for any remediation costs associated with the
3 brownfield site.

4 b. The development authority shall not commence the
5 construction of the school facilities project until all remediation of
6 the brownfield site has been completed, which remediation costs
7 shall be supported by the local share of the project or any other
8 funding provided by the State or federal government to address the
9 remediation of brownfield sites.

10 c. As used in this section, the terms “brownfield site,”
11 “remediation,” “remediation costs” shall have the same meanings as
12 defined in section 10 of P.L.2020, c.156 (C.34:1B-278).

13 7. Section 9 of P.L.2000, c.72 (C.18A:7G-9) is amended to
14 read as follows:

15 9. a. State debt service aid for capital investment in school
16 facilities for a district other than an SDA district which elects not to
17 finance the project under section 15 of P.L.2000, c.72 (C.18A:7G-
18 15), shall be distributed upon a determination of preliminary
19 eligible costs by the commissioner, according to the following
20 formula:

21 Aid is the sum of A for each issuance of school bonds issued for
22 a school facilities project approved by the commissioner after the
23 effective date of P.L.2000, c.72 (C.18A:7G-1 et al.)

24 where

25 $A = B \times AC/P \times DAP \times M$, with $AC/P = 1$

26 whenever AC/P would otherwise yield a number greater than one,

27 and where:

28 B is the district's debt service for the individual issuance for the
29 fiscal year;

30 AC is the preliminary eligible costs determined pursuant to
31 section 7 of P.L.2000, c.72 (C.18A:7G-7);

32 P is the principal of the individual issuance plus any other
33 funding sources approved for the school facilities project;

34 DAP is the district's district aid percentage as defined pursuant to
35 section 3 of P.L.2000, c.72 (C.18A:7G-3) and where DAP shall not
36 be less than **40%** 40 percent, except that if the project's design
37 conforms to a model school design established by the development
38 authority pursuant to paragraph (2) of subsection h. of section 4 of
39 P.L.2000, c.72 (C.18A:7G-4), the DAP shall be increased by 15
40 percent; and

41 M is a factor representing the degree to which a district has
42 fulfilled maintenance requirements for a school facilities project
43 determined pursuant to subsection b. of this section.

44 For county special services school districts, DAP shall be that of
45 the county vocational school district in the same county.

46 Notwithstanding the provisions of this subsection to the contrary,
47 DAP for a county vocational school district school facilities project

1 that is approved by the commissioner following the effective date of
 2 P.L.2009, c.185 shall equal the greater of the district's district aid
 3 percentage as defined pursuant to section 3 of P.L.2000, c.72
 4 (C.18A:7G-3) or the percentage of the students in the county
 5 vocational school district's resident enrollment who reside in SDA
 6 districts; except that DAP shall not be less than **【40%】** 40 percent
 7 or greater than **【90%】** 90 percent.

8 b. The maintenance factor (M) shall be 1.0 except when one of
 9 the following conditions applies, in which case the maintenance
 10 factor shall be as specified:

11 (1) Effective ten years from the date of the enactment of
 12 P.L.2000, c.72 (C.18A:7G-1 et al.), the maintenance factor for aid
 13 for reconstruction, remodeling, alteration, modernization,
 14 renovation or repair, or for an addition to a school facility, shall be
 15 zero for all school facilities projects for which the district fails to
 16 demonstrate over the ten years preceding issuance a net investment
 17 in maintenance of the related school facility of at least **【2%】** two
 18 percent of the replacement cost of the school facility, determined
 19 pursuant to subsection b. of section 7 of P.L.2000, c.72 (C.18A:7G-
 20 7) using the area cost allowance of the year ten years preceding the
 21 year in which the school bonds are issued.

22 (2) For new construction, additions, and school facilities aided
 23 under subsection b. of section 7 of P.L.2000, c.72 (C.18A:7G-7)
 24 supported by financing issued for projects approved by the
 25 commissioner after the effective date of P.L.2000, c.72 (C.18A:7G-
 26 1 et al.), beginning in the fourth year after occupancy of the school
 27 facility, the maintenance factor shall be reduced according to the
 28 following schedule for all school facilities projects for which the
 29 district fails to demonstrate in the prior fiscal year an investment in
 30 maintenance of the related school facility of at least two-tenths of
 31 **【1%】** one percent of the replacement cost of the school facility,
 32 determined pursuant to subsection b. of section 7 of P.L.2000, c.72
 33 (C.18A:7G-7).

Maintenance Percentage	Maintenance Factor (M)
.199% - .151%	75%
.150% - .100%	50%
Less than .100%	Zero

38 (3) Within one year of the enactment of P.L.2000, c.72
 39 (C.18A:7G-1 et al.), the commissioner shall promulgate rules
 40 requiring districts to develop a long-range maintenance plan and
 41 specifying the expenditures that qualify as an appropriate
 42 investment in maintenance for the purposes of this subsection.

43 c. Any district which obtained approval from the commissioner
 44 since September 1, 1998 and prior to the effective date of P.L.2000,
 45 c.72 (C.18A:7G-1 et al.) of the educational specifications for a
 46 school facilities project or obtained approval from the Department
 47 of Community Affairs or the appropriately licensed municipal code

1 official since September 1, 1998 of the final construction plans and
2 specifications, and the district has issued debt, may elect to have the
3 final eligible costs of the project determined pursuant to section 5 of
4 P.L.2000, c.72 (C.18A:7G-5) and to receive debt service aid under
5 this section or under section 10 of P.L.2000, c.72 (C.18A:7G-10).

6 Any district which received approval from the commissioner for
7 a school facilities project at any time prior to the effective date of
8 P.L.2000, c.72 (C.18A:7G-1 et al.), and has not issued debt, other
9 than short term notes, may submit an application pursuant to section
10 5 of P.L.2000, c.72 (C.18A:7G-5) to have the final eligible costs of
11 the project determined pursuant to that section and to have the New
12 Jersey Economic Development Authority construct the project; or,
13 at its discretion, the district may choose to receive debt service aid
14 under this section or under section 10 of P.L.2000, c.72 (C.18A:7G-
15 10) or to receive a grant under section 15 of P.L.2000, c.72
16 (C.18A:7G-15).

17 For the purposes of this subsection, the "issuance of debt" shall
18 include lease purchase agreements in excess of five years.

19 d. For school bonds issued for a school facilities project after
20 the effective date of P.L.2000, c.72 (C.18A:7G-1 et al.) and prior to
21 the effective date of P.L.2008, c.39 (C.18A:7G-14.1 et al.), State
22 debt service aid shall be calculated in accordance with the
23 provisions of this section as the same read before the effective date
24 of P.L.2008, c.39 (C.18A:7G-14.1 et al.).
25 (cf: P.L.2009, c.185, s.2)

26

27 8. (New section) a. Notwithstanding any provision of law to the
28 contrary, when the board of education of a district determines that it
29 is necessary to sell bonds to raise money for a school facilities
30 project, the board of education may issue such bonds as are
31 necessary to fund the project without the approval of the voters of
32 the district, provided that before issuing the bonds:

33 (1) the board of education has entered into a written contract
34 with one or more municipalities, wherein the municipality shall
35 annually remit to the board of education not less than 60 percent of
36 the payments in lieu of taxes received by the municipality from one
37 or more designated properties, and the board of education shall
38 pledge all remittances to the repayment of the bonds; and

39 (2) the bond issuance and contract has been approved by the
40 commissioner pursuant to subsection b. of this section.

41 b. (1) If a board of education elects to issue bonds pursuant to
42 this section, the board of education shall apply to the commissioner
43 for approval of the bond issuance. In addition to any other
44 information that the commissioner may deem appropriate, the
45 application shall include: a description of the school facilities
46 project; a certification of the amount to raised by the bonds; a
47 description of the anticipated annual debt service costs, including

1 the amounts to be supported by municipal remittances; and a copy
2 of the contract.

3 (2) Within 30 days of receiving the application, the
4 commissioner shall approve, conditionally approve, or reject the
5 application. If the application is conditionally approved, the
6 commissioner shall state, in writing, the revisions that shall be made
7 to the contract in order for the application to be approved. If the
8 commissioner does not approve, conditionally approve, or reject the
9 application within 30 days of the date of receipt, the commissioner
10 shall be deemed to have approved the application.

11 c. The commissioner, in consultation with the Local Finance
12 Board, shall promulgate, pursuant to "Administrative Procedure
13 Act," P.L.1968, c.410 (C.52:14B-1 et seq.), such rules and
14 regulations as may be necessary to implement the provisions of this
15 section. At a minimum, the rules and regulations shall establish
16 requirements and procedures concerning the process by which
17 municipalities and districts may enter into contracts pursuant to this
18 section.

19

20 9. Section 14 of P.L.2000, c.72 (C.18A:7G-14) is amended to
21 read as follows:

22 14. Notwithstanding any other provisions of law to the contrary:

23 a. The financing authority shall have the power, pursuant to the
24 provisions of P.L.2000, c.72 (C.18A:7G-1 et al.), P.L.1974, c.80
25 (C.34:1B-1 et seq.) and P.L.2007, c.137 (C.52:18A-235 et al.), to
26 issue bonds and refunding bonds, incur indebtedness and borrow
27 money secured, in whole or in part, by moneys received pursuant to
28 sections 17, 18 and 19 of P.L.2000, c.72 (C.18A:7G-17, C.18A:7G-
29 18 and C.18A:7G-19) for the purposes of: financing all or a portion
30 of the costs of school facilities projects and any costs related to the
31 issuance thereof, including, but not limited to, the administrative,
32 insurance, operating and other expenses of the financing authority
33 to undertake the financing, and the development authority to
34 undertake the planning, design, and construction of school facilities
35 projects; lending moneys to local units to pay the costs of all or a
36 portion of school facilities projects and any costs related to the
37 issuance thereof; funding the grants to be made pursuant to section
38 15 of P.L.2000, c.72 (C.18A:7G-15); and financing the acquisition
39 of school facilities projects to permit the refinancing of debt by the
40 district pursuant to section 16 of P.L.2000, c.72 (C.18A:7G-16).
41 Notwithstanding the provisions of this section to the contrary,
42 bonds and refunding bonds, or any indebtedness or other borrowed
43 moneys, secured, in whole or in part, by moneys received pursuant
44 to sections 17, 18 and 19 of P.L.2000, c.72 (C.18A:7G-17,
45 C.18A:7G-18 and C.18A:7G-19) under this section after the
46 effective date of P.L. , c. (C.) (pending before the
47 Legislature as this bill) shall not be issued for the purposes of

1 financing costs related to the issuance of the bonds, indebtedness, or
2 other borrowed moneys including, but not limited to, the
3 administrative, insurance, operating and other expenses of the
4 financing authority to undertake the financing and the development
5 authority to undertake the planning, design, and construction of
6 school facilities projects. Bonds, indebtedness, or other borrowed
7 moneys issued pursuant to this section shall also not be issued for
8 the purposes of financing any costs related to the issuance of
9 moneys lent to local units to pay the costs of all or a portion of
10 school facilities projects. The administrative, insurance, operating,
11 and other expenses of the financing authority related to undertaking
12 the financing of school facilities projects pursuant to this section
13 shall be supported by State appropriations. The administrative,
14 insurance, operating, and other expenses of the development
15 authority to undertake the planning, design, and construction of
16 school facilities projects shall be funded by State appropriations
17 pursuant to paragraph (2) of subsection o. of section 4 of P.L.2007,
18 c.137, (C.52:18A-238). Bonds and refunding bonds, or any
19 indebtedness or other borrowed moneys issued pursuant to this
20 section after the effective date of P.L. , c. (C.) (pending
21 before the Legislature as this bill) shall only be issued for the
22 purposes of: financing all or a portion of the costs of school
23 facilities projects; lending moneys to local units to pay the costs of
24 all or a portion of school facilities projects; funding the grants to be
25 made pursuant to section 15 of P.L.2000, c.72 (C.18A:7G-15); and
26 financing the acquisition of school facilities projects to permit the
27 refinancing of debt by the district pursuant to section 16 of
28 P.L.2000, c.72 (C.18A:7G-16). The aggregate principal amount of
29 the bonds, notes or other obligations issued by the financing
30 authority as authorized pursuant to P.L.2000, c.72 (C.18A:7G-1 et
31 al.) shall not exceed: \$100,000,000 for the State share of costs for
32 county vocational school district school facilities projects;
33 \$6,000,000,000 for the State share of costs for Abbott district
34 school facilities projects; and \$2,500,000,000 for the State share of
35 costs for school facilities projects in all other districts. The
36 aggregate principal amount of the bonds, notes or other obligations
37 issued by the financing authority as authorized pursuant to
38 P.L.2008, c.39 (C.18A:7G-14.1 et al.) shall not exceed:
39 \$2,900,000,000 for the State share of costs of SDA district school
40 facilities projects; and \$1,000,000,000 for the State share of costs
41 for school facilities projects in all other districts, \$50,000,000 of
42 which shall be allocated for the State share of costs for county
43 vocational school district school facilities projects. This limitation
44 shall not include any bonds, notes or other obligations issued for
45 refunding purposes.

46 The financing authority may establish reserve funds to further
47 secure bonds and refunding bonds issued pursuant to this section

1 and may issue bonds to pay for the administrative, insurance and
2 operating costs of the financing authority and the development
3 authority in carrying out the provisions of this act. Notwithstanding
4 the provisions of this section to the contrary, the proceeds of bonds
5 issued pursuant to this section after the effective date of P.L. , c.
6 (C.) (pending before the Legislature as this bill) shall not pay
7 for any costs related to the issuance of the bonds, including the
8 administrative, insurance and operating costs of the financing
9 authority and the development authority in carrying out the
10 provisions of P.L.2000, c.72 (C.18A:7G-1 et al.). Such costs of the
11 financing authority shall be supported by State appropriations. Such
12 costs of the development authority shall be funded by State
13 appropriations pursuant to paragraph (2) of subsection o. of section
14 4 of P.L.2007, c.137, (C.52:18A-238). In addition to its bonds and
15 refunding bonds, the financing authority shall have the power to
16 issue subordinated indebtedness, which shall be subordinate in lien
17 to the lien of any or all of its bonds or refunding bonds as the
18 financing authority may determine.

19 b. The financing authority shall issue the bonds or refunding
20 bonds in such manner as it shall determine in accordance with the
21 provisions of P.L.2000, c.72 (C.18A:7G-1 et al.), P.L.1974, c.80
22 (C.34:1B-1 et seq.), and P.L.2007, c.137 (C.52:18A-235 et al.);
23 provided that notwithstanding any other law to the contrary, no
24 resolution adopted by the financing authority authorizing the
25 issuance of bonds or refunding bonds pursuant to this section shall
26 be adopted or otherwise made effective without the approval in
27 writing of the State Treasurer; and refunding bonds issued to refund
28 bonds issued pursuant to this section shall be issued on such terms
29 and conditions as may be determined by the financing authority and
30 the State Treasurer. The financing authority may, in any resolution
31 authorizing the issuance of bonds or refunding bonds issued
32 pursuant to this section, pledge the contract with the State Treasurer
33 provided for pursuant to section 18 of P.L.2000, c.72 (C.18A:7G-
34 18), or any part thereof, or may pledge all or any part of the
35 repayments of loans made to local units pursuant to section 19 of
36 P.L.2000, c.72 (C.18A:7G-19) for the payment or redemption of the
37 bonds or refunding bonds, and covenant as to the use and
38 disposition of money available to the financing authority for
39 payment of the bonds and refunding bonds. All costs associated
40 with the issuance of bonds and refunding bonds by the financing
41 authority for the purposes set forth in this act may be paid by the
42 financing authority from amounts it receives from the proceeds of
43 the bonds or refunding bonds, and from amounts it receives
44 pursuant to sections 17, 18, and 19 of P.L.2000, c.72 (C.18A:7G-
45 17, C.18A:7G-18 and C.18A:7G-19). The costs may include, but
46 shall not be limited to, any costs relating to the issuance of the
47 bonds or refunding bonds, administrative costs of the financing

1 authority attributable to the making and administering of loans and
2 grants to fund school facilities projects, and costs attributable to the
3 agreements entered into pursuant to subsection d. of this section.
4 Notwithstanding the provisions of this section to the contrary, the
5 proceeds of bonds and refunding bonds that are issued pursuant to
6 this section after the effective date of P.L. _____, c. _____
7 (pending before the Legislature as this bill) shall not pay for the
8 administrative costs of the financing authority associated with the
9 issuance of the bonds and refunding bonds, including, but not
10 limited to, administrative costs of the financing authority
11 attributable to the making and administering of loans and grants to
12 fund school facilities projects, and costs attributable to the
13 agreements entered into pursuant to subsection d. of this section.
14 Such costs of the financing authority shall be supported by State
15 appropriations.

16 c. Each issue of bonds or refunding bonds of the financing
17 authority shall be special obligations of the financing authority
18 payable out of particular revenues, receipts or funds, subject only to
19 any agreements with the holders of bonds or refunding bonds, and
20 may be secured by other sources of revenue, including, but not
21 limited to, one or more of the following:

22 (1) Pledge of the revenues and other receipts to be derived from
23 the payment of local unit obligations and any other payment made
24 to the financing authority pursuant to agreements with any local
25 unit, or a pledge or assignment of any local unit obligations, and the
26 rights and interest of the financing authority therein;

27 (2) Pledge of rentals, receipts and other revenues to be derived
28 from leases or other contractual arrangements with any person or
29 entity, public or private, including one or more local units, or a
30 pledge or assignment of those leases or other contractual
31 arrangements and the rights and interests of the financing authority
32 therein;

33 (3) Pledge of all moneys, funds, accounts, securities and other
34 funds, including the proceeds of the bonds;

35 (4) Pledge of the receipts to be derived from payments of State
36 aid to the financing authority pursuant to section 21 of P.L.2000,
37 c.72 (C.18A:7G-21);

38 (5) Pledge of the contract or contracts with the State Treasurer
39 pursuant to section 18 of P.L.2000, c.72 (C.18A:7G-18);

40 (6) Pledge of any sums remitted to the local unit by donation
41 from any person or entity, public or private, subject to the approval
42 of the State Treasurer;

43 (7) A mortgage on all or any part of the property, real or
44 personal, comprising a school facilities project then owned or
45 thereafter to be acquired, or a pledge or assignment of mortgages
46 made to the financing authority by any person or entity, public or

1 private, including one or more local units and rights and interests of
2 the financing authority therein; and

3 (8) The receipt of any grants, reimbursements or other payments
4 from the federal government.

5 d. The resolution authorizing the issuance of bonds or
6 refunding bonds pursuant to this section may also provide for the
7 financing authority to enter into any revolving credit agreement,
8 agreement establishing a line of credit or letter of credit,
9 reimbursement agreement, interest rate exchange agreement,
10 currency exchange agreement, interest rate floor or cap, options,
11 puts or calls to hedge payment, currency, rate, spread or similar
12 exposure or similar agreements, float agreements, forward
13 agreements, insurance contracts, surety bonds, commitments to
14 purchase or sell bonds, purchase or sale agreements, or
15 commitments or other contracts or agreements and other security
16 agreements approved by the financing authority in connection with
17 the issuance of the bonds or refunding bonds pursuant to this
18 section. In addition, the financing authority may, in anticipation of
19 the issuance of the bonds or the receipt of appropriations, grants,
20 reimbursements or other funds, including, without limitation, grants
21 from the federal government for school facilities projects, issue
22 notes, the principal of or interest on which, or both, shall be payable
23 out of the proceeds of notes, bonds or other obligations of the
24 financing authority or appropriations, grants, reimbursements or
25 other funds or revenues of the financing authority.

26 e. The financing authority is authorized to engage, subject to
27 the approval of the State Treasurer and in such manner as the State
28 Treasurer shall determine, the services of financial advisors and
29 experts, placement agents, underwriters, appraisers, and other
30 advisors, consultants and agents as may be necessary to effectuate
31 the financing of school facilities projects.

32 f. Bonds and refunding bonds issued by the financing authority
33 pursuant to this section shall be special and limited obligations of
34 the financing authority payable from, and secured by, funds and
35 moneys determined by the financing authority in accordance with
36 this section. Notwithstanding any other provision of law or
37 agreement to the contrary, any bonds and refunding bonds issued by
38 the financing authority pursuant to this section shall not be secured
39 by the same property as bonds and refunding bonds issued by the
40 financing authority to finance projects other than school facilities
41 projects. Neither the members of the financing authority nor any
42 other person executing the bonds or refunding bonds shall be
43 personally liable with respect to payment of interest and principal
44 on these bonds or refunding bonds. Bonds or refunding bonds
45 issued pursuant to this section shall not be a debt or liability of the
46 State or any agency or instrumentality thereof, except as otherwise
47 provided by this subsection, either legal, moral or otherwise, and

1 nothing contained in this act shall be construed to authorize the
2 financing authority to incur any indebtedness on behalf of or in any
3 way to obligate the State or any political subdivision thereof, and
4 all bonds and refunding bonds issued by the financing authority
5 shall contain a statement to that effect on their face.

6 g. The State hereby pledges and covenants with the holders of
7 any bonds or refunding bonds issued pursuant to this act that it will
8 not limit or alter the rights or powers vested in the financing
9 authority by this act, nor limit or alter the rights or powers of the
10 State Treasurer in any manner which would jeopardize the interest
11 of the holders or any trustee of the holders, or inhibit or prevent
12 performance or fulfillment by the financing authority or the State
13 Treasurer with respect to the terms of any agreement made with the
14 holders of the bonds or refunding bonds or agreements made
15 pursuant to subsection d. of this section; except that the failure of
16 the Legislature to appropriate moneys for any purpose of this act
17 shall not be deemed a violation of this section.

18 h. The financing authority and the development authority may
19 charge to and collect from local units, districts, the State and any
20 other person, any fees and charges in connection with the financing
21 authority's or development authority's actions undertaken with
22 respect to school facilities projects, including, but not limited to,
23 fees and charges for the financing authority's administrative,
24 organization, insurance, operating and other expenses incident to
25 the financing of school facilities projects, and the development
26 authority's administrative, organization, insurance, operating,
27 planning, design, construction management, acquisition,
28 construction, completion and placing into service and maintenance
29 of school facilities projects. Notwithstanding any provision of this
30 act to the contrary, no SDA district shall be responsible for the
31 payment of any fees and charges related to the development
32 authority's operating expenses.

33 i. Upon the issuance by the financing authority of bonds
34 pursuant to this section, other than refunding bonds, the net
35 proceeds of the bonds shall be transferred to the development
36 authority. The development authority shall establish five funds in
37 which the net proceeds of the bonds issued pursuant to this section,
38 and any State appropriations for school facilities projects, shall be
39 deposited. The five funds shall be as follows:

40 (1) the SDA District Project Fund, in which shall be deposited
41 any funds made available for the State share of costs for SDA
42 district school facilities projects, which funds shall include, but not
43 be limited to, the proceeds of bonds issued pursuant to subsection a.
44 of this section for the State share of costs for SDA district school
45 facilities projects, the proceeds of any general obligation or other
46 bonds that may be authorized for SDA district school facilities
47 projects, and any State appropriations for SDA district school

1 facilities projects; the development authority shall not expend any
2 monies from the SDA District Project Fund and shall not conduct
3 any activities related to the construction of an SDA district school
4 facilities projects, except for site identification and investigation,
5 until the project is authorized by a specific appropriation of the
6 Legislature in accordance with subparagraph (e) of paragraph (3) of
7 subsection m. of section 5 of P.L.2000, c.72 (C.18A:7G-5);

8 (2) the Regular Operating District Construction and Maintenance
9 Grants Fund, in which shall be deposited any funds made available
10 for the State share of costs for school facilities projects in districts
11 other than SDA districts, which funds shall include, but not be
12 limited to, the proceeds of bonds issued pursuant to subsection a. of
13 this section for the State share of costs for school facilities projects
14 in districts other than SDA districts, the proceeds of any general
15 obligation or other bonds that may be authorized for school
16 facilities projects in districts other than SDA districts, and any State
17 appropriations for school facilities projects in districts other than
18 SDA districts;

19 (3) the Vocational-Technical School District Project Fund, in
20 which shall be deposited any funds made available for the State
21 share of costs for school facilities projects in county vocational
22 school districts, which funds shall include, but not be limited to, the
23 proceeds of bonds issued pursuant to subsection a. of this section
24 for the State share of costs for county vocational school district
25 school facilities projects, the proceeds of any general obligation or
26 other bonds that may be authorized for county vocational school
27 district school facilities projects, and any State appropriations for
28 school facilities projects in county vocational school districts;

29 (4) (a) the SDA District Emergent Project Fund, in which shall
30 be deposited any funds made available for emergent projects in
31 SDA districts, which funds shall include, but not be limited to, the
32 proceeds of bonds issued pursuant to subsection a. of this section
33 for the State share of costs for SDA district emergent projects, the
34 proceeds of any general obligation or other bonds that may be
35 authorized for SDA district emergent projects, and any State
36 appropriations for SDA district emergent projects;

37 (b) as used in this paragraph, “emergent project” means a school
38 facilities project or other capital project eligible for State funding
39 that would alleviate a condition that, if not corrected on an
40 expedited basis, would render a building or facility so potentially
41 injurious or hazardous that it causes an imminent peril to the health
42 and safety of students or staff; and

43 (5) the Charter School and Renaissance School Project
44 Construction and Maintenance Fund in which shall be deposited any
45 funds made available for school facilities projects of charter schools
46 or renaissance school projects located in SDA districts approved
47 pursuant to section 4 of P.L. , c. (C.) (pending before the

1 Legislature as this bill), which funds shall include, but not be
2 limited to, the proceeds of any general obligation bonds that may be
3 authorized for SDA district charter school or renaissance school
4 project school facilities projects or any State appropriations for
5 SDA district charter school or renaissance school project school
6 facilities projects.

7 (cf: P.L.2008, c.39, s.4)

8

9 10. Section 15 of P.L.2000, c.72 (C.18A:7G-15) is amended to
10 read as follows:

11 15. a. In the case of a district other than an SDA district, for any
12 project approved by the commissioner after the effective date of
13 **【this act】** P.L.2000, c.72 (C.18A:7G-1 et al.), the district may elect
14 to receive a one-time grant for the State share of the project in
15 accordance with the provisions of subsection b. of this section
16 rather than annual debt service aid under section 9 of P.L.2000, c.72
17 (C.18A:7G-9). The State share payable to the district shall equal
18 the product of the project's final eligible costs and the district aid
19 percentage or **【40%】** 40 percent, whichever is greater, except that if
20 the project's design conforms to a model school design established
21 by the development authority pursuant to paragraph (2) of
22 subsection h. of section 4 of P.L.2000, c.72 (C.18A:7G-4), the
23 district aid percentage shall be increased by 15 percent above the
24 amount calculated under section 3 of P.L.2000, c.72 (C.18A:7G-3).

25 b. The commissioner shall establish a process for the annual
26 allocation of grant funding. Under that process, the commissioner
27 shall annually notify districts of the date on which the
28 commissioner shall begin to receive applications for grant funding.
29 A district shall have 90 days from that date to submit an application
30 to the commissioner. The commissioner shall make a decision on a
31 district's application within 90 days of the submission of all such
32 applications and shall allocate the grant funding in accordance with
33 the priority process established pursuant to paragraph (4) of
34 subsection m. of section 5 of P.L.2000, c.72 (C.18A:7G-5).

35 c. The development authority shall provide grant funding for
36 the State's share of the final eligible costs of a school facilities
37 project pursuant to an agreement between the district and the
38 development authority which shall, in addition to other terms and
39 conditions, set forth the terms of disbursement of the State share.
40 The funding of the State share shall not commence until the district
41 secures financing for the local share.

42 (cf: P.L.2008, c.39, s.5)

43

44 11. Section 23 of P.L.2000, c.23 (C.18A:7G-23) is amended to
45 read as follows:

46 23. a. Not less than the prevailing wage rate determined by the
47 Commissioner of Labor and Workforce Development pursuant to

1 the provisions of P.L.1963, c.150 (C.34:11-56.25 et seq.) shall be
2 paid to workers employed in the performance of construction
3 contracts in connection with any school facilities project that is
4 undertaken by the development authority, a redevelopment entity,
5 **[or]** a district, or a charter school or renaissance school project and
6 any contractor who violates the provisions of this subsection shall
7 be prohibited from subsequently bidding on any State or district
8 contract.

9 b. Registration fees collected pursuant to P.L.1999, c.238
10 (C.34:11-56.48 et seq.) shall be applied toward the enforcement and
11 administrative costs of the Division of Workplace Standards, Office
12 of Wage and Hour Compliance, Public Contracts section and
13 Registration section within the Department of Labor and Workforce
14 Development.
15 (cf: P.L.2007, c.137, s.34)

16
17 12. Section 57 of P.L.2000, c.72 (C.18A:7G-31) is amended to
18 read as follows:

19 57. a. Notwithstanding any provision of this act or any other law
20 or regulation to the contrary, a board of education or a board of
21 school estimate, as appropriate, may, through the adoption of a
22 board resolution, establish a capital reserve account. The account
23 shall be established and held in accordance with GAAP and shall be
24 subject to annual audit. The funds in the capital reserve account
25 shall be used to finance the district's long-range facilities plan
26 required pursuant to subsection a. of section 4 of **[this act]**
27 P.L.2000, c.72 (C.18A:7G-4) and the amount in the account shall
28 not exceed the total amount of local funds required to implement
29 the plan.

30 b. A board of education or a board of school estimate, as
31 appropriate, may appropriate funds in the district's annual budget
32 for the establishment of the capital reserve account pursuant to
33 subsection a. of this section or to supplement the funds in the
34 account as required to meet the needs of the long-range facilities
35 plan.

36 c. A board of education may, by resolution of the board:
37 transfer funds from the capital reserve account to the appropriate
38 line item account for the funding of capital projects as contained in
39 the district's long-range facilities plan; and transfer funds from the
40 capital reserve account to the debt service account for the purpose
41 of offsetting principal and interest payments for bonded projects
42 which are included in the district's long-range facilities plan.

43 d. A board of education may, by resolution of the board:
44 transfer funds from the capital reserve account to the appropriate
45 line item account for the funding of capital projects subject to a
46 public-private partnership agreement entered into pursuant to
47 section 2 of P.L.2018, c.90 (C.18A:18A-60); and transfer funds

1 from the capital reserve account to the debt service account for the
2 purpose of offsetting principal and interest payments for bonded
3 projects subject to a public-private partnership agreement entered
4 into pursuant to section 2 of P.L.2018, c.90 (C.18A:18A-60).
5 (cf: P.L.2004, c.73, s.5)
6

7 13. (New section) a. Within 120 days of the effective date of
8 P.L. , c. (C.) (pending before the Legislature as this bill),
9 the Commissioner of Education, in consultation with the New
10 Jersey Schools Development Authority, shall develop guidance for
11 school districts concerning the incorporation of construction
12 contract provisions that encourage the completion of construction
13 projects on schedule. The commissioner, in consultation with the
14 development authority, may update the guidance as the
15 commissioner deems necessary.

16 b. At a minimum, the guidance shall include sample provisions
17 that school districts may include in future issuances of construction
18 contracts. In addition to any other considerations that the
19 commissioner may deem appropriate, guidance shall prescribe:

20 (1) industry-leading penalties for the late delivery of projects by
21 contractors; and

22 (2) incentives for contractors who deliver projects on time and
23 under budget.

24 c. Within five days of developing the guidance, or any revision
25 thereto, the commissioner shall post the guidance on the official
26 Internet website of the department.
27

28 14. Section 2 of P.L.2018, c.90 (C.18A:18A-60) is amended to
29 read as follows:

30 2. a. As used in this section:

31 "Authority" means the New Jersey Economic Development
32 Authority established pursuant to section 4 of P.L.1974, c.80
33 (C.34:1B-4).

34 "Bundling" means the use of a solicitation for multiple projects
35 in one single contract, through a public-private partnership project
36 delivery method, the result of which restricts competition.

37 "Project" shall have the same meaning as provided in section 3
38 of P.L.2000, c.72 (C.18A:7G-3) for school facilities project, and
39 shall include any infrastructure or facility used or to be used by the
40 public or in support of a public purpose or activity.

41 "Public-private partnership agreement" means an agreement
42 entered into by a school district and a private entity pursuant to this
43 section for the purpose of permitting a private entity to assume full
44 financial and administrative responsibility for the development,
45 construction, reconstruction, repair, alteration, improvement,
46 extension, operation, and maintenance of a school facilities project
47 of, or for the benefit of, the school district.

1 "School district" shall have the same meaning as provided in
2 section 3 of P.L.2000, c.72 (C.18A:7G-3) and includes a local
3 school district, regional school district, or county special services
4 school district or county vocational school established and
5 operating under the provisions of Title 18A of the New Jersey
6 Statutes that can demonstrate to the satisfaction of the
7 Commissioner of Education and the Chief Executive Officer of the
8 Schools Development Authority that a school facility is necessary
9 due to overcrowding or is in need of replacement. The term "school
10 district" shall include a charter school established under P.L.1995,
11 c.426 (C.18A:36A-1 et seq.)

12 b. (1) A school district may enter into a contract with a private
13 entity, subject to subsection f. of this section, to be referred to as a
14 public-private partnership agreement, that permits the private entity
15 to assume full financial and administrative responsibility for a
16 project of, or for the benefit of, the school district~~], provided that~~
17 ~~the project is financed in whole by the private entity]~~, except that a
18 school district may, by resolution, draw against its capital reserve
19 account in order to finance a portion of a project for which a school
20 district and private entity enter into a public-private partnership
21 agreement pursuant to the provisions of this section.

22 (2) A public-private partnership agreement may include an
23 agreement under which a school district and a private entity enter
24 into a lease of a revenue-producing public building, structure, or
25 facility in exchange for up-front or structured financing by the
26 private entity for the project. Under the lease agreement, the
27 private entity shall be responsible for the management, operation,
28 and maintenance of the building, structure, or facility. The private
29 entity shall receive some or all, as per the agreement, of the revenue
30 generated by the building, structure, or facility, and shall operate
31 the building, structure, or facility in accordance with school district
32 standards. At the end of the lease term, subsequent revenue
33 generated by the building, structure, or facility, along with
34 management, operation, and maintenance responsibility, shall revert
35 to the school district. A lease agreement entered into pursuant to
36 this section shall be limited in duration to a term of not more than
37 30 years. A lease agreement shall be subject to all applicable
38 provisions of current law governing leases by a school district not
39 inconsistent with the provisions of this section.

40 (3) Bundling of projects shall be prohibited under this section.

41 c. (1) A private entity that assumes financial and
42 administrative responsibility for a project pursuant to this section
43 shall not be subject to, unless otherwise set forth herein, the
44 procurement and contracting requirements of all statutes applicable
45 to the school district at which the project is completed, including,
46 but not limited to, the "Public School Contracts Law,"
47 N.J.S.18A:18A-1 et seq.

1 (2) For the purposes of facilitating the financing of a project
2 pursuant to this section, a public entity may become the owner or
3 lessee of the project or the lessee of the land, or both, may become
4 the lessee of a building, structure, or facility to which the school
5 district holds title, may issue indebtedness in accordance with the
6 public entity's enabling legislation and, notwithstanding any
7 provision of law to the contrary, shall be empowered to enter into
8 contracts with a private entity and its affiliates without being
9 subject to the procurement and contracting requirements of any
10 statute applicable to the public entity provided that the private
11 entity has been selected by the school district pursuant to a
12 solicitation of proposals or qualifications from at least two private
13 entities. For the purposes of this subsection, a public entity shall
14 include the New Jersey Economic Development Authority, and any
15 project undertaken pursuant to this section of which the authority
16 becomes the owner or lessee, or which is situated on land of which
17 the authority becomes the lessee, shall be deemed a "project" under
18 "The New Jersey Economic Development Authority Act," P.L.1974,
19 c.80 (C.34:1B-1 et seq.).

20 (3) Prior to the commencement of work on a project, the private
21 entity shall establish a construction account and appoint a third-
22 party financial institution, who shall be prequalified by the State
23 Treasurer to act as a collateral agent and manage the construction
24 account. The construction account shall include the funding,
25 financial instruments, or both, that shall be used to **[fully]**
26 capitalize and fund the project, and the collateral agent shall
27 maintain a full accounting of the funds and instruments in the
28 account. The funds and instruments in the construction account
29 shall be held in trust for the benefit of the contractor, construction
30 manager, and design-build team involved in the project. The funds
31 and instruments in the construction account shall not be the
32 property of the private entity unless all amounts due to the
33 construction account beneficiaries are paid in full. The construction
34 account shall not be designated for more than one project.

35 d. Each worker employed in the construction, rehabilitation, or
36 building maintenance services of facilities by a private entity that
37 has entered into a public-private partnership agreement with a
38 school district pursuant to this section shall be paid not less than the
39 prevailing wage rate for the worker's craft or trade as determined by
40 the Commissioner of Labor and Workforce Development pursuant
41 to P.L.1963, c.150 (C.34:11-56.25 et seq.) and P.L.2005, c.379
42 (C.34:11-56.58 et seq.).

43 e. (1) All building construction projects under a public-private
44 partnership agreement entered into pursuant to this section shall
45 contain a project labor agreement. The project labor agreement
46 shall be subject to the provisions of P.L.2002, c.44 (C.52:38-1 et
47 seq.), and shall be in a manner that to the greatest extent possible

1 enhances employment opportunities for individuals residing in the
2 county of the project's location. The general contractor,
3 construction manager, design-build team, or subcontractor for a
4 construction project proposed in accordance with this paragraph
5 shall be registered pursuant to the provisions of P.L.1999, c.238
6 (C.34:11-56.48 et seq.), and shall be classified by the Division of
7 Property Management and Construction, or shall be prequalified by
8 the Department of Transportation, as appropriate, to perform work
9 on a public-private partnership project.

10 (2) All projects proposed in accordance with this section shall
11 be submitted to the State Treasurer, in consultation with the
12 Department of Education, Schools Development Authority, and the
13 New Jersey Economic Development Authority for a review and
14 approval in accordance with subsection f. of this section prior to the
15 execution of the public-private partnership agreement and, when
16 practicable, are encouraged to adhere to the Leadership in Energy
17 and Environmental Design Green Building Rating System as
18 adopted by the United States Green Building Council, the Green
19 Globes Program adopted by the Green Building Initiative, or a
20 comparable nationally recognized, accepted, and appropriate
21 sustainable development rating system.

22 (3) The general contractor, construction manager, or design-
23 build team shall be required to post a performance bond to ensure
24 the completion of the project and a payment bond guaranteeing
25 prompt payment of moneys due in accordance with and conforming
26 to the requirements of N.J.S.2A:44-143 et seq.

27 (4) Prior to being submitted to the State Treasurer for review
28 and approval, all projects proposed in accordance with this section
29 shall be subject to a public hearing, the record of which shall have
30 been kept open for a period of seven days following the conclusion
31 of the hearing, after the ranking of proposals takes place pursuant to
32 paragraph (5) of subsection j. of this section. The school district
33 shall provide notice of the public hearing no less than 14 days prior
34 to the date of the hearing. The notice shall prominently state the
35 purpose and nature of the proposed project, and shall be published
36 on the official Internet website of the school district and in at least
37 one or more newspapers with Statewide circulation.

38 (5) Prior to entering into a public -private partnership, the
39 school district must determine: (i) the benefits to be realized by the
40 project, (ii) the cost of the project if it is developed by the public
41 sector supported by comparisons to comparable projects, (iii) the
42 maximum public contribution that the school district will allow
43 under the public -private partnership, (iv) a comparison of the
44 financial and non-financial benefits of the public-private
45 partnership compared to other options including the public sector
46 option, (v) a list of risks, liabilities and responsibilities to be
47 transferred to the private entity and those to be retained by the

1 school district, and (vi) if the project has a high, medium or low
2 level of project delivery risk and how the public is protected from
3 these risks.

4 (6) Prior to entering into a public- private partnership, the
5 school district at a public hearing shall find that the project is in the
6 best interest of the public by finding that (i) it will cost less than the
7 public sector option, or if it costs more there are factors that warrant
8 the additional expense, (ii) there is a public need for the project and
9 the project is consistent with existing long-term plans, (iii) there are
10 specific significant benefits to the project, (iv) there are specific
11 significant benefits to using the public-private partnership instead
12 of other options including No-Build, (v) the private development
13 will result in timely and efficient development and operation, and
14 (vi) the risks, liabilities and responsibilities transferred to the
15 private entity provide sufficient benefits to warrant not using other
16 means of procurement.

17 f. (1) All projects proposed in accordance with this section shall
18 be submitted to the State Treasurer for review and approval, which
19 shall be conducted in consultation with the Commissioner of the
20 Department of Education and the Chief Executive Officer of the
21 Schools Development Authority. The Commissioner of the
22 Department of Education shall determine if a project is subject to
23 voter approval pursuant to N.J.S.18A:24-10. If a project is subject
24 to voter approval, such approval is required prior to progressing
25 thru the procurement process. The projects are encouraged, when
26 practicable, to adhere to the green building manual prepared by the
27 Commissioner of Community Affairs pursuant to section 1 of
28 P.L.2007, c.132 (C.52:27D-130.6).

29 (2) All projects proposed in accordance with this section that
30 have a transportation component or impact the transportation
31 infrastructure shall be submitted to the Department of
32 Transportation. The State Treasurer shall consult with the
33 Department of Transportation in making its final determination.

34 (3) (a) In order for an application to be complete and considered
35 by the State Treasurer, the application shall include, but not be
36 limited to: (i) a full description of the proposed public-private
37 partnership agreement between the school district and the private
38 developer, including all information obtained by and findings of the
39 school district pursuant to paragraphs (4) and (5) of subsection (e)
40 of this section; (ii) a full description of the project, including a
41 description of any agreement for the lease of a revenue-producing
42 facility related to the project; (iii) the estimated costs and financial
43 documentation for the project showing the underlying financial
44 models and assumptions that determined the estimated costs. The
45 financial documentation must include at least three different
46 projected estimated costs showing scenarios in which materially
47 different economic circumstances are assumed and an explanation

1 for how the estimated costs were determined based on the three
2 scenarios; (iv) a timetable for completion of the construction of the
3 project; (v) an analysis of all available funding options for the
4 project, including an analysis of the financial viability and
5 advisability of such project, along with evidence of the public
6 benefit in advancing the project as a public-private partnership; (vi)
7 a record of the public hearing held pursuant to paragraph (4) of
8 subsection e. of this section, which shall have been kept open for a
9 period of seven days following the conclusion of the hearing; (vii)
10 any other requirements that the State Treasurer deems appropriate
11 or necessary. The application shall also include a resolution by the
12 school district's governing body of its intent to enter into a public-
13 private partnership agreement pursuant to this section.

14 (b) As part of the estimated costs and financial documentation
15 for the project, the application shall contain a long-range
16 maintenance plan and a long-range maintenance bond and shall
17 specify the expenditures that qualify as an appropriate investment in
18 maintenance. The long-range maintenance plan shall be approved
19 by the State Treasurer pursuant to regulations promulgated by the
20 State Treasurer that reflect national building maintenance standards
21 and other appropriate building maintenance benchmarks.

22 (4) The State Treasurer, in consultation with the authority, the
23 Commissioner of the Department of Education, and the Chief
24 Executive Officer of the Schools Development Authority, shall
25 review all completed applications, and request additional
26 information as is needed to make a complete assessment of the
27 project. No public-private partnership agreement shall be executed
28 until approval has been granted by the State Treasurer. Prior to a
29 final decision by the State Treasurer on the application, the
30 authority, the Department of Education, and the Schools
31 Development Authority shall be afforded the opportunity to provide
32 comments on the application that they deem appropriate, and the
33 State Treasurer shall consider any comments submitted by the
34 authority, the Department of Education, and the Schools
35 Development Authority with respect to the application. The State
36 Treasurer will find that: (i) the school district's assumptions
37 regarding the project's scope, its benefits, its risks and the cost of
38 the public sector option were fully and reasonably developed (ii) the
39 design of the project is feasible; (iii) the experience and
40 qualifications of the private entity; (iv) the financial plan is sound;
41 (v) the long-range maintenance plan is adequate to protect the
42 investment; (vi) the project is in the best interest of the public,
43 using the criteria in paragraph (6) of subsection e. of this section;
44 (vii) a resolution by the school district's governing body of its intent
45 to enter into a public-private partnership agreement for the project
46 has been received; and (viii) the term sheet for any proposed
47 procurement contains all necessary elements.

1 (5) The State Treasurer, in consultation with the Commissioner
2 of the Department of Education and Chief Executive Officer of the
3 Schools Development Authority, may promulgate any rules and
4 regulations necessary to implement this subsection, including, but
5 not limited to, provisions for fees to cover administrative costs, and
6 for the determination of minimum school district standards for the
7 operation of the project, and for the qualification for professional
8 services, construction contracting, and other relevant qualifications.

9 g. A project with an expenditure of under \$50 million
10 developed under a public-private partnership agreement shall
11 include a requirement that precludes contractors from engaging in
12 the project if the contractor has contributed to the private entity's
13 financing of the project in an amount of more than 10% of the
14 project's financing costs.

15 h. The power of eminent domain shall not be delegated to any
16 private entity under the provisions of P.L.2018, c.90 (C.40A:11-52
17 et al.); however, a school district may dedicate any property
18 interest, including improvements, and tangible personal property of
19 the school district for public use in a qualifying project if the school
20 district finds that so doing will serve the public purpose of the
21 project by minimizing the cost of the project to the school district or
22 reducing the delivery time of a project.

23 i. Any public-private partnership agreement, if appropriate,
24 shall include provisions affirming that the agreement and any work
25 performed under the agreement are subject to the provisions of the
26 "Construction Industry Independent Contractor Act," P.L.2007,
27 c.114 (C.34:20-1 et seq.). Any public-private partnership agreement
28 will also include, at a minimum: (i) the term of the agreement, (ii)
29 the total project cost, (iii) a completion date guarantee, (iv) a
30 provision for damages if the private entity fails to meet the
31 completion date, and (v) a maximum rate of return to the private
32 entity and a provision for the distribution of excess earnings to the
33 local government unit or to the private party for debt reduction.

34 j. (1) A private entity seeking to enter into a public-private
35 partnership agreement with the school district shall be qualified by
36 the school district as part of the procurement process, provided such
37 process ensures that the private entity and its subcontractors and
38 consultants, where relevant, meet at least the minimum
39 qualifications standards promulgated by the State Treasurer, in
40 consultation with the New Jersey Economic Development
41 Authority, Department of Education, Schools Development
42 Authority, and such other school district standards for qualification
43 for professional services, construction contracting, and other
44 qualifications applicable to the project, prior to submitting a
45 proposal under the procurement process.

46 (2) A request for qualifications for a public-private partnership
47 agreement shall be advertised at least 45 days prior to the

1 anticipated date of receipt. The advertisement of the request for
2 qualifications shall be published on the official Internet website of
3 the school district and at least one or more newspapers with
4 Statewide circulation.

5 (3) After the school district determines the qualified respondents
6 utilizing, at minimum, the qualification standards promulgated by
7 the State Treasurer, the school district shall issue a request for
8 proposals to each qualified respondent no less than 45 days prior to
9 the date established for submission of the proposals. The request
10 for proposals shall include relevant technical submissions,
11 documents, and the evaluation criteria to be used in the selection of
12 the designated respondent. The evaluation criteria shall be, at
13 minimum, criteria promulgated by the State Treasurer, in
14 consultation with the New Jersey Economic Development
15 Authority, Department of Education, and Schools Development
16 Authority.

17 (4) The school district may accept unsolicited proposals from
18 private entities for public-private partnership agreements. If the
19 school district receives an unsolicited proposal and determines that
20 it meets the standards of this section, the school district shall
21 publish a notice of the receipt of the proposal on the Internet site of
22 the school district and through advertisement in at least one or more
23 newspapers with Statewide circulation. The school district shall
24 also provide notice of the proposal at its next scheduled public
25 meeting and to the State Treasurer. To qualify as an unsolicited
26 proposal, the unsolicited proposal must at a minimum include a
27 description of the public-private project, the estimated construction
28 and life-cycle costs, a timeline for development, proposed plan of
29 financing, including projected revenues, public or private, debt,
30 equity investment, description of how the project meets needs
31 identified in existing plans, the permits and approvals needed to
32 develop the project from local, state and federal agencies and a
33 projected schedule for obtaining such permits and approvals, a
34 statement of risks, liabilities and responsibilities to be assumed by
35 the private entity. The notice shall provide that the school district
36 will accept, for 120 days after the initial date of publication,
37 proposals meeting the standards of this section from other private
38 entities for eligible projects that satisfy the same basic purpose and
39 need. A copy of the notice shall be mailed to each municipal and
40 county local government body in the geographic area affected by
41 the proposal.

42 (5) After the proposal or proposals have been received, and any
43 public notification period has expired, the school district shall rank
44 the proposals in order of preference. In ranking the proposals, the
45 school district shall rely upon, at minimum, the evaluation criteria
46 promulgated by the State Treasurer, in consultation with the New
47 Jersey Economic Development Authority, Department of Education,

1 and Schools Development Authority. In addition, the local school
2 district may consider factors that include, but may not be limited to,
3 professional qualifications, general business terms, innovative
4 engineering, architectural services, or cost-reduction terms, finance
5 plans, and the need for school district funds to deliver the project
6 and discharge the agreement. The private entity selected shall
7 comply with all laws and regulations required by the State
8 government entity, including but not limited to section 1 of
9 P.L.2001, c.134 (C.52:32-44), sections 2 through 8 of P.L.1975,
10 c.127 (C.10:5-32 to 38), section 1 of P.L.1977, c.33 (C.52:25-24.2),
11 P.L.2005, c.51 (C.19:44A-20.13 et al.); P.L.2005, c.271 (C.40A:11-
12 51 et al.), Executive Order No. 117 of 2008, Executive Order No.
13 118 of 2008, Executive Order No. 189, prior to executing the public
14 private partnership agreement. If only one proposal is received, the
15 school district shall negotiate in good faith and, if not satisfied with
16 the results of the negotiations, the school district may, at its sole
17 discretion, terminate negotiations.

18 (6) The school district may require, upon receipt of one or more
19 proposals, that the private entity assume responsibility for all costs
20 incurred by the school district before execution of the public-private
21 partnership agreement, including costs of retaining independent
22 experts to review, analyze, and advise the school district with
23 respect to the proposal.

24 (7) The school district shall set aside one percent of each project
25 and remit it the Public-Private Partnership Review fund established
26 pursuant to section 8 of P.L.2018, c.90 (C.52:18A-260), for
27 purposes of plan review and analysis required under the bill.

28 (8) Nothing in this section shall be construed as or deemed a
29 waiver of the sovereign immunity of the State, the local government
30 unit or an affected locality or public entity or any officer or
31 employee thereof with respect to the participation in or approval of
32 all or any part of the public-private project.

33 (cf: P.L.2018, c.90, s.2)

34

35 15. N.J.S.18A:21-4 is amended to read as follows:

36 18A:21-4. A board of education may in any school year draw
37 against its capital reserve account, up to the amount of the balance
38 therein, to the extent that the withdrawal is anticipated as a revenue
39 in the school budget for the then current school year or approved by
40 the commissioner for good cause; provided, that no money drawn
41 from the account may be used for current expenses of the general
42 fund or debt service payments but shall be used exclusively for
43 capital expenses of the general fund or capital projects fund when
44 expressly authorized as part of a referendum, except as provided for
45 in section 2 of P.L.2018, c.90 (C.18A:18A-60).

46 (cf: P.L.1996, c.138, s.52)

47

1 16. Section 10 of P.L.1995, c.426 (C.18A:36A-10) is amended to
2 read as follows:

3 10. A charter school may be located in part of an existing public
4 school building, in space provided on a public work site, in a public
5 building, or any other suitable location. In the case of a nonpublic
6 school that converts to a charter school pursuant to the provisions of
7 section 1 of P.L.2011, c.140 (C.18A:36A-4.1), the charter school
8 may be located in the same school building in which the nonpublic
9 school was located. The facility shall be exempt from public school
10 facility regulations except those pertaining to the health or safety of
11 the pupils. A charter school shall not construct a facility with
12 public funds other than federal funds. Notwithstanding the
13 provisions of this section to the contrary, a charter school located in
14 an SDA district may construct a facility with public funds, provided
15 that the public funds are provided for a school facilities project
16 approved pursuant to the provisions of section 4 of
17 P.L. , c. (C.) (pending before the Legislature as this bill).
18 (cf: P.L.2011, c.140, s.3)

19

20 17. Section 7 of P.L.2011, c.176 (C.18A:36C-7) is amended to
21 read as follows:

22 7. a. Notwithstanding that a renaissance school project shall be
23 constructed, controlled, operated, and managed by a nonprofit
24 entity, and not the local board of education, it shall be a public
25 school. However nothing contained herein shall restrict a for-profit
26 entity from constructing a renaissance school project, or a
27 renaissance school project from being located on land owned by a
28 for-profit entity. Further, the renaissance school project shall be
29 authorized to retain any business entity, however formed, whose
30 primary purpose is the staffing, operation, and management of
31 elementary schools, middle schools, or high schools in the United
32 States, except as it relates to instructional services.

33 b. The costs of a renaissance school project including, but not
34 limited to, the costs of land acquisition, site remediation, site
35 development, design, construction, and any other costs required to
36 place into service the school facility or facilities constituting the
37 renaissance school project shall be at the sole expense of the
38 nonprofit entity, except that a renaissance school project located in
39 an SDA district may receive funds for the State share of a school
40 facilities project pursuant to the provisions of section 4 of P.L. , c.
41 (C.) (pending before the Legislature as this bill). The
42 nonprofit entity may use State funds to pay for a lease, debt service,
43 or mortgage for any facility constructed or otherwise acquired.

44 c. Notwithstanding the provisions of the "Educational Facilities
45 Construction and Financing Act," P.L.2000, c.72 (C.18A:7G-1 et
46 al.), or any other law or regulation to the contrary, there shall be no
47 State share for the costs of a renaissance school project, except that

1 a renaissance school project located in an SDA district may receive
2 funds for the State share of a school facilities project approved
3 pursuant to the provisions of section 4 of P.L. , c. (C.)
4 (pending before the Legislature as this bill).

5 d. Notwithstanding the provisions of the "Public School
6 Contracts Law," N.J.S.18A:18A-1 et seq., or any other law or
7 regulation to the contrary, the nonprofit entity or any entity acting
8 in cooperation with a renaissance school project shall not be subject
9 to public bidding for goods and services, and any contracts entered
10 into by the nonprofit entity shall not be deemed public contracts or
11 public works; except that any contract entered into by the nonprofit
12 entity or any entity acting in cooperation with a renaissance school
13 project shall be deemed a public work for the purposes of the "New
14 Jersey Prevailing Wage Act," P.L.1963, c.150 (C.34:11-56.25 et
15 seq.), and subject to the applicable provisions of that act.

16 e. The renaissance school district in which a renaissance school
17 project is located shall pay to the nonprofit entity in 12 equal
18 monthly installments an amount per pupil equal to 95% of the
19 district's per pupil expenditure. In addition the 12 monthly
20 installments shall include the security categorical aid attributable to
21 the student, a percentage of the district's special education
22 categorical aid equal to the percentage of the district's special
23 education students enrolled in the renaissance school project, and if
24 applicable 100% of preschool education aid. The district shall also
25 pay directly to the renaissance school project any federal funds
26 attributable to the student.

27 f. Renaissance school projects shall be required to meet the
28 same testing and academic performance standards established by
29 law and regulation for public school students, and shall meet any
30 additional testing and academic performance standards established
31 by the nonprofit entity and approved by the commissioner.

32 g. The nonprofit entity shall have complete discretion in
33 naming the renaissance school project. The nonprofit entity may
34 not realize a net profit from its operation of a renaissance school
35 project. A private or parochial school shall not be eligible for
36 renaissance school project status.

37 h. A nonprofit entity shall operate a renaissance school project
38 in accordance with the contract entered into pursuant to section 6 of
39 this act, the provisions of this act, and the laws and regulations that
40 govern charter schools which are not inconsistent with this act.
41 (cf: P.L.2014, c.61, s.3)

42

43 18. Section 12 of P.L.1991, c.431 (C.40A:20-12) is amended to
44 read as follows:

45 12. The rehabilitation or improvements made in the development
46 or redevelopment of a redevelopment area or area appurtenant
47 thereto or for a redevelopment relocation housing project, pursuant

1 to P.L.1991, c.431 (C.40A:20-1 et seq.), shall be exempt from
2 taxation for a limited period as hereinafter provided. When housing
3 is to be constructed, acquired or rehabilitated by an urban renewal
4 entity, the land upon which that housing is situated shall be exempt
5 from taxation for a limited period as hereinafter provided. The
6 exemption shall be allowed when the clerk of the municipality
7 wherein the property is situated shall certify to the municipal tax
8 assessor that a financial agreement with an urban renewal entity for
9 the development or the redevelopment of the property, or the
10 provision of a redevelopment relocation housing project, or the
11 provision of a low and moderate income housing project has been
12 entered into and is in effect as required by P.L.1991, c.431
13 (C.40A:20-1 et seq.).

14 Delivery by the municipal clerk to the municipal tax assessor of
15 a certified copy of the ordinance of the governing body approving
16 the tax exemption and financial agreement with the urban renewal
17 entity shall constitute the required certification. For each
18 exemption granted pursuant to P.L.2003, c.125 (C.40A:12A-4.1 et
19 al.), upon certification as required hereunder, the tax assessor shall
20 implement the exemption and continue to enforce that exemption
21 without further certification by the clerk until the expiration of the
22 entitlement to exemption by the terms of the financial agreement or
23 until the tax assessor has been duly notified by the clerk that the
24 exemption has been terminated.

25 Within 10 calendar days following the later of the effective date
26 of an ordinance following its final adoption by the governing body
27 approving the tax exemption or the execution of the financial
28 agreement by the urban renewal entity, the municipal clerk shall
29 transmit a certified copy of the ordinance and financial agreement
30 to the chief financial officer of the county and to the county counsel
31 for informational purposes.

32 Whenever an exemption status changes during a tax year, the
33 procedure for the apportionment of the taxes for the year shall be
34 the same as in the case of other changes in tax exemption status
35 during the tax year. Tax exemptions granted pursuant to P.L.2003,
36 c.125 (C.40A:12A-4.1 et al.) represent long term financial
37 agreements between the municipality and the urban renewal entity
38 and as such constitute a single continuing exemption from local
39 property taxation for the duration of the financial agreement. The
40 validity of a financial agreement or any exemption granted pursuant
41 thereto may be challenged only by filing an action in lieu of
42 prerogative writ within 20 days from the publication of a notice of
43 the adoption of an ordinance by the governing body granting the
44 exemption and approving the financial agreement. Such notice
45 shall be published in a newspaper of general circulation in the
46 municipality and in a newspaper of general circulation in the county
47 if different from the municipal newspaper.

1 a. The financial agreement shall specify the duration of the
2 exemption for urban renewal entities in accordance with the
3 parameters of either paragraph (1) or paragraph (2) of this
4 subsection:

5 (1) the financial agreement may specify a duration of not more
6 than 30 years from the completion of the entire project, or unit of
7 the project if the project is undertaken in units, or not more than 35
8 years from the execution of the financial agreement between the
9 municipality and the urban renewal entity; or

10 (2) for each project undertaken pursuant to a redevelopment
11 agreement which allows the redeveloper to undertake two or more
12 projects sequentially, the financial agreement may specify a
13 duration of not more than 30 years from the completion of a project,
14 or unit of the project if the project is undertaken in units, or not
15 more than 50 years from the execution of the first financial
16 agreement implementing a project under the redevelopment
17 agreement. As used in this subsection, "redevelopment agreement"
18 means an agreement entered into pursuant to subsection f. of section
19 8 of P.L.1992, c.79 (C.40A:12A-8) between a municipality or
20 redevelopment entity and a redeveloper.

21 A financial agreement may provide for an exemption period of
22 less than 30 years from the completion of the entire project, less
23 than 35 years from the execution of the financial agreement, or less
24 than 50 years from the execution of the first financial agreement
25 implementing a project under the redevelopment agreement.
26 Nothing in this subsection shall be construed as requiring a
27 financial agreement for a project undertaken pursuant to a
28 redevelopment agreement which allows the redeveloper to
29 undertake two or more projects sequentially to specify a duration
30 within the parameters of paragraph (2) of this subsection.

31 b. During the term of any exemption, in lieu of any taxes to be
32 paid on the buildings and improvements of the project and, to the
33 extent authorized pursuant to this section, on the land, the urban
34 renewal entity shall make payment to the municipality of an annual
35 service charge, which shall remit a portion of that revenue to the
36 county as provided hereinafter. In addition, the municipality may
37 assess an administrative fee, not to exceed two percent of the annual
38 service charge, for the processing of the application. The annual
39 service charge for municipal services supplied to the project to be
40 paid by the urban renewal entity for any period of exemption, shall
41 be determined as follows:

42 (1) An annual amount equal to a percentage determined
43 pursuant to this subsection and section 11 of P.L.1991, c.431
44 (C.40A:20-11), of the annual gross revenue from each unit of the
45 project, if the project is undertaken in units, or from the total
46 project, if the project is not undertaken in units. The percentage of
47 the annual gross revenue shall not be more than 15% in the case of

1 a low and moderate income housing project, nor less than 10% in
2 the case of all other projects.

3 At the option of the municipality, or where because of the nature
4 of the development, ownership, use or occupancy of the project or
5 any unit thereof, if the project is to be undertaken in units, the total
6 annual gross rental or gross shelter rent or annual gross revenue
7 cannot be reasonably ascertained, the governing body shall provide
8 in the financial agreement that the annual service charge shall be a
9 sum equal to a percentage determined pursuant to this subsection
10 and section 11 of P.L.1991, c.431 (C.40A:20-11), of the total
11 project cost or total project unit cost determined pursuant to
12 P.L.1991, c.431 (C.40A:20-1 et seq.) calculated from the first day
13 of the month following the substantial completion of the project or
14 any unit thereof, if the project is undertaken in units. The
15 percentage of the total project cost or total project unit cost shall not
16 be more than 2% in the case of a low and moderate income housing
17 project, and shall not be less than 2% in the case of all other
18 projects.

19 (2) In either case, the financial agreement shall establish a
20 schedule of annual service charges to be paid over the term of the
21 exemption period, which shall be in stages as follows:

22 (a) For the first stage of the exemption period, which shall
23 commence with the date of completion of the unit or of the project,
24 as the case may be, and continue for a time of not less than six years
25 nor more than 15 years, as specified in the financial agreement, the
26 urban renewal entity shall pay the municipality an annual service
27 charge for municipal services supplied to the project in an annual
28 amount equal to the amount determined pursuant to paragraph (1) of
29 this subsection and section 11 of P.L.1991, c.431 (C.40A:20-11).
30 For the remainder of the period of the exemption, if any, the annual
31 service charge shall be determined as follows:

32 (b) For the second stage of the exemption period, which shall
33 not be less than one year nor more than six years, as specified in the
34 financial agreement, an amount equal to either the amount
35 determined pursuant to paragraph (1) of this subsection and section
36 11 of P.L.1991, c.431 (C.40A:20-11), or 20% of the amount of
37 taxes otherwise due on the value of the land and improvements,
38 whichever shall be greater;

39 (c) For the third stage of the exemption period, which shall not
40 be less than one year nor more than six years, as specified in the
41 financial agreement, an amount equal to either the amount
42 determined pursuant to paragraph (1) of this subsection and section
43 11 of P.L.1991, c.431 (C.40A:20-11), or 40% of the amount of
44 taxes otherwise due on the value of the land and improvements,
45 whichever shall be greater;

46 (d) For the fourth stage of the exemption period, which shall not
47 be less than one year nor more than six years, as specified in the

1 financial agreement, an amount equal to either the amount
2 determined pursuant to paragraph (1) of this subsection and section
3 11 of P.L.1991, c.431 (C.40A:20-11), or 60% of the amount of
4 taxes otherwise due on the value of the land and improvements,
5 whichever shall be greater; and

6 (e) For the final stage of the exemption period, the duration of
7 which shall not be less than one year and shall be specified in the
8 financial agreement, an amount equal to either the amount
9 determined pursuant to paragraph (1) of this subsection and section
10 11 of P.L.1991, c.431 (C.40A:20-11), or 80% of the amount of
11 taxes otherwise due on the value of the land and improvements,
12 whichever shall be greater.

13 If the financial agreement provides for an exemption period of
14 less than 30 years from the completion of the entire project, less
15 than 35 years from the execution of the financial agreement, or less
16 than 50 years from the execution of the first financial agreement
17 implementing a project under the redevelopment agreement, the
18 financial agreement shall set forth a schedule of annual service
19 charges for the exemption period which shall be based upon the
20 minimum service charges and staged adjustments set forth in this
21 section.

22 The annual service charge shall be paid to the municipality on a
23 quarterly basis in a manner consistent with the municipality's tax
24 collection schedule.

25 Each municipality which enters into a financial agreement on or
26 after the effective date of P.L.2003, c.125 (C.40A:12A-4.1 et al.)
27 shall remit 5 percent of the annual service charge collected by the
28 municipality to the county in accordance with the provisions of
29 R.S.54:4-74. If the municipality enters into a contract with a board
30 of education pursuant to section 8 of P.L. , c. (C.) (pending
31 before the Legislature as this bill), the municipality shall also remit
32 to the board of education such amounts as may be required under
33 the contract.

34 Against the annual service charge the urban renewal entity shall
35 be entitled to credit for the amount, without interest, of the real
36 estate taxes on land paid by it in the last four preceding quarterly
37 installments.

38 Notwithstanding the provisions of this section or of the financial
39 agreement, the minimum annual service charge shall be the amount
40 of the total taxes levied against all real property in the area covered
41 by the project in the last full tax year in which the area was subject
42 to taxation, and the minimum annual service charge shall be paid in
43 each year in which the annual service charge calculated pursuant to
44 this section or the financial agreement would be less than the
45 minimum annual service charge.

1 c. All exemptions granted pursuant to the provisions of
2 P.L.1991, c.431 (C.40A:20-1 et seq.) shall terminate at the time
3 prescribed in the financial agreement.

4 Upon the termination of the exemption granted pursuant to the
5 provisions of P.L.1991, c.431 (C.40A:20-1 et seq.), the project, all
6 affected parcels, land and all improvements made thereto shall be
7 assessed and subject to taxation as are other taxable properties in
8 the municipality. After the date of termination, all restrictions and
9 limitations upon the urban renewal entity shall terminate and be at
10 an end upon the entity's rendering its final accounting to and with
11 the municipality.

12 (cf: P.L.2018, c.97, s.17)

13

14 19. Section 4 of P.L.2007, c.137 (C.52:18A-238) is amended to
15 read as follows:

16 4. The development authority shall have the following powers:

17 a. To adopt bylaws for the regulation of its affairs and the
18 conduct of its business;

19 b. To adopt and have a seal and to alter the same at pleasure;

20 c. To sue and be sued;

21 d. To acquire in the name of the development authority by
22 purchase or otherwise, on such terms and conditions and such
23 manner as it may deem proper, or by the exercise of the power of
24 eminent domain in the manner provided by the "Eminent Domain
25 Act of 1971," P.L.1971, c.361 (C.20:3-1 et seq.), any lands or
26 interests therein or other property which it may determine is
27 reasonably necessary for any school facilities project;

28 e. To enter into contracts with a person upon such terms and
29 conditions as the development authority shall determine to be
30 reasonable, including, but not limited to, for the planning, design,
31 construction, reconstruction, improvement, equipping, furnishing,
32 operation and maintenance of a school facilities project and the
33 reimbursement thereof, and to pay or compromise any claims
34 arising therefrom;

35 f. To sell, convey or lease to any person all or any portion of
36 its property, for such consideration and upon such terms as the
37 development authority may determine to be reasonable;

38 g. To mortgage, pledge or assign or otherwise encumber all or
39 any portion of any property or revenues, whenever it shall find such
40 action to be in furtherance of the purposes of P.L.2000, c.72
41 (C.18A:7G-1 et al.) and P.L.2007, c.137 (C.52:18A-235 et al.);

42 h. To grant options to purchase or renew a lease for any of its
43 property on such terms as the development authority may determine
44 to be reasonable;

45 i. To contract for and to accept any gifts or grants or loans of
46 funds or property or financial or other aid in any form from the
47 United States of America or any agency or instrumentality thereof,

1 or from the State or any agency, instrumentality or political
2 subdivision thereof, or from any other source and to comply,
3 subject to the provisions of P.L.2000, c.72 (C.18A:7G-1 et al.) and
4 P.L.2007, c.137 (C.52:18A-235 et al.), with the terms and
5 conditions thereof;

6 j. In connection with any application for assistance under
7 P.L.2000, c.72 (C.18A:7G-1 et al.) or P.L.2007, c.137 (C.52:18A-
8 235 et al.) or commitments therefor, to require and collect such fees
9 and charges as the development authority shall determine to be
10 reasonable;

11 k. To adopt, amend and repeal regulations to carry out the
12 provisions of P.L.2000, c.72 (C.18A:7G-1 et al.) and P.L.2007,
13 c.137 (C.52:18A-235 et al.);

14 l. To acquire, purchase, manage and operate, hold and dispose
15 of real and personal property or interests therein, take assignments
16 of rentals and leases and make and enter into all contracts, leases,
17 agreements and arrangements necessary or incidental to the
18 performance of its duties;

19 m. To purchase, acquire and take assignments of notes,
20 mortgages and other forms of security and evidences of
21 indebtedness;

22 n. To purchase, acquire, attach, seize, accept or take title to any
23 property by conveyance or by foreclosure, and sell, lease, manage
24 or operate any property for a use specified in P.L.2000, c.72
25 (C.18A:7G-1 et al.) and P.L.2007, c.137 (C.52:18A-235 et al.);

26 o. (1) To employ consulting engineers, architects, attorneys,
27 real estate counselors, appraisers, and such other consultants and
28 employees as may be required in the judgment of the development
29 authority to carry out the purposes of P.L.2000, c.72 (C.18A:7G-1
30 et al.) and P.L.2007, c.137 (C.52:18A-235 et al.) and to fix and pay
31 their compensation from funds available to the development
32 authority therefor, all without regard to the provisions of Title 11A
33 of the New Jersey Statutes; except that, no later than one year
34 following the effective date of P.L. , c. (C.) (pending
35 before the Legislature as this bill), the development authority shall
36 only employ staff for the purposes of program operations,
37 construction operations, financial operations and compliance, and
38 grant administration. The human resources, legal affairs, facilities
39 management, administrative, and technological and information
40 systems operations of the development authority shall be managed
41 by the following State agencies in the manner specified:

42 (a) the Civil Service Commission shall exercise authority over
43 human resource management for employees of the development
44 authority, which shall include, but not be limited to, the process for
45 hiring the employees and terminating their employment, and
46 orienting, training, counseling, and appraising the employees;

1 (b) the Office of the Attorney General shall exercise authority
2 over the legal affairs of the development authority, which shall
3 include, but not be limited to, legal counsel and advice and formal
4 representation of the development authority when needed;

5 (c) the Department of the Treasury shall exercise authority over
6 facilities management and other administrative functions not
7 identified in subparagraphs (a), (b), and (d) of this paragraph; and

8 (d) the Office of Information Technology shall exercise authority
9 over the technological and information systems needs of the
10 development authority, which shall include, but not be limited to,
11 developing technology plans, providing technical and general
12 technological support to employees of the development authority,
13 and maintaining information systems and other technological
14 infrastructure.

15 (2) Notwithstanding the provisions of P.L.2007, c.137
16 (C.52:18A-235 et al.) or any other law, rule, or regulation to the
17 contrary, the operations of the development authority shall be
18 funded annually through State appropriations. The Legislature shall
19 annually appropriate such sums as are necessary to finance the
20 operations of the development authority, as authorized under this
21 subsection.

22 p. To do and perform any acts and things authorized by
23 P.L.2000, c.72 (C.18A:7G-1 et al.) and P.L.2007, c.137 (C.52:18A-
24 235 et al.) under, through or by means of its own officers, agents
25 and employees, or by contract with any person;

26 q. To procure insurance against any losses in connection with
27 its property, operations or assets in such amounts and from such
28 insurers as it deems desirable;

29 r. To do any and all things necessary or convenient to carry out
30 its purposes and exercise the powers given and granted in P.L.2000,
31 c.72 (C.18A:7G-1 et al.) and P.L.2007, c.137 (C.52:18A-235 et al.);

32 s. To construct, reconstruct, rehabilitate, improve, alter, equip,
33 maintain or repair or provide for the construction, reconstruction,
34 improvement, alteration, equipping or maintenance or repair of any
35 property and lot, award and enter into construction contracts,
36 purchase orders and other contracts with respect thereto, upon such
37 terms and conditions as the development authority shall determine
38 to be reasonable, including, but not limited to, reimbursement for
39 the planning, designing, construction, reconstruction, improvement,
40 equipping, furnishing, operation and maintenance of any such
41 property and the settlement of any claims arising therefrom;

42 t. To undertake school facilities projects and to enter into
43 agreements or contracts, execute instruments, and do and perform
44 all acts or things necessary, convenient or desirable for the purposes
45 of the development authority to carry out any power expressly
46 provided pursuant to P.L.2000, c.72 (C.18A:7G-1 et al.) or
47 P.L.2007, c.137 (C.52:18A-235 et al.), including, but not limited to,

1 entering into contracts with the State Treasurer, the New Jersey
2 Economic Development Authority, the Commissioner of Education,
3 districts, and any other entity which may be required in order to
4 carry out the provisions of P.L.2000, c.72 (C.18A:7G-1 et al.) or
5 P.L.2007, c.137 (C.52:18A-235 et al.);

6 u. To enter into leases, rentals or other disposition of a real
7 property interest in and of any school facilities project to or from
8 any local unit pursuant to P.L.2000, c.72 (C.18A:7G-1 et al.) or
9 P.L.2007, c.137 (C.52:18A-235 et al.);

10 v. To make and contract to make loans or leases to local units
11 to finance the cost of school facilities projects and to acquire and
12 contract to acquire bonds, notes or other obligations issued or to be
13 issued by local units to evidence the loans or leases, all in
14 accordance with the provisions of P.L.2000, c.72 (C.18A:7G-1 et
15 al.) and P.L.2007, c.137 (C.52:18A-235 et al.);

16 w. To charge to and collect from local units, the State, and any
17 other person, any fees and charges in connection with the
18 development authority's actions undertaken with respect to school
19 facilities projects including, but not limited to, fees and charges for
20 the development authority's administrative, organization, insurance,
21 operating and other expenses incident to the planning, design,
22 construction and placing into service and maintenance of school
23 facilities projects.

24 (cf: P.L.2007, c.137, s.4)

25

26 20. This act shall take effect immediately.

27

28

29

STATEMENT

30

31 This bill provides various changes to the laws governing the
32 construction of school facilities projects and the operations of the
33 New Jersey Schools Development Authority (SDA).

34

Authorization of SDA School Facilities Projects

35 The bill provides that all school facilities projects in SDA
36 districts would be subject to prior authorization by the Legislature.
37 Specifically, the SDA would be prohibited from expending any
38 monies or undertaking any activities, except for site identification
39 and investigation, related to the construction of the project until the
40 Legislature has authorized the project. Additionally, the SDA
41 district will not submit an application to the Commissioner of
42 Education (commissioner) for project approval until the Legislature
43 has authorized the project.

44 Under current law, the SDA is required to establish a Statewide
45 strategic plan, which is used to determine the sequencing of school
46 facilities projects in SDA districts and is revised no less than every
47 five years. Under the bill, the SDA would be required to update
48

1 this plan to include a description of each project, the total estimated
2 costs of each project, and the number of full-time equivalent staff
3 needed to support each project. In addition, the bill requires this
4 plan to prioritize : (1) new construction projects; (2) projects
5 located on land owned by the SDA district or other public entities;
6 and (3) projects needed to replace school buildings that have been
7 in use for 50 or more years.

8 After any update to the Statewide strategic plan, the SDA would
9 be required to transmit the plan to the Legislature. Thereafter, the
10 Legislature may enact legislation to authorize any school facilities
11 project in an SDA district, provided that the Legislature is required
12 to identify the project to be funded, the maximum final eligible
13 costs permitted for the project, and the maximum full-time
14 equivalent employees that the SDA may allocate to the project.

15

16 *Model School Designs*

17 The bill also requires the SDA, in consultation with the
18 commissioner, to establish three model school designs for the
19 construction of elementary, middle, and high school projects,
20 respectively. These model school designs would establish uniform
21 standards for the exterior and interior design of each category of
22 school facilities projects. At a minimum, these standards would: (1)
23 prohibit the inclusion of irregularly-shaped structures, facades, and
24 courtyards, which designs contribute to unnecessary and imprudent
25 construction costs; and (2) prioritize the utilization of vertical
26 construction designs over horizontal construction, which designs
27 preserve green space and maximize land use.

28 To standardize the construction of school facilities projects
29 throughout the State, the bill requires all projects in SDA districts to
30 conform to one of these model school designs. In addition, if a
31 non-SDA district constructs a project that conforms to a model
32 school design, the district aid percentage, which is used to calculate
33 the district's debt service aid, would be increased by 15 percent. In
34 the event that an SDA district or a non-SDA district school facilities
35 project requires the implementation of certain immodest or
36 irregularly-shaped structures, but otherwise conforms to a model
37 school design, the SDA is required to provide prior approval of the
38 structures.

39

40 *Brownfield Site Remediation – SDA Projects*

41 The bill provides that if the SDA undertakes a school facilities
42 project on behalf of a district, and the project will be constructed on
43 a brownfield site, the SDA cannot be responsible for any
44 remediation costs associated with the brownfield site. Under the
45 bill, all remediation costs must be supported by the local share of
46 the project or any other funding provided by the State or federal
47 government to address the remediation of brownfield sites. After

1 all remediation has been completed, the SDA may commence the
2 construction of the project.

3

4 *School Facilities Projects of Charter Schools and Renaissance*
5 *School Projects in SDA Districts*

6 The bill provides a State funding mechanism for school facilities
7 projects undertaken by charter schools and renaissance school
8 projects located in SDA districts. Under current law, charter schools
9 are prohibited from constructing a facility with public funds other
10 than federal funds and renaissance school projects are required to
11 build a school facility at the sole expense of the nonprofit entity that
12 created the school.

13 Under the bill, charter schools and renaissance school projects
14 located in SDA districts would be eligible to receive funding for
15 100 percent of the final eligible costs of the project. To secure the
16 funding, a charter school or renaissance school project would
17 submit an application to the SDA for approval. The SDA would
18 annually review the applications and thereafter create a Statewide
19 charter school and renaissance school project facilities strategic
20 plan to be used in the sequencing of school facilities projects of
21 charter schools and renaissance school projects in SDA districts.
22 The Statewide charter school and renaissance school project
23 facilities strategic plan would include a Statewide educational
24 priority ranking of the school facilities projects based upon the
25 SDA's determination of critical need. The SDA, however, is
26 prohibited from expending any funds for these projects, except for
27 site identification and investigation, related to the construction of
28 the project until the Legislature has authorized the project.

29

30 *Non-SDA Projects*

31 The bill also provides several changes to the laws governing the
32 construction of school facilities projects in non-SDA school
33 districts.

34 Notably, the bill allows a school district to raise bonds for a
35 school facilities project without the approval of the voters of the
36 district if the school district enters into a contract with one or more
37 municipalities, wherein the municipality provides the district with
38 not less than 60 percent of the payments in lieu of taxes received
39 from one or more designated properties, and the district pledge
40 those monies to the repayment of the bonds. However, after
41 entering into the contract, the school district would also be required
42 to submit an application to the commissioner before issuing the
43 bonds without voter approval.

44 Additionally, the bill permits the board of education of a district
45 other than an SDA district to enter into an agreement with a county
46 improvement authority or municipal redevelopment agency to

1 construct a school facilities project and to issue bonds to finance
2 certain portions of the project.

3 The bill also permits a board of education of a school district to
4 draw against its capital reserve account in order to finance a portion
5 of a project for which a school district and private entity enter into a
6 public-private partnership agreement pursuant to current law.
7 Currently, a school district may enter into a public-private
8 partnership with a private entity provided that the project is
9 financed in whole by the private entity. Under the bill, a board of
10 education could, by resolution, transfer funds from the capital
11 reserve account to the appropriate line item account for the funding
12 of capital projects subject to a public-private partnership agreement,
13 and transfer funds from the capital reserve account to the debt
14 service account for the purpose of offsetting principal and interest
15 payments for bonded projects subject to a public-private partnership
16 agreement.

17 Under the bill, a school district whose school facilities project is
18 not constructed by the development authority would also be
19 required to ensure the project is overseen by a non-conflicted
20 construction management service provider.

21 The bill also requires the commissioner, in consultation with the
22 SDA, to develop guidance concerning the provisions contained
23 within construction contracts. This guidance would be designed to
24 encourage the timely delivery of construction projects and would
25 include sample provisions that may be included in future contracts.
26 In addition to any other considerations that the commissioner may
27 deem appropriate, guidance would prescribe industry-leading
28 penalties for the late delivery of projects by contractors and
29 incentives for contractors who deliver projects on time and under
30 budget.

31

32 *SDA Finances and Operations*

33 This bill provides that bonds issued by the New Jersey Economic
34 Development Authority (EDA) for the State share of school
35 facilities projects, the proceeds of which are transferred to SDA,
36 will not support the costs of either agency related to the issuance of
37 the bonds. Bonds issued after the effective date of the bill will not
38 support the administrative, insurance, operating and other expenses
39 of the EDA to issue the bonds. Under the bill, the costs related to
40 the undertaking of the planning, design, and construction of school
41 facilities projects will also not be supported by bonds issued after
42 the effective date of the bill. These administrative costs would
43 instead be annually supported by State appropriations.

44 Under current law, the State budget does not generally support
45 the operations and administrative expenses of the SDA or the EDA;
46 as it relates to the State school construction program, those costs are
47 generally funded through bond proceeds issued for the purposes of

1 funding the State share of costs for school facilities projects. This
2 bill would amend current law to provide that, for bonds issued after
3 the effective date of the bill, no proceeds would fund the
4 administrative, insurance, operating and other expenses of the EDA
5 to issue the bonds or costs of the SDA related to the undertaking of
6 the planning, design, and construction of school facilities projects.

7 The bill also requires the SDA to establish four funds in which
8 the net proceeds of the bonds issued for school facilities projects,
9 and any State appropriations for school facilities projects, would be
10 deposited. The four funds are as follows: (1) the SDA District
11 Project Fund; (2) the Regular Operating District Construction and
12 Maintenance Grants Fund; (3) the Vocational-Technical School
13 District Project Fund; and (4) the SDA District Emergent Project
14 Fund.

15 The bill requires the SDA to only employ staff for the purposes
16 of program operations, construction operations, financial operations
17 and compliance, and grant administration. Other operations of the
18 SDA are to be managed by the following State agencies:

- 19 • the Civil Service Commission, for human resource
20 management;
- 21 • the Office of the Attorney General, for the handling of the
22 legal affairs of the SDA;
- 23 • the Department of the Treasury, for facilities management
24 and other administrative functions; and
- 25 • the Office of Information Technology, for the technological
26 and information systems needs of the SDA.

ASSEMBLY EDUCATION COMMITTEE

STATEMENT TO

ASSEMBLY, No. 4496

with committee amendments

STATE OF NEW JERSEY

DATED: DECEMBER 8, 2022

The Assembly Education Committee adopts amendments to Assembly Bill No. 4496.

As amended by the committee, the bill provides various changes to the laws governing the construction of school facilities projects and the operations of the New Jersey Schools Development Authority (SDA).

Model School Designs

The amended bill requires the SDA, in consultation with the Commissioner of Education, to establish a model school design program that would establish uniform standards for the exterior and interior design of school facilities projects. The bill defines the components of the model school design program.

The amended bill requires all projects in SDA districts to conform to the standards of the model school design program, one of these model school designs. In addition, if a non-SDA district constructs a project that conforms to the standards of the model school design program, the district aid percentage, which is used to calculate the district's debt service aid, would be increased by 15 percent.

School Facilities Projects of Charter Schools and Renaissance School Projects in SDA Districts

The amended bill provides a State funding mechanism for school facilities projects undertaken by charter schools and renaissance school projects located in SDA districts. Under current law, charter schools are prohibited from constructing a facility with public funds other than federal funds and renaissance school projects are required to build a school facility at the sole expense of the nonprofit entity that created the school.

Under the amended bill, charter schools and renaissance school projects located in SDA districts would be eligible to receive funding for 100 percent of the final eligible costs of the project. To secure the funding, a charter school or renaissance school project would submit an application to the SDA. The SDA, in consultation with the Department of Education, would annually review the applications and thereafter create a Statewide charter school and renaissance school project facilities strategic plan to be used in the sequencing of school

facilities projects of charter schools and renaissance school projects in SDA districts. The Statewide charter school and renaissance school project facilities strategic plan would include a Statewide educational priority ranking of the school facilities projects based upon the SDA's determination of critical need.

Under the amended bill, the SDA would authorize a charter school or renaissance school project to undertake a school facilities project following the determination of final eligible costs for the project. A charter school or renaissance school project authorized to undertake a school facilities project under the bill would be subject to the provisions of the "Public School Contracts Law."

Non-SDA Projects

The amended bill also provides several changes to the laws governing the construction of school facilities projects in non-SDA school districts.

Notably, the amended bill allows a school district to raise bonds for a school facilities project without the approval of the voters of the district if the school district enters into a contract with one or more municipalities, wherein the municipality provides the district with not less than 60 percent of the payments in lieu of taxes received from one or more designated properties, and the district pledges those monies to the repayment of the bonds. However, after entering into the contract, the school district would also be required to submit an application to the commissioner before issuing the bonds without voter approval.

Additionally, the amended bill permits the board of education of a district other than an SDA district to enter into an agreement with a county improvement authority to construct a school facilities project and to issue bonds to finance certain portions of the project.

The amended bill also permits a board of education of a school district to draw against its capital reserve account in order to finance a portion of a project for which a school district and private entity enter into a public-private partnership agreement pursuant to current law.

The amended bill also requires the commissioner, in consultation with the SDA, to promulgate regulations concerning the incorporation of construction contract provisions that encourage the completion of construction projects on schedule.

SDA Finances and Operations

This bill, as amended, provides that bonds issued by the New Jersey Economic Development Authority (EDA) for the State share of school facilities projects, the proceeds of which are transferred to SDA, will not support the costs of either agency related to the issuance of the bonds. Bonds issued after the effective date of the bill will not support the administrative, insurance, operating and other expenses of the EDA to issue the bonds. Under the amended bill, the costs related to the undertaking of the planning, design, and construction of school

facilities projects will also not be supported by bonds issued after the effective date of the bill. These administrative costs would instead be annually supported by State appropriations.

The amended bill also requires the SDA to establish four funds in which the net proceeds of the bonds issued for school facilities projects, and any State appropriations for school facilities projects, would be deposited. The four funds are as follows: (1) the SDA District Project Fund; (2) the Regular Operating District Construction and Maintenance Grants Fund; (3) the SDA District Emergent Project Fund; and (4) the Charter School and Renaissance School Project Construction and Maintenance Fund.

The amended bill requires the SDA to only employ staff for the purposes of program operations, construction operations, financial operations and compliance, and grant administration. Other operations of the SDA are to be managed by the following State agencies:

- the Civil Service Commission, for human resource management;
- the Office of the Attorney General, for the handling of the legal affairs of the SDA;
- the Department of the Treasury, for facilities management and other administrative functions; and
- the Office of Information Technology, for the technological and information systems needs of the SDA.

COMMITTEE AMENDMENTS:

The committee amended the bill to:

- remove provisions of the bill that required legislative prior authorization of SDA district school facilities projects and school facilities projects of charter schools and renaissance school projects in SDA districts;
- require the SDA to develop a model school design program that would be utilized in SDA district school facilities projects and that may be utilized in the school facilities projects of districts other than SDA districts. The bill, as introduced, would have required the SDA to develop three model school designs for the construction of elementary, middle, and high schools, respectively;
- require a school district, as part of its comprehensive review under the New Jersey Quality Single Accountability Continuum, to certify that it has included in its most recent long-range facilities plan a capital improvement plan for each school of the district;
- require that a non-conflicted construction management service provider would oversee a school facilities project, which is not constructed by the SDA, only in the case of a project that has total estimated costs over \$5 million;

- remove provisions of the bill that would have permitted the board of education of a district other than an SDA district to enter into an agreement with a municipal redevelopment agency to construct a school facilities project and to issue bonds to finance certain portions of the project;
- require a charter school or renaissance school project authorized to undertake a school facilities project pursuant to the bill to be subject to public bidding requirements under the “Public School Contracts Law;”
- remove a section of the bill that provided that the SDA would not be responsible for remediation costs in the event that the SDA, on behalf of a district, undertakes a school facilities project on a brownfield site;
- specify that a bond issued for a school facilities project, which is to be supported by municipal remittances of payments in lieu of taxes, would be eligible for State debt service aid;
- remove a provision of the bill establishing a Vocational-Technical School District Project Fund;
- provide that no less than 50 percent of direct appropriations or funding for school facilities projects would be appropriated to the SDA District Project Fund and the SDA District Emergent Project Fund established under the bill. The remaining funds would be utilized in a manner to be determined by the SDA;
- establish an “Emergent Condition Remediation Program” in the SDA;
- establish an Office of Contracting Accountability within the SDA;
- provide that the SDA would not prequalify a contractor to bid on a school facilities project without first seeking certification that the contractor is not the subject of certain labor investigations or proceedings;
- permit the SDA to revoke a contractor’s prequalification status following the opportunity for the contractor to respond to an adverse reaction in a performance evaluation;
- prohibit the SDA and an SDA district that has been delegated management of a school facilities project from entering into a contract for work with any person or firm that has been debarred, suspended, or disqualified from State, SDA, or federal government contracting;
- prohibit an SDA district that has been delegated management of a school facilities project from entering into a cooperative pricing system or agreement;
- provide that a board of education may disqualify a bidder that would otherwise be determined to be the lowest responsible bidder for a school facilities project contract if there has been at least one instance of prior negative experience with the bidder by any board of education, or by the New Jersey

Economic Development Authority or the New Jersey Schools Development Authority;

- expand the criteria for what may constitute “prior negative experience” under the “Public School Contracts Law;”
- provide that the Commissioner of Education would promulgate regulations, rather than guidance, for school districts concerning the incorporation of construction contract provisions that encourage the completion of construction projects on schedule;
- expand the SDA board membership to include two public members, one appointed by the Senate President and one appointed by the Speaker of the General Assembly; and
- provide that an affirmative vote of the SDA board would be required in the hiring, termination, and disciplining of employees of the SDA, as well as in the transfer of any employees of the development authority among different subunits.

ASSEMBLY EDUCATION COMMITTEE

STATEMENT TO

ASSEMBLY COMMITTEE SUBSTITUTE FOR ASSEMBLY, No. 4496

STATE OF NEW JERSEY

DATED: FEBRUARY 9, 2023

The Assembly Education Committee reports favorably Assembly Committee Substitute for Assembly Bill No. 4496.

This committee substitute provides various changes to the laws governing the construction of school facilities projects and the operations of the New Jersey Schools Development Authority (SDA).

Model School Designs

The committee substitute requires the SDA, in consultation with the Commissioner of Education, to establish a model school design program that would establish uniform standards for the exterior and interior design of school facilities projects. The bill defines the components of the model school design program.

The committee substitute requires all projects in SDA districts to conform to the standards of the model school design program. In addition, if a non-SDA district constructs a project that conforms to the standards of the model school design program, the district aid percentage, which is used to calculate the district's debt service aid, would be increased by 15 percent.

School Facilities Projects of Charter Schools and Renaissance School Projects in SDA Districts

The committee substitute provides a State funding mechanism for school facilities projects undertaken by charter schools and renaissance school projects physically located in SDA districts. Under current law, charter schools are prohibited from constructing a facility with public funds other than federal funds and renaissance school projects are required to build a school facility at the sole expense of the nonprofit entity that created the school.

Under the committee substitute, charter schools and renaissance school projects located in SDA districts would be eligible to receive funding for 100 percent of the final eligible costs of the project. To secure the funding, a charter school or renaissance school project would submit an application to the SDA. The SDA, in consultation with the Department of Education, would annually review the applications and thereafter create a Statewide charter school and renaissance school project facilities strategic plan to be used in the

sequencing of school facilities projects of charter schools and renaissance school projects in SDA districts. The Statewide charter school and renaissance school project facilities strategic plan would include a Statewide educational priority ranking of the school facilities projects based upon the SDA's determination of critical need. The committee substitute lists certain priority areas for the determination of critical need in the review of school facilities projects of charter schools and renaissance school projects physically located in SDA districts.

Under the committee substitute, the SDA would authorize a charter school or renaissance school project to undertake a school facilities project following the determination of final eligible costs for the project. A charter school or renaissance school project authorized to undertake a school facilities project under the bill would be subject to the provisions of the "Public School Contracts Law." The committee substitute also includes certain limits on the use of State funds in the event that a school facilities project for which a charter school or renaissance school project is seeking State support is requested for a leased facility in which the school is a lessee.

Non-SDA Projects

The committee substitute also provides several changes to the laws governing the construction of school facilities projects in non-SDA school districts.

Notably, the amended bill allows a school district to raise bonds for a school facilities project without the approval of the voters of the district if the school district enters into a contract with one or more municipalities, wherein the municipality provides the district with not less than 60 percent of the payments in lieu of taxes received from one or more designated properties, and the district pledges those monies to the repayment of the bonds. However, after entering into the contract, the school district would also be required to submit an application to the commissioner before issuing the bonds without voter approval.

Additionally, the committee substitute permits the board of education of a district other than an SDA district to enter into an agreement with a county improvement authority to construct a school facilities project and to issue bonds to finance certain portions of the project.

The committee substitute also permits a board of education of a school district to draw against its capital reserve account in order to finance a portion of a project for which a school district and private entity enter into a public-private partnership agreement pursuant to current law.

The committee substitute also requires the commissioner, in consultation with the SDA, to promulgate regulations concerning the incorporation of construction contract provisions that encourage the completion of construction projects on schedule.

SDA Finances and Operations

The committee substitute provides that bonds issued by the New Jersey Economic Development Authority (EDA) for the State share of school facilities projects, the proceeds of which are transferred to the SDA, will not support the costs of either agency related to the issuance of the bonds. Bonds issued after the effective date of the committee substitute will not support the administrative, insurance, operating and other expenses of the EDA to issue the bonds. Under the committee substitute, the costs related to the undertaking of the planning, design, and construction of school facilities projects will also not be supported by bonds issued after the substitute's effective date. These administrative costs would instead be annually supported by State appropriations.

The substitute also requires the SDA to establish four funds in which the net proceeds of the bonds issued for school facilities projects, and any State appropriations for school facilities projects, would be deposited. The four funds are as follows: (1) the SDA District Project Fund; (2) the Regular Operating District Construction and Maintenance Grants Fund; (3) the SDA District Emergent Project Fund; and (4) the Charter School and Renaissance School Project Construction and Maintenance Fund.

The committee substitute stipulates that no less than 50 percent of any appropriations providing direct funding for school facilities projects would be appropriated for SDA district school facilities projects and SDA district emergent needs. The remaining funds would be utilized in a manner to be determined by the SDA.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY, No. 4496

STATE OF NEW JERSEY

DATED: FEBRUARY 23, 2023

The Assembly Appropriations Committee reports favorably Assembly Bill No. 4496 ACS.

This bill provides various changes to the laws governing the construction of school facilities projects and the operations of the New Jersey Schools Development Authority (SDA).

Model School Designs

The committee substitute requires the SDA, in consultation with the Commissioner of Education, to establish a model school design program that would establish uniform standards for the exterior and interior design of school facilities projects. The bill defines the components of the model school design program.

The committee substitute requires all projects in SDA districts to conform to the standards of the model school design program. In addition, if a non-SDA district constructs a project that conforms to the standards of the model school design program, the district aid percentage, which is used to calculate the district's debt service aid, would be increased by 15 percent.

School Facilities Projects of Charter Schools and Renaissance School Projects in SDA Districts

The committee substitute provides a State funding mechanism for school facilities projects undertaken by charter schools and renaissance school projects physically located in SDA districts. Under current law, charter schools are prohibited from constructing a facility with public funds other than federal funds and renaissance school projects are required to build a school facility at the sole expense of the nonprofit entity that created the school.

Under the committee substitute, charter schools and renaissance school projects located in SDA districts would be eligible to receive funding for 100 percent of the final eligible costs of the project. To secure the funding, a charter school or renaissance school project would submit an application to the SDA. The SDA, in consultation with the Department of Education, would annually review the applications and thereafter create a Statewide charter school and renaissance school project facilities strategic plan to be used in the

sequencing of school facilities projects of charter schools and renaissance school projects in SDA districts. The Statewide charter school and renaissance school project facilities strategic plan would include a Statewide educational priority ranking of the school facilities projects based upon the SDA's determination of critical need. The committee substitute lists certain priority areas for the determination of critical need in the review of school facilities projects of charter schools and renaissance school projects physically located in SDA districts.

Under the committee substitute, the SDA would authorize a charter school or renaissance school project to undertake a school facilities project following the determination of final eligible costs for the project. A charter school or renaissance school project authorized to undertake a school facilities project under the bill would be subject to the provisions of the "Public School Contracts Law." The committee substitute also includes certain limits on the use of State funds in the event that a school facilities project for which a charter school or renaissance school project is seeking State support is requested for a leased facility in which the school is a lessee.

Non-SDA Projects

The committee substitute also provides several changes to the laws governing the construction of school facilities projects in non-SDA school districts.

Notably, the amended bill allows a school district to raise bonds for a school facilities project without the approval of the voters of the district if the school district enters into a contract with one or more municipalities, wherein the municipality provides the district with not less than 60 percent of the payments in lieu of taxes received from one or more designated properties, and the district pledges those monies to the repayment of the bonds. However, after entering into the contract, the school district would also be required to submit an application to the commissioner before issuing the bonds without voter approval.

Additionally, the committee substitute permits the board of education of a district other than an SDA district to enter into an agreement with a county improvement authority to construct a school facilities project and to issue bonds to finance certain portions of the project.

The committee substitute also permits a board of education of a school district to draw against its capital reserve account in order to finance a portion of a project for which a school district and private entity enter into a public-private partnership agreement pursuant to current law.

The committee substitute also requires the commissioner, in consultation with the SDA, to promulgate regulations concerning the incorporation of construction contract provisions that encourage the completion of construction projects on schedule.

SDA Finances and Operations

The committee substitute provides that bonds issued by the New Jersey Economic Development Authority (EDA) for the State share of school facilities projects, the proceeds of which are transferred to the SDA, will not support the costs of either agency related to the issuance of the bonds. Bonds issued after the effective date of the committee substitute will not support the administrative, insurance, operating and other expenses of the EDA to issue the bonds. Under the committee substitute, the costs related to the undertaking of the planning, design, and construction of school facilities projects will also not be supported by bonds issued after the substitute's effective date. These administrative costs would instead be annually supported by State appropriations.

The substitute also requires the SDA to establish four funds in which the net proceeds of the bonds issued for school facilities projects, and any State appropriations for school facilities projects, would be deposited. The four funds are as follows: (1) the SDA District Project Fund; (2) the Regular Operating District Construction and Maintenance Grants Fund; (3) the SDA District Emergent Project Fund; and (4) the Charter School and Renaissance School Project Construction and Maintenance Fund.

The committee substitute stipulates that no less than 50 percent of any appropriations providing direct funding for school facilities projects would be appropriated for SDA district school facilities projects and SDA district emergent needs. The remaining funds would be utilized in a manner to be determined by the SDA.

FISCAL IMPACT:

The Office of Legislative Services (OLS) finds that this bill will primarily lead to an increase in State expenditures. The OLS estimates that the minimum increase in annual State costs would be \$15 million, solely to cover the salaries and benefits charged to school facilities projects undertaken by the New Jersey Schools Development Authority (SDA). Other provisions of the bill will likely cause State costs to be significantly higher, with perhaps the largest cost driver being the provision of the bill that requires 100 percent State support for certain school facilities projects of charter schools and renaissance school projects physically located in SDA districts. The OLS does not have the information on which to definitively project the costs of funding these school facilities projects. In gauging a sense of the potential magnitude of costs, however, the office notes that a school needs assessment survey conducted by the New Jersey Charter Schools Association and JerseyCAN estimates that, over the next decade, school facilities needs in charter schools and renaissance school projects located in the six largest SDA districts total approximately \$820 million.

The bill would also cause an increase in State expenditures, and a concurrent increase in State aid revenue for local school districts, to provide incentives to non-SDA districts (also known as “regular operating districts”) that undertake school facilities projects adhering to the “model school design program” established under the bill or that implement energy efficiency features. The OLS is unable to quantify the increase in State costs as a result of these provisions of the bill, as the extent to which regular operating districts will adhere to these standards in future school facilities projects is unclear. The increase would primarily affect the appropriation for School Construction Debt Service Aid, which totaled \$120.3 million in fiscal year 2023..

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY COMMITTEE SUBSTITUTE FOR **ASSEMBLY, No. 4496**

with committee amendments

STATE OF NEW JERSEY

DATED: DECEMBER 4, 2023

The Assembly Appropriations Committee reports favorably the Assembly Committee Substitute for Assembly Bill No. 4496, with committee amendments.

As amended, this committee substitute provides various changes to the laws governing the construction of school facilities projects and the operations of the New Jersey Schools Development Authority (SDA).

Model School Designs

As amended, the committee substitute requires the SDA, in consultation with the Commissioner of Education, to establish a model school design program that would establish uniform standards for the exterior and interior design of school facilities projects. The bill defines the components of the model school design program.

The committee substitute requires all projects in SDA districts to conform to the standards of the model school design program.

Non-SDA Projects

As amended, the committee substitute also provides several changes to the laws governing the construction of school facilities projects in non-SDA school districts.

The amended substitute allows a school district to raise bonds for a school facilities project without the approval of the voters of the district if the school district enters into a contract with one or more municipalities, wherein the municipality provides the district with not less than 60 percent of the payments in lieu of taxes received from one or more designated properties, and the district pledges those monies to the repayment of the bonds. However, after entering into the contract, the school district would also be required to submit an application to the commissioner before issuing the bonds without voter approval.

Additionally, the committee substitute permits the board of education of a district other than an SDA district to enter into an agreement with a county improvement authority to construct a school facilities project and to issue bonds to finance certain portions of the project.

The committee substitute also permits a board of education of a school district to draw against its capital reserve account in order to finance a portion of a project for which a school district and private entity enter into a public-private partnership agreement pursuant to current law.

The committee substitute also requires the commissioner, in consultation with the SDA, to promulgate regulations concerning the incorporation of construction contract provisions that encourage the completion of construction projects on schedule.

SDA Finances and Operations

As amended, the committee substitute provides that bonds issued by the New Jersey Economic Development Authority (EDA) for the State share of school facilities projects, the proceeds of which are transferred to the SDA, will not support the costs of either agency related to the issuance of the bonds. Bonds issued after the effective date of the committee substitute will not support the administrative, non-project insurance, operating and other expenses of the EDA to issue the bonds. Under the committee substitute, the costs related to the undertaking of the planning, design, and construction of school facilities projects will also not be supported by bonds issued after the substitute's effective date. These administrative costs would instead be annually supported by State appropriations.

As amended, the substitute also requires the SDA to establish three funds in which the net proceeds of the bonds issued for school facilities projects, and any State appropriations for school facilities projects, would be deposited. The three funds are as follows: (1) the SDA District Project Fund; (2) the Regular Operating District Construction and Maintenance Grants Fund; and (3) the SDA District Emergent Project Fund.

The committee substitute stipulates that no less than 70 percent of any appropriations providing direct funding for school facilities projects would be appropriated for SDA district school facilities projects and SDA district emergent needs. The remaining funds would be disbursed to the Regular Operating District Construction and Maintenance Grant Fund.

School Facilities Projects of Charter Schools and Renaissance School Projects in SDA Districts and the Charter School and Renaissance School Project Facilities Loan Program.

As amended, the committee substitute establishes the "Charter School and Renaissance School Project Facilities Loan Program," which would provide eligible borrowers with a loan, including but not limited to subordinate loans, to undertake or facilitate school facilities projects for non-profit charter schools and non-profit renaissance school projects located in an SDA district.

COMMITTEE AMENDMENTS:

The committee amended the committee substitute to:

- remove provisions that would have increased a non-SDA district's debt service aid by 15 percent if the non-SDA district constructed a project that conformed to the standards of the model school design program;
- modify the information required to be included in the Statewide strategic plan required for school facilities projects in SDA districts;
- clarify what purposes bonds issued by the New Jersey Economic Development Authority (EDA) for the State share of school facilities projects may be used for;
- reduce the number of funds the development authority is to establish in which the net proceeds of the bonds issued for school facilities projects, and any State appropriations for school facilities projects, would be deposited from four to three;
- require that a prospective bidder seeking prequalification to bid on school facilities projects would disclose whether, in the past five years, certain employees of the contractor and other individuals have been convicted of a criminal offense;
- require that a contractor seeking prequalification to bid on school facilities projects would seek certification from the Department of Labor and Workforce Development and the Department of the Treasury that the contractor is in substantial good standing with the respective department or has entered into an agreement with the respective department that includes a practical corrective action plan for the contractor;
- require that a contractor seeking prequalification would undertake a moral integrity review;
- clarify that the SDA would not approve a contractor's application for prequalification to bid on school facilities projects if the contractor: has been convicted of a criminal offense; is debarred, suspended, or disqualified from government contracting at the time of the application; or the contractor is prohibited from contracting with any public body;
- provide that the SDA or an SDA district that has been delegated management of a school facilities project may not enter into a contract for work with a person or firm that is currently debarred, suspended, or disqualified from government contracting;
- stipulate that the SDA or an SDA district that has been delegated management of a school facilities project may terminate a contract for a school facilities project due to a contractor's inclusion on certain government lists, provided that the authority or district is able to replace the bidder

without significantly impacting the cost and delivery date of the project;

- increase the number of public members appointed to the board of the development authority from 11 to 12, and require the public members to have knowledge in education in addition to the fields currently listed;
- amend the “Design-Build Construction Services Procurement Act” to permit a government entity that enters a contract pursuant to P.L.2007, c.137 (C.52:18A-235 et seq.) that already has an established prequalification, project rating, or proposal process for design-build contracts as of the effective date of the “Design-Build Construction Services Procurement Act” to continue to award design-build contracts pursuant to that process;
- clarify that an affirmative vote of the development authority is required for the hiring, termination, and disciplining of the management team of the development authority;
- remove provisions permitting a State funding mechanism for school facilities projects undertaken by charter schools and renaissance school projects physically located in an SDA district under provisions governing school facilities projects for SDA districts and regular operating districts; and
- create the Charter School and Renaissance School Project Facilities Loan Program, which would provide eligible borrowers with a loan, including but not limited to subordinate loans, to undertake or facilitate school facilities projects for non-profit charter schools and non-profit renaissance school projects located in an SDA district.

FISCAL IMPACT:

Fiscal information for this bill is currently unavailable.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

[Second Reprint]

ASSEMBLY COMMITTEE SUBSTITUTE FOR **ASSEMBLY, No. 4496**

with committee amendments

STATE OF NEW JERSEY

DATED: DECEMBER 18, 2023

The Assembly Appropriations Committee reports favorably and with committee amendments Assembly Bill No. 4496 (2R) ACS.

As amended, this committee substitute provides various changes to the laws governing the construction of school facilities projects and the operations of the New Jersey Schools Development Authority (SDA).

Model School Designs

As amended, the committee substitute requires the SDA, in consultation with the Commissioner of Education, to establish a model school design program that would establish uniform standards for the exterior and interior design of school facilities projects. The bill defines the components of the model school design program.

The committee substitute requires all projects in SDA districts to conform to the standards of the model school design program.

Non-SDA Projects

As amended, the committee substitute also makes several changes to the laws governing the construction of school facilities projects in non-SDA school districts.

The amended substitute allows a school district to raise bonds for a school facilities project without the approval of the voters of the district if the school district enters into a contract with one or more municipalities, wherein the municipality provides the district with a portion of the payments in lieu of taxes received from one or more designated properties that is to be sufficient for the full repayment of the bonds, and the district pledges those monies to the repayment of the bonds. However, after entering into the contract, the school district would also be required to submit an application to the commissioner before issuing the bonds without voter approval.

Additionally, the committee substitute permits the board of education of a district other than an SDA district to enter into an agreement with a county improvement authority to construct a school

facilities project and to issue bonds to finance certain portions of the project.

The committee substitute also permits a board of education of a school district to draw against its capital reserve account in order to finance a portion of a project for which a school district and private entity enter into a public-private partnership agreement pursuant to current law.

The committee substitute also requires the commissioner, in consultation with the SDA, to promulgate regulations concerning the incorporation of construction contract provisions that encourage the completion of construction projects on schedule.

SDA Finances and Operations

As amended, the committee substitute provides that bonds issued by the New Jersey Economic Development Authority (EDA) for the State share of school facilities projects, the proceeds of which are transferred to the SDA, will not support the costs of either agency related to the issuance of the bonds. Bonds issued after the effective date of the committee substitute will not support the administrative, non-project insurance, operating and other expenses of the EDA to issue the bonds. Under the committee substitute, the costs related to the undertaking of the planning, design, and construction of school facilities projects will also not be supported by bonds issued after the substitute's effective date. These administrative costs would instead be annually supported by State appropriations.

As amended, the substitute also requires the SDA to establish three funds in which the net proceeds of the bonds issued for school facilities projects, and any State appropriations for school facilities projects, would be deposited. The three funds are as follows: (1) the SDA District Project Fund; (2) the Regular Operating District Construction and Maintenance Grants Fund; and (3) the SDA District Emergent Project Fund.

The committee substitute stipulates that no less than 70 percent of any appropriations providing direct funding for school facilities projects would be appropriated for SDA district school facilities projects and SDA district emergent needs. The remaining funds would be disbursed to the Regular Operating District Construction and Maintenance Grant Fund.

School Facilities Projects of Charter Schools and Renaissance School Projects in SDA Districts and the Charter School and Renaissance School Project Facilities Loan Program.

As amended, the committee substitute establishes the "Charter School and Renaissance School Project Facilities Loan Program," which would provide eligible borrowers with a loan including but not limited to, subordinate loans, to undertake or facilitate school facilities projects for non-profit charter schools and non-profit renaissance school projects located in an SDA district.

COMMITTEE AMENDMENTS:

The committee amended the committee substitute to:

- clarify certain terminology in the provisions of the “Charter School and Renaissance School Project Facilities Loan Program” relating to title reversion of a charter school or renaissance school project;
- provide that, in the event that the aggregate amount of a loan provided under the committee substitute exceeds \$5 million for a school facilities project, the Economic Development Authority is to require that the school facilities project be subject to a project labor agreement rather than the provisions of the SDA’s project labor agreement;
- remove a provision concerning renaissance school projects’ use of public funds to construct school facilities projects under the provisions of the committee substitute;
- update the synopsis and title of the committee substitute.

FISCAL IMPACT:

The Office of Legislative Services (OLS) finds that this bill will primarily lead to an increase in State expenditures due to several notable provisions included in the bill.

The OLS finds that expenditures related to providing State appropriations for the administrative, non-project insurance, operating, and other expenses of the New Jersey Schools Development Authority will lead to an increase in State expenditures of at least \$15 million. This figure is a minimum estimate of cost based on the authority’s budgeted amounts and expenditures on salaries and benefits charged to school facilities projects in recent years.

The OLS expects the bill to increase annual State expenditures associated with the establishment and operation of the Charter School and Renaissance School Project Facilities Loan Program. These cost increases would be borne by the New Jersey Economic Development Authority and would primarily stem from providing program loans and the ongoing administration of the program.

The bill’s establishment of the loan program would also increase expenditures and revenues for eligible borrowers who qualify for loans, including non-profit charter schools and renaissance school projects in Schools Development Authority districts.

The OLS notes that indeterminate State debt service aid cost increases will occur as a result of providing State aid incentives for non-Schools Development Authority districts (also known as “regular operating districts”) to undertake school facilities projects that implement energy efficiency features.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

[Third Reprint]

ASSEMBLY COMMITTEE SUBSTITUTE FOR **ASSEMBLY, No. 4496**

with committee amendments

STATE OF NEW JERSEY

DATED: JANUARY 4, 2024

The Senate Budget and Appropriations Committee reports favorably and with committee amendments Assembly Bill No. 4496 ACS (3R).

As amended, this bill provides various changes to the laws governing the construction of school facilities projects and the operations of the New Jersey Schools Development Authority (SDA).

Model School Designs

The bill requires the SDA, in consultation with the Commissioner of Education, to establish a model school design program that would establish uniform standards for the exterior and interior design of school facilities projects. The bill defines the components of the model school design program.

The bill requires all projects in SDA districts to conform to the standards of the model school design program.

SDA Finances and Operations

The bill provides that bonds issued by the New Jersey Economic Development Authority (EDA) for the State share of school facilities projects, the proceeds of which are transferred to the SDA, will generally not support the costs of either agency related to the issuance of the bonds. Bonds issued after the effective date of the bill will not support the administrative (other than retained professional services related to bond issuances), non-project insurance, operating and other expenses of the EDA to issue the bonds. Under the bill, the costs related to the SDA's undertaking of school facilities projects will also not be supported by bonds issued after the bill's effective date. These costs would instead be annually supported by State appropriations, in the event that the SDA requests State support following the issuance of school construction bonds by the EDA.

The bill also requires the SDA to establish three funds in which the net proceeds of the bonds issued for school facilities projects, and any

State appropriations for school facilities projects, would be deposited. The three funds are as follows: (1) the SDA District Project Fund; (2) the Regular Operating District Construction and Maintenance Grants Fund; and (3) the SDA District Emergent Project Fund.

The bill stipulates that no less than 70 percent of any appropriations providing direct funding for school facilities projects would be appropriated for SDA district school facilities projects and SDA district emergent needs. The remaining funds would be disbursed to the Regular Operating District Construction and Maintenance Grant Fund.

School Facilities Projects of Charter Schools and Renaissance School Projects in SDA Districts and the Charter School and Renaissance School Project Facilities Loan Program.

The bill establishes the “Charter School and Renaissance School Project Facilities Loan Program,” which would provide eligible borrowers with a loan including but not limited to, subordinate loans, to undertake or facilitate school facilities projects for non-profit charter schools and non-profit renaissance school projects located in an SDA district.

Other Provisions

The bill also allows a school district to raise bonds for a school facilities project without the approval of the voters of the district if the school district enters into a contract with one or more municipalities, wherein the municipality provides the district with a portion of the payments in lieu of taxes received from one or more designated properties that is to be sufficient for the full repayment of the bonds, and the district pledges those monies to the repayment of the bonds. Under the bill, a municipality in this case is required to receive the approval of the Local Finance Board and the school district is required to receive the approval of the Commissioner of Education.

Additionally, the bill permits the board of education of a district other than an SDA district to enter into an agreement with a county improvement authority to construct a school facilities project and to issue bonds to finance certain portions of the project.

The bill also permits a board of education of a school district to draw against its capital reserve account in order to finance a portion of a project for which a school district and private entity enter into a public-private partnership agreement pursuant to current law.

The bill also requires the commissioner, in consultation with the SDA, to promulgate regulations concerning the incorporation of construction contract provisions that encourage the completion of construction projects on schedule.

As amended and reported by the committee, Assembly Bill No. 4496 (ACS/3R) is identical to the Senate Committee Substitute for

Senate Bill No. 3247, which was also reported by the committee on this date.

COMMITTEE AMENDMENTS:

The committee amended the bill to:

- Remove provisions of the bill requiring school districts to include capital improvement plans in their long-range facilities plans;
- Provide that the SDA may permit the project design of an SDA school district school facilities project to include features that are considered excess costs provided that the design features do not exceed the lesser of 15 percent of total estimated project costs or \$4 million;
- Require a municipality, which is seeking to enter into a contract with a school district to pledge a portion of its payments in lieu of taxes to the school district under certain circumstances enumerated in the bill, to obtain the approval of the Local Finance Board prior to the adoption of an ordinance or resolution, as applicable, authorizing the municipality to enter into the contract;
- Provide that the proceeds of school construction bonds issued by the EDA may be used to pay for retained professional services related to the issuance of the bonds;
- Provide that, in the event that bonds are issued by the EDA to finance school facilities project costs and to provide funding to the SDA to undertake school facilities projects, the SDA may submit a request to the Division of Budget and Accounting in the Department of the Treasury for additional State support for its operations in carrying out the school construction program;
- Provide that the Governor will appoint certain public members to the SDA board, and may suspend or remove those members, with the recommendation of the Senate President and Speaker of the General Assembly;
- Include a definition of “title” in connection with provisions of the bill related to the “Charter School and Renaissance School Project Facilities Loan Program” established by the bill;
- Provide that the EDA will work in consultation with the Department of Education in considering the critical need of school facilities project applications submitted under the loan program established by the bill;
- Specify that the title of a charter school or renaissance school project, which receives loan financing under the bill and ceases to operate, may revert to the Department of the Treasury, rather than the State, in certain circumstances;
- Specify that the Department of the Treasury, rather than the State, would assume any outstanding debt of certain charter

schools and renaissance school projects that receive loan financing under the bill and cease to operate;

- Specify that the Department of the Treasury, rather than the State, may sell the property of certain closed charter schools or renaissance school projects to another charter or renaissance school, or to another eligible borrower, in certain circumstances;
- Require the Economic Development Authority to promulgate regulations concerning the loan program established by the bill within 12 months of the bill's enactment, rather than in 180 days; and
- Make technical corrections to certain citations in the bill.

FISCAL IMPACT:

Fiscal information for this bill is currently unavailable.

STATEMENT TO
[First Reprint]
ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY, No. 4496

with Assembly Floor Amendments
(Proposed by Assemblyman COUGHLIN)

ADOPTED: DECEMBER 7, 2023

The committee substitute for Assembly Bill No. 4496 (1R) revises the laws governing construction of school facilities projects and the operations of the New Jersey Schools Development Authority and establishes a loan program in the Economic Development Authority for school facilities projects of charter and renaissance schools.

These Assembly floor amendments to the committee substitute:

- Modify what is to be included in the capital improvement plan submitted by a district to the Commissioner of Education, as part of the district's submittal of its long-range facilities plan, after the effective date of the bill to remove enrollment projections;
- Provide that in order to qualify for a district aid percentage (DAP) increase under the provisions of the bill, a district is required to submit to the Schools Development Authority and Department of Education a certification, along with evidential documentation, attesting that the project's design incorporates the implementation of energy efficiency improvements or the installation of energy efficient features or equipment;
- Remove language that permitted on SDA district to which the development authority has delegated management of a school facilities project to enter into a contract for work with a person or firm that was previously debarred, suspended, or disqualified from State, development authority, or federal government contracting;
- Modify the percentage of payments in lieu of taxes that a municipality would remit to a board of education for the repayment of certain school facilities project bonds, from 60 percent to a portion of the payments in lieu of taxes that is sufficient for the full repayment of the bonds;
- Clarify that the pool of contractors available to address emergent conditions in SDA districts under a standing retainer agreement subject to the development authority's project labor agreement is for emergent projects and to add a reference to applicable law concerning project labor agreements;
- Provide that, in the event that the aggregate amount of a loan provided under the bill exceeds \$5 million for a school

facilities project, the Economic Development Authority is to require that the school facilities project be subject to the Schools Development Authority's project labor agreement;

- Modify the reversion process provided for in the Charter School and Renaissance School Project Facilities Loan Program; and
- Provide that a charter school or renaissance school project located in an SDA district may construct a facility with public funds other than federal funds, including loan funds received under the Charter School and Renaissance School Project Facilities Loan Program established under the bill, and be subject to the provisions of the "Public School Contracts Law," provided that the public funds are provided for a school facilities project approved under the provisions of the loan program;
- Make technical changes.

LEGISLATIVE FISCAL ESTIMATE
ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY, No. 4496
STATE OF NEW JERSEY
220th LEGISLATURE

DATED: MARCH 2, 2023

SUMMARY

- Synopsis:** Revises various provisions of law governing construction of school facilities projects and operations of New Jersey Schools Development Authority.
- Type of Impact:** State expenditure increase. Revenue increase for charter school and renaissance school projects located in SDA districts. Revenue increase for local school districts. Revenue decrease for certain municipalities.
- Agencies Affected:** New Jersey Schools Development Authority. Department of Education. New Jersey Economic Development Authority. Local school districts. Charter schools and renaissance school projects located in SDA districts. Certain municipalities. County improvement authorities.

Office of Legislative Services Estimate

Fiscal Impact	<u>Annual</u>
State Cost Increase	Minimum of \$15 million, with likelihood for higher costs
Charter School and Renaissance School Project Revenue Increase	Indeterminate
Local School District Revenue Increase	Indeterminate
Municipal PILOT Revenue Decrease	Indeterminate

- The Office of Legislative Services (OLS) finds that this bill will primarily lead to an increase in State expenditures due to several notable provisions included in the bill.
- The OLS finds that expenditures related to providing State appropriations for the administrative, insurance, operating, and other expenses of the New Jersey Schools Development Authority will lead to an increase in State expenditures of at least \$15 million. This figure is a minimum estimate of cost based on the authority’s budgeted amounts and expenditures on salaries and benefits charged to school facilities projects in recent years.

- Perhaps the largest cost driver of the bill would be provisions that establish a process for the approval of, and a mechanism for, the State financing of 100 percent of the eligible costs of school facilities projects of charter schools and renaissance school projects physically located in Schools Development Authority districts. While the OLS does not have access to information to definitively project costs stemming from these provisions, a school needs assessment survey conducted by the New Jersey Charter Schools Association and JerseyCAN estimates that school facilities needs over the next decade in charter schools and renaissance school projects located in the six largest authority districts total approximately \$820 million.
- The OLS notes that indeterminate State debt service aid cost increases will occur as a result of providing State aid incentives for non-Schools Development Authority districts (also known as “regular operating districts”) to undertake school facilities projects that adhere to the “model school design program” established under the bill or that implement energy efficiency features.

BILL DESCRIPTION

This bill provides various changes to the laws governing the construction of school facilities projects and the operations of the Schools Development Authority. The notable provisions of the bill that will affect State expenditures are as follows:

- providing for 100 percent State financing of school facilities projects of charter schools and renaissance school projects physically located in Schools Development Authority districts;
- newly appropriating State funds for the administrative, insurance, operating, and other expenses of the Schools Development Authority and the New Jersey Economic Development Authority in carrying out the operation and the financing of the school construction program;
- providing for State aid incentives to regular operating districts undertaking school facilities projects that adhere to the “model school design program” established under the bill or that implement energy efficiency features;
- allowing a school district to raise bonds for a school facilities project without the approval of the voters of the district if the school district enters into a contract with one or more municipalities under which the municipality remits a portion of the payments in lieu of taxes received from one or more designated properties, and the district pledges those monies to the repayment of the bonds; and
- codifying the “Emergent Condition Remediation Program” for certain projects in Schools Development Authority districts.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS finds that this bill will primarily lead to an increase in State expenditures. As discussed in more detail below, the OLS estimates that the minimum increase in annual State costs would be \$15 million, solely to cover the salaries and benefits charged to school facilities projects undertaken by the Schools Development Authority. Other provisions of the bill will likely cause State costs to be significantly higher. As discussed further below, perhaps the largest cost driver in the bill is the provision that requires 100 percent State support for certain school facilities projects of charter schools and renaissance school projects physically located in authority districts.

Providing State Funding for Charter and Renaissance School Facilities Projects in SDA Districts

The bill provides a process for the approval of, and a mechanism for, the 100 percent State financing of school facilities projects of charter schools and renaissance school projects physically located in Schools Development Authority districts. The OLS notes that this provision would result in a State expenditure increase and a concurrent revenue increase for charter schools and renaissance school projects in authority districts. The OLS does not have the information to definitively project the costs of funding these school facilities projects. However, publicly available materials may provide a sense of the potential magnitude of cost to the State as a result of the enactment of this provision of the bill. The OLS shares these figures purely for illustrative purposes and cannot independently verify the information that is shared.

The OLS notes that a survey conducted by the New Jersey Public Charter School Association and JerseyCAN, the results of which were released in February of 2020, found that construction, renovation, and capital improvement needs among all charter schools and renaissance school projects will total \$942 million over the next decade. The report notes that approximately \$820 million of “unfunded facilities needs” are from charter schools and renaissance school projects located in the largest six Schools Development Authority districts, namely Newark, Camden, Paterson, Jersey City, Trenton, and Plainfield. This cost includes an estimated \$687 million for new construction and an estimated \$255 million for renovation, maintenance, and capital improvements. The OLS notes that, of the charter schools listed in the New Jersey Department of Education’s School Performance Reports for the 2020-2021 school year, approximately 54 percent are located in the six largest Schools Development Authority districts identified. More broadly, approximately 71.6 percent of all charter schools across the State are located in authority districts. The office further notes that it cannot independently verify the extent to which the school facilities needs estimates include final eligible costs that would be 100 percent funded by the State.

As further points of information and illustration, the OLS notes that court documents filed by the New Jersey Public Charter Schools Association in December 2021 provide some examples of the costs associated with individual school facilities needs in charter schools located in Schools Development Authority districts. The documents provide the following examples: 1) a \$175,000 project to update the heating, ventilation, and air conditioning systems at the Paterson Charter School for Science and Technology; 2) a project costing between \$750,000 and \$900,000 to replace all of the windows at the Queen City Academy Charter School in Plainfield; and 3) a project costing between \$1.4 million and \$1.6 million to replace the roof at the Learning Community Charter School in Jersey City.

The OLS assumes that the source of any funds made available for the final eligible costs of school facilities projects of charter schools and renaissance school projects under the bill would be State appropriations. While appropriations have been made in recent years for the direct funding of school facilities projects through the annual appropriations act or from the “New Jersey Debt Defeasance and Prevention Fund,” current law provides that the primary mechanism for funding

school facilities projects is the proceeds of bonds as authorized in statute for Schools Development Authority districts and other school districts. However, these statutory bond authorization amounts do not include funds for the facilities needs of charter schools and renaissance school projects.

Providing State Appropriations for the Operating Expenses of the School Construction Program

This bill generally provides that the State will appropriate funds for the administrative, insurance, operating, and other expenses of the Schools Development Authority and the New Jersey Economic Development Authority in carrying out the operation and the financing of the school construction program. The OLS projects that this portion of the bill will annually cost at least \$15 million, which is based on the Schools Development Authority's budgeted amounts and expenditures on salaries and benefits charged to school facilities projects in recent years.

Under current law, the Schools Development Authority undertakes, and the Economic Development Authority provides for the financing of, the school facilities projects of the 31 Schools Development Authority (former Abbott) districts. The Economic Development Authority also issues bonds for the financing of school facilities projects in non-Schools Development Authority districts and county vocational school districts.

The State currently provides 100 percent of the funding of final eligible costs for school facilities projects in the Schools Development Authority districts. In undertaking the school facilities projects, the Schools Development Authority is generally responsible for the planning, design, construction management, acquisition, construction, and completion of school facilities projects in the authority districts. The authority is responsible for: 1) capital projects, which are new schools, major renovations, and rehabilitation projects in Schools Development Authority districts; and 2) emergent projects, which are projects deemed necessary in those districts due to potential health and safety issues. In financing the school facilities projects, the Economic Development Authority issues bonds on behalf of the Schools Development Authority to fund school facilities projects. The aggregate amounts of the bonds authorized in statute totals \$12.5 billion, of which \$8.9 billion is dedicated for authority districts. In addition to this amount, current law authorizes bond issuances up to an aggregate amount of \$3.45 billion for the State share of the costs of school facilities projects in non-Schools Development Authority districts (also known as "regular operating districts") and \$150 million for the State share of costs of school facilities projects in county vocational school districts.

The bill would shift the source of funds for the Schools Development Authority's administrative, insurance, operating, and other expenses to undertake school facilities projects from bond proceeds to State appropriations. To fund this requirement of the bill, the OLS estimates an increase in State expenditures of at least \$15 million. This estimate is based on figures noted in public budget documents included in Schools Development Authority board meeting agenda materials, which detail the amounts dedicated for employee salary and benefit costs charged to school facilities projects. In addition to figures on salary and benefit costs charged to school facilities projects, the materials indicate that the authority's remaining operating expenses, which are not charged to school facilities projects, have averaged approximately \$17.18 million since calendar year 2019. It is possible that a portion of these costs would also be covered by State appropriations, but the OLS is uncertain of the extent to which these other operating costs would be funded by the State as a result of the bill. The OLS further notes that the amount also likely does not completely account for potential costs to the Schools Development Authority in establishing an Office of Contracting Accountability, as required by the bill, and the cost of additional administrative and regulatory functions the authority would undertake as a result of other provisions in the bill.

The OLS also notes that the bill requires that the administrative, insurance, operating, and other expenses of the Economic Development Authority to undertake the financing of school facilities projects would be funded through State appropriations. The costs of funding the authority's operations in this regard are indeterminate.

Providing State Aid Incentives to Regular Operating Districts

The bill provides State aid incentives for regular operating districts undertaking school facilities projects that adhere to the "model school design program" established under the bill or that implement energy efficiency features. The OLS is unable to quantify the increase in State costs as a result of these provisions of the bill, as the extent to which regular operating districts will adhere to these standards in future school facilities projects is unclear. The OLS notes that, in order to provide these incentives, the State would experience an increase in the appropriation for School Construction Debt Service Aid ("debt service aid"), the appropriation of which totaled \$120.3 million in FY 2023. Any increase in the State's expenditures for debt service aid would result in a concurrent increase for school districts qualifying for the enhanced aid amounts.

While the bill will result in cost increases for debt service aid, the OLS also notes that the bill amends the section of law establishing one-time grants for the State share of school facilities projects of regular operating school districts. The program established under this section of law, often referred to as the "ROD Grant Program," is amended under the bill to provide the same State aid incentives provided under debt service aid. Providing these State aid incentives under the ROD Grant Program would not in and of itself increase State costs, primarily because statutory funding under the program is now nearly exhausted. The State has separately appropriated \$350 million for the ROD Grant Program from the "New Jersey Debt Defeasance and Prevention Fund." In the event that these State aid incentives are applied to districts receiving grants under this appropriation, those districts may receive a larger grant than would otherwise be the case; however, it would not affect the amount of the total appropriation.

Other Cost Considerations

Other cost considerations under the bill are as follows:

- **Municipal remittances of PILOTs to boards of education for school facilities projects.** The bill allows a school district to raise bonds for a school facilities project without the approval of the voters of the district if the school district enters into a contract with one or more municipalities, wherein the municipality provides the district with not less than 60 percent of the payments in lieu of taxes received from one or more designated properties, and the district pledges those monies to the repayment of the bonds. The OLS notes that it is likely that this provision would not have widespread applicability across the State as approximately 43.2 percent of municipalities have payment in lieu of taxes agreements according to data included in the Department of Community Affairs' PILOT Database and Viewer for calendar year 2021.
- **Codifying the "Emergent Condition Remediation Program."** The bill would codify an existing Emergent Program, for which the Schools Development Authority currently provides funding to authority districts for projects that address conditions deemed necessary by the Department of Education due to potential health and safety concerns. This provision of the bill does not necessarily impose costs to the State. In the event that currently available funds are depleted for this program, however, the OLS notes that the Schools Development Authority's most recent biannual report from June 2022 indicates

that it is “currently managing 17 emergent projects that represent a greater than \$44 million State investment.”

Section: Revenue, Finance, and Appropriations

*Analyst: Christopher Myles
Senior Fiscal Analyst*

*Approved: Thomas Koenig
Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

LEGISLATIVE FISCAL ESTIMATE

[Third Reprint]

ASSEMBLY COMMITTEE SUBSTITUTE FOR

ASSEMBLY, No. 4496

**STATE OF NEW JERSEY
220th LEGISLATURE**

DATED: DECEMBER 27, 2023

SUMMARY

- Synopsis:** Revises various provisions of law governing construction of school facilities projects and operations of New Jersey Schools Development Authority; establishes “Charter School and Renaissance School Project Facilities Loan Program” in EDA.
- Type of Impact:** State expenditure increase. Revenue and expenditure increase for charter school and renaissance school projects located in SDA districts. Revenue increase for local school districts. Revenue decrease for certain municipalities.
- Agencies Affected:** New Jersey Schools Development Authority. Department of Education. New Jersey Economic Development Authority. Local school districts. Charter schools and renaissance school projects located in SDA districts. Certain municipalities. County improvement authorities.

Office of Legislative Services Estimate

Fiscal Impact	<u>Annual</u>
State Cost Increase	Minimum of \$15 million, with likelihood for higher costs
Charter School and Renaissance School Project Revenue and Expenditure Increase	Indeterminate
Local School District Revenue Increase	Indeterminate
Municipal PILOT Revenue Decrease	Indeterminate

- The Office of Legislative Services (OLS) finds that this bill will primarily lead to an increase in State expenditures due to several notable provisions included in the bill.
- The OLS finds that expenditures related to providing State appropriations for the administrative, non-project insurance, operating, and other expenses of the New Jersey Schools

Development Authority will lead to an increase in State expenditures of at least \$15 million. This figure is a minimum estimate of cost based on the authority's budgeted amounts and expenditures on salaries and benefits charged to school facilities projects in recent years.

- The OLS expects the bill to increase annual State expenditures associated with the establishment and operation of the Charter School and Renaissance School Project Facilities Loan Program. These cost increases would be borne by the New Jersey Economic Development Authority and would primarily stem from providing program loans and the ongoing administration of the program.
- The bill's establishment of the loan program would also increase expenditures and revenues for eligible borrowers who qualify for loans, including non-profit charter schools and renaissance school projects in Schools Development Authority districts.
- The OLS notes that indeterminate State debt service aid cost increases will occur as a result of providing State aid incentives for non-Schools Development Authority districts (also known as "regular operating districts") to undertake school facilities projects that implement energy efficiency features.

BILL DESCRIPTION

This bill provides various changes to the laws governing the construction of school facilities projects and the operations of the Schools Development Authority. The notable provisions of the bill that will affect State finances are as follows:

- establishing a loan program in the Economic Development Authority for the financing of school facilities projects for non-profit charter schools and renaissance school projects in Schools Development Authority districts;
- newly appropriating State funds for the administrative, non-project insurance, operating, and other expenses of the Schools Development Authority and the New Jersey Economic Development Authority in carrying out the operation and financing of the school construction program;
- providing for State aid incentives to regular operating districts undertaking school facilities projects that incorporate energy efficiency improvements or the installation of energy efficient features or equipment;
- allowing a school district to raise bonds for a school facilities project without the approval of the voters of the district if the school district enters into a contract with one or more municipalities under which the municipality remits a portion of the payments in lieu of taxes received from one or more designated properties, and the district pledges those monies to the full repayment of the bonds; and
- codifying the Emergent Condition Remediation Program for certain projects in Schools Development Authority districts.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS finds that this bill will primarily lead to an increase in State expenditures. As discussed in more detail below, the OLS estimates that the minimum increase in annual State costs would be \$15 million, solely to cover the salaries and benefits charged to school facilities projects undertaken by the Schools Development Authority. Other provisions of the bill will likely cause State costs to be higher. Perhaps most notable among these provisions are those that require the Economic Development Authority to establish and administer a loan program for the financing of school facilities projects for non-profit charter schools and renaissance school projects in Schools Development Authority districts.

Providing State Appropriations for the Operating Expenses of the School Construction Program

This bill generally provides that the State will appropriate funds for the administrative, non-project insurance, operating, and other expenses of the Schools Development Authority and the New Jersey Economic Development Authority in carrying out the operation and the financing of the school construction program. The OLS projects that this portion of the bill will annually cost at least \$15 million, which is based on the Schools Development Authority's budgeted amounts and expenditures on salaries and benefits charged to school facilities projects in recent years.

Under current law, the Schools Development Authority undertakes, and the Economic Development Authority provides for the financing of, the school facilities projects of the 31 Schools Development Authority districts (formerly known as Abbott districts). The Economic Development Authority also issues bonds for the financing of school facilities projects in non-Schools Development Authority districts and county vocational school districts.

The State currently provides 100 percent of the funding of final eligible costs for school facilities projects in the Schools Development Authority districts. In undertaking the school facilities projects, the Schools Development Authority is generally responsible for the planning, design, construction management, acquisition, construction, and completion of school facilities projects in the authority districts. The authority is responsible for: 1) capital projects, which are new schools, major renovations, and rehabilitation projects in Schools Development Authority districts; and 2) emergent projects, which are projects deemed necessary in those districts due to potential health and safety issues. In financing the school facilities projects, the Economic Development Authority issues bonds on behalf of the Schools Development Authority to fund school facilities projects. The aggregate amounts of the bonds authorized in statute totals \$12.5 billion, of which \$8.9 billion is dedicated for Schools Development Authority districts. In addition to this amount, current law authorizes bond issuances up to an aggregate amount of \$3.45 billion for the State share of the costs of school facilities projects in non-Schools Development Authority districts (also known as "regular operating districts") and \$150 million for the State share of costs of school facilities projects in county vocational school districts.

The bill would shift the source of funds for the Schools Development Authority's administrative, non-project insurance, operating, and other expenses to undertake school facilities projects from bond proceeds to State appropriations. To fund this requirement of the bill, the OLS estimates an increase in State expenditures of at least \$15 million. This estimate is based on figures noted in public budget documents included in Schools Development Authority board meeting agenda materials, which detail the amounts dedicated for employee salary and benefit costs charged to school facilities projects. In addition to figures on salary and benefit costs charged to school facilities projects, the materials indicate that the authority's remaining operating expenses, which are not charged to school facilities projects, have averaged approximately \$17.18 million since calendar year 2019. It is possible that a portion of these costs would also be covered by State

appropriations, but the OLS is uncertain of the extent to which these other operating costs would be funded by the State as a result of the bill. The OLS further notes that the amount also likely does not completely account for potential costs to the Schools Development Authority in establishing an Office of Contracting Accountability, as required by the bill, and the cost of additional administrative and regulatory functions the authority would assume as a result of other provisions in the bill.

The OLS also notes that the bill requires that the administrative, non-project insurance, operating, and other expenses of the Economic Development Authority to undertake the financing of school facilities projects would be funded through State appropriations. The costs of funding the authority's operations in this regard are indeterminate.

Charter School and Renaissance School Project Facilities Loan Program

The bill requires the New Jersey Economic Development Authority to establish and administer the Charter School and Renaissance School Project Facilities Loan Program, which would provide eligible borrowers with a loan including, but not limited to, subordinate loans, to undertake or facilitate school facilities projects for non-profit charter schools and non-profit renaissance school projects located in a Schools Development Authority district. The OLS concludes that this requirement will increase the annual expenditures and revenues of the Economic Development Authority associated with the establishment and operations of the loan program. The OLS also expects the authority to incur additional expenses related to the ongoing administration of the program, which responsibilities will include creating program rules, reviewing applications, and verifying compliance with the terms of the loan program. However, the OLS is unable to quantify the magnitude of these administrative expenses because it is unclear whether the Economic Development Authority would be required to hire additional staff to administer the program.

The repayment of program loans will also increase annual Economic Development Authority revenues by an indeterminate amount. The magnitude of the revenue gain will depend on the performance of the loan portfolio and the rate of interest approved for program loans. The OLS notes that the bill includes certain restrictions on the interest rate that may be charged to a loan issued under the loan program.

Under the bill, the authority may determine the repayment schedule of each loan. Accordingly, depending on the terms of each program loan, there may be a significant lag between the times in which the Economic Development Authority incurs program expenses and the times in which the authority receives loan repayments. While the bill requires the Legislature to annually appropriate such funds as are necessary to implement the loan program until it becomes self-sustaining, the bill does not provide for a supplemental appropriation to capitalize the program.

Finally, the OLS notes that the provision of loans for the financing of school facilities projects under the bill will increase expenditures and revenues for eligible borrowers, including non-profit charter schools and renaissance school projects in Schools Development Authority districts. Specifically, loan recipients would experience a one-time revenue increase when a program loan is received, followed by expenditure increases from loan repayments and interest charges until the loan has been fully repaid. To the extent that the availability of low interest loans induces eligible borrowers to undertake school facilities projects they otherwise would not have, these borrowers will also experience higher costs.

Other Cost Considerations

Other cost considerations under the bill are as follows:

- **Municipal remittances of PILOTs to boards of education for school facilities projects.** The bill allows a school district to raise bonds for a school facilities project without the approval of the voters of the district if the school district enters into a contract with one or more municipalities, wherein the municipality provides the district with a portion of the payments in lieu of taxes received from one or more designated properties, and the district pledges those monies to the repayment of the bonds. The portion of the payments in lieu of taxes that would be remitted to school districts under this portion of the bill is to be sufficient for the full repayment of the school facilities project bonds. The OLS notes that it is likely that this provision would not have widespread applicability across the State as approximately 43.2 percent of municipalities have payment in lieu of taxes agreements according to data included in the Department of Community Affairs' PILOT Database and Viewer for calendar year 2021.
- **Codifying the Emergent Condition Remediation Program.** The bill would codify an existing Emergent Program, for which the Schools Development Authority currently provides funding to authority districts for projects that address conditions deemed necessary by the Department of Education due to potential health and safety concerns. This provision of the bill does not necessarily impose costs on the State. In the event that currently available funds are depleted for this program, however, the OLS notes that the Schools Development Authority's most recent biannual report from June 2023 indicates that it is "currently managing 13 emergent projects that represent a greater than \$44 million State investment..."

Section: Revenue, Finance, and Appropriations

*Analyst: Christopher Myles
Senior Fiscal Analyst*

*Approved: Thomas Koenig
Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

LEGISLATIVE FISCAL ESTIMATE
 [Fourth Reprint]
 ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY, No. 4496
STATE OF NEW JERSEY
220th LEGISLATURE

DATED: JANUARY 12, 2024

SUMMARY

- Synopsis:** Revises various provisions of law governing construction of school facilities projects and operations of New Jersey Schools Development Authority; establishes “Charter School and Renaissance School Project Facilities Loan Program” in EDA.
- Type of Impact:** State expenditure increase. Revenue and expenditure increase for charter school and renaissance school projects located in SDA districts. Revenue increase for local school districts. Revenue decrease for certain municipalities.
- Agencies Affected:** New Jersey Schools Development Authority. Department of Education. New Jersey Economic Development Authority. Local school districts. Charter schools and renaissance school projects located in SDA districts. Certain municipalities. County improvement authorities.

Office of Legislative Services Estimate

Fiscal Impact	<u>Annual</u>
State Cost Increase	Minimum of \$15 million, with likelihood for higher costs
Charter School and Renaissance School Project Revenue and Expenditure Increase	Indeterminate
Local School District Revenue Increase	Indeterminate
Municipal PILOT Revenue Decrease	Indeterminate

- The Office of Legislative Services (OLS) finds that this bill will primarily lead to an increase in State expenditures due to several notable provisions included in the bill.

- The OLS finds that expenditures related to providing State appropriations for certain administrative, non-project insurance, operating, and other expenses of the New Jersey Schools Development Authority will lead to an increase in State expenditures of at least \$15 million. This figure is a minimum estimate of cost based on the authority's budgeted amounts and expenditures on salaries and benefits charged to school facilities projects in recent years.
- The OLS notes that the operations of the Schools Development Authority related to its management of the school construction program are currently funded by appropriations from the New Jersey Debt Defeasance and Prevention Fund. Therefore, the State will generally not experience any cost increases as a result of this provision of the bill until such time as the authority is not supported by moneys from the New Jersey Debt Defeasance and Prevention Fund.
- The OLS expects the bill to increase annual State expenditures associated with the establishment and operation of the Charter School and Renaissance School Project Facilities Loan Program. These cost increases would be borne by the New Jersey Economic Development Authority and would primarily stem from providing program loans and the ongoing administration of the program.
- The bill's establishment of the loan program would also increase expenditures and revenues for eligible borrowers who qualify for loans, including non-profit charter schools and renaissance school projects in Schools Development Authority districts.
- The OLS notes that indeterminate State debt service aid cost increases will occur as a result of providing State aid incentives for non-Schools Development Authority districts (also known as "regular operating districts") to undertake school facilities projects that implement energy efficiency features.

BILL DESCRIPTION

This bill provides various changes to the laws governing the construction of school facilities projects and the operations of the Schools Development Authority. The notable provisions of the bill that will affect State finances are as follows:

- establishing a loan program in the Economic Development Authority for the financing of school facilities projects for non-profit charter schools and renaissance school projects in Schools Development Authority districts;
- newly appropriating State funds for certain administrative, non-project insurance, operating, and other expenses of the Schools Development Authority and the New Jersey Economic Development Authority in carrying out the operation and financing of the school construction program;
- providing for State aid incentives to regular operating districts undertaking school facilities projects that incorporate energy efficiency improvements or the installation of energy efficient features or equipment;
- allowing a school district to raise bonds for a school facilities project without the approval of the voters of the district if the school district enters into a contract with one or more municipalities under which the municipality remits a portion of the payments in lieu of

taxes received from one or more designated properties, and the district pledges those moneys to the full repayment of the bonds; and

- codifying the Emergent Condition Remediation Program for certain projects in Schools Development Authority districts.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS finds that this bill will primarily lead to an increase in State expenditures. As discussed in more detail below, the OLS estimates that the minimum increase in annual State costs would be \$15 million, solely to cover the salaries and benefits charged to school facilities projects undertaken by the Schools Development Authority in years in which school construction bonds are issued. Other provisions of the bill will likely cause State costs to be higher. Perhaps most notable among these provisions are those that require the Economic Development Authority to establish and administer a loan program for the financing of school facilities projects for non-profit charter schools and renaissance school projects in Schools Development Authority districts.

Providing State Appropriations for the Operating Expenses of the School Construction Program

This bill generally provides that the State will appropriate funds for certain administrative, non-project insurance, operating, and other expenses of the Schools Development Authority and the New Jersey Economic Development Authority in carrying out the operation and the financing of the school construction program. The OLS projects that this portion of the bill will annually cost at least \$15 million, which is based on the Schools Development Authority's budgeted amounts and expenditures on salaries and benefits charged to school facilities projects in recent years. These costs, however, would only be borne by the State during years in which the Economic Development Authority issues bonds to finance school facilities projects, with the proceeds of those bonds being transferred to the Schools Development Authority.

The OLS notes that the operations of the Schools Development Authority related to its management of the school construction program are currently funded by appropriations, primarily from the New Jersey Debt Defeasance and Prevention Fund pursuant to P.L.2022, c.18. That law appropriated \$1.9 billion to the Schools Development Authority, with \$1.55 billion being dedicated to school facilities projects, emergent needs, and capital maintenance in Schools Development Authority districts and the remaining \$350 million being dedicated to school facilities projects, emergent needs, and capital maintenance in all other districts. The annual distribution of these funds to the Schools Development Authority from the New Jersey Debt Defeasance and Prevention Fund is stipulated in a grant agreement between the State Treasurer and the authority. According to the Schools Development Authority's 2022 financial statement, Debt Defeasance and Prevention Fund moneys will be annually disbursed to the authority through FY 2029. Given that the Schools Development Authority's current source of funding for the school construction program is appropriations from the Debt Defeasance and Prevention Fund and assuming no other new moneys are provided from the fund, the State will generally not experience cost increases as a result of this provision of the bill until FY 2029.

Despite the enactment of appropriations to support the Schools Development Authority, current statutory law requires the Schools Development Authority to undertake, and the Economic Development Authority to provide for the financing of, the school facilities projects of the 31 Schools Development Authority districts (formerly known as Abbott districts). The Economic Development Authority also issues bonds for the financing of school facilities projects in non-Schools Development Authority districts and county vocational school districts.

The State currently provides 100 percent of the funding of final eligible costs for school facilities projects in the Schools Development Authority districts. In undertaking the school facilities projects, the Schools Development Authority is generally responsible for the planning, design, construction management, acquisition, construction, and completion of school facilities projects in the authority districts. The authority is responsible for: 1) capital projects, which are new schools, major renovations, and rehabilitation projects in Schools Development Authority districts; and 2) emergent projects, which are projects deemed necessary in those districts due to potential health and safety issues. In financing the school facilities projects, the Economic Development Authority issues bonds on behalf of the Schools Development Authority to fund school facilities projects. The aggregate amounts of the bonds authorized in statute totals \$12.5 billion, of which \$8.9 billion is dedicated for Schools Development Authority districts. In addition to this amount, current law authorizes bond issuances up to an aggregate amount of \$3.45 billion for the State share of the costs of school facilities projects in non-Schools Development Authority districts (also known as “regular operating districts”) and \$150 million for the State share of costs of school facilities projects in county vocational school districts.

During years in which the Economic Development Authority issues bonds to finance school facilities projects and transfers the proceeds of those bonds to the Schools Development Authority, this bill would shift the source of funds for certain administrative, non-project insurance, operating, and other expenses of the Schools Development Authority to undertake school facilities projects from bond proceeds to State appropriations. To fund this requirement of the bill, the OLS estimates an increase in State expenditures of at least \$15 million. This estimate is based on figures noted in public budget documents included in Schools Development Authority board meeting agenda materials, which detail the amounts dedicated for employee salary and benefit costs charged to school facilities projects. In addition to figures on salary and benefit costs charged to school facilities projects, the materials indicate that the authority’s remaining operating expenses, which are not charged to school facilities projects, have averaged approximately \$17.18 million since calendar year 2019. It is possible that a portion of these costs would also be covered by State appropriations, but the OLS is uncertain of the extent to which these other operating costs would be funded by the State as a result of the bill. The OLS further notes that the amount also likely does not completely account for potential costs to the Schools Development Authority in establishing an Office of Contracting Accountability, as required by the bill, and the cost of additional administrative and regulatory functions the authority would assume as a result of other provisions in the bill.

The OLS also notes that the bill requires that certain administrative, non-project insurance, operating, and other expenses of the Economic Development Authority to undertake the financing of school facilities projects would be funded through State appropriations. The costs of funding the authority’s operations in this regard are indeterminate.

Charter School and Renaissance School Project Facilities Loan Program

The bill requires the New Jersey Economic Development Authority to establish and administer the Charter School and Renaissance School Project Facilities Loan Program, which would provide eligible borrowers with a loan including, but not limited to, subordinate loans, to undertake or

facilitate school facilities projects for non-profit charter schools and non-profit renaissance school projects located in a Schools Development Authority district. The OLS concludes that this requirement will increase the annual expenditures and revenues of the Economic Development Authority associated with the establishment and operations of the loan program. The OLS also expects the authority to incur additional expenses related to the ongoing administration of the program, which responsibilities will include creating program rules, reviewing applications, and verifying compliance with the terms of the loan program. However, the OLS is unable to quantify the magnitude of these administrative expenses because it is unclear whether the Economic Development Authority would be required to hire additional staff to administer the program.

The repayment of program loans will also increase annual Economic Development Authority revenues by an indeterminate amount. The magnitude of the revenue gain will depend on the performance of the loan portfolio and the rate of interest approved for program loans. The OLS notes that the bill includes certain restrictions on the interest rate that may be charged to a loan issued under the loan program.

Under the bill, the authority may determine the repayment schedule of each loan. Accordingly, depending on the terms of each program loan, there may be a significant lag between the times in which the Economic Development Authority incurs program expenses and the times in which the authority receives loan repayments. While the bill requires the Legislature to annually appropriate such funds as are necessary to implement the loan program until it becomes self-sustaining, the bill does not provide for a supplemental appropriation to capitalize the program.

Finally, the OLS notes that the provision of loans for the financing of school facilities projects under the bill will increase expenditures and revenues for eligible borrowers, including non-profit charter schools and renaissance school projects in Schools Development Authority districts. Specifically, loan recipients would experience a one-time revenue increase when a program loan is received, followed by expenditure increases from loan repayments and interest charges until the loan has been fully repaid. To the extent that the availability of low interest loans induces eligible borrowers to undertake school facilities projects they otherwise would not have, these borrowers will also experience higher costs.

Other Cost Considerations

Other cost considerations under the bill are as follows:

- **Municipal remittances of PILOTs to boards of education for school facilities projects.** The bill allows a school district to raise bonds for a school facilities project without the approval of the voters of the district if the school district enters into a contract with one or more municipalities, wherein the municipality provides the district with a portion of the payments in lieu of taxes received from one or more designated properties, and the district pledges those moneys to the repayment of the bonds. The portion of the payments in lieu of taxes that would be remitted to school districts under this portion of the bill is to be sufficient for the full repayment of the school facilities project bonds. The OLS notes that it is likely that this provision would not have widespread applicability across the State as approximately 43.2 percent of municipalities have payment in lieu of taxes agreements according to data included in the Department of Community Affairs' PILOT Database and Viewer for calendar year 2021.
- **Codifying the Emergent Condition Remediation Program.** The bill would codify an existing Emergent Program, for which the Schools Development Authority currently provides funding to authority districts for projects that address conditions deemed necessary by the Department of Education due to potential health and safety concerns. This

provision of the bill does not necessarily impose costs on the State since the program effectively already exists. The OLS also notes that, in addition to funds that are available for emergent needs through appropriations made by P.L.2022, c.18, the FY 2024 Appropriations Act provides \$75 million to the Schools Development Authority for “SDA Capital Maintenance and Emergent Projects.” In the event that currently available funds are depleted for this program, however, the OLS notes that the Schools Development Authority’s most recent biannual report from June 2023 indicates that it is “currently managing 13 emergent projects that represent a greater than \$44 million State investment...”

Section: Revenue, Finance, and Appropriations
Analyst: Christopher Myles
Senior Fiscal Analyst
Approved: Thomas Koenig
Legislative Budget and Finance Officer

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

SENATE, No. 3247

STATE OF NEW JERSEY
220th LEGISLATURE

INTRODUCED OCTOBER 27, 2022

Sponsored by:

Senator ANDREW ZWICKER

District 16 (Hunterdon, Mercer, Middlesex and Somerset)

Senator LINDA R. GREENSTEIN

District 14 (Mercer and Middlesex)

SYNOPSIS

Revises various provisions of law governing construction of school facilities projects and operations of New Jersey Schools Development Authority.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 10/27/2022)

1 AN ACT concerning the construction of school facilities projects,
2 supplementing P.L.2000, c.72 (C.18A:7G-1 et al.) and chapter
3 18A of Title 18A of the New Jersey Statutes, and amending
4 various parts of the statutory law.

5

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

8

9 1. Section 3 of P.L.2000, c.72 (C.18A:7G-3) is amended to
10 read as follows:

11 3. As used in sections 1 through 30 and 57 through 71 of
12 P.L.2000, c.72 (C.18A:7G-1 et al.) and sections 14 through 17 of
13 P.L.2007, c.137 (C.18A:7G-45 through C.18A:7G-48), unless the
14 context clearly requires a different meaning:

15 "Area cost allowance" means \$138 per square foot for the school
16 year 2000-2001 and shall be inflated by an appropriate cost index
17 for the 2001-2002 school year. For the 2002-2003 school year and
18 subsequent school years, the area cost allowance shall be
19 established by the commissioner pursuant to subsection h. of
20 section 4 of P.L.2000, c.72 (C.18A:7G-4). The area cost allowance
21 used in determining preliminary eligible costs of school facilities
22 projects shall be that of the year of application for approval of the
23 project;

24 "Capital maintenance project" means a school facilities project
25 intended to extend the useful life of a school facility, including up-
26 grades and replacements of building systems, such as structure,
27 enclosure, mechanical, plumbing and electrical systems;

28 "Charter school" means a school established pursuant to
29 P.L.1995, c.426 (C.18A:36A-1 et seq.);

30 "Commissioner" means the Commissioner of Education;

31 "Core curriculum content standards" means the standards
32 established pursuant to the provisions of subsection a. of section 4
33 of P.L.2007, c.260 (C.18A:7F-46);

34 "Cost index" means the average annual increase, expressed as a
35 decimal, in actual construction cost factors for the New York City
36 and Philadelphia areas during the second fiscal year preceding the
37 budget year as determined pursuant to regulations promulgated by
38 the development authority pursuant to section 26 of P.L.2000, c.72
39 (C.18A:7G-26);

40 "Debt service" means and includes payments of principal and
41 interest upon school bonds issued to finance the acquisition of
42 school sites and the purchase or construction of school facilities,
43 additions to school facilities, or the reconstruction, remodeling,
44 alteration, modernization, renovation or repair of school facilities,
45 including furnishings, equipment, architect fees and the costs of
46 issuance of such obligations and shall include payments of principal

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.

1 and interest upon school bonds heretofore issued to fund or refund
2 such obligations, and upon municipal bonds and other obligations
3 which the commissioner approves as having been issued for such
4 purposes. Debt service pursuant to the provisions of P.L.1978, c.74
5 (C.18A:58-33.22 et seq.), P.L.1971, c.10 (C.18A:58-33.6 et seq.)
6 and P.L.1968, c.177 (C.18A:58-33.2 et seq.) is excluded;

7 "Demonstration project" means a school facilities project
8 selected by the State Treasurer for construction by a redevelopment
9 entity pursuant to section 6 of P.L.2000, c.72 (C.18A:7G-6);

10 "Development authority" means the New Jersey Schools
11 Development Authority established pursuant to section 3 of
12 P.L.2007, c.137 (C.52:18A-237);

13 "District" means a local or regional school district established
14 pursuant to chapter 8 or chapter 13 of Title 18A of the New Jersey
15 Statutes, a county special services school district established
16 pursuant to article 8 of chapter 46 of Title 18A of the New Jersey
17 Statutes, a county vocational school district established pursuant to
18 article 3 of chapter 54 of Title 18A of the New Jersey Statutes, and
19 a district under full State intervention pursuant to P.L.1987, c.399
20 (C.18A:7A-34 et al.);

21 "District aid percentage" means the number expressed as a
22 percentage derived from dividing the district's equalization aid
23 calculated pursuant to section 11 of P.L.2007, c.260 (C.18A:7F-53)
24 as of the date of the commissioner's determination of preliminary
25 eligible costs by the district's adequacy budget calculated pursuant
26 to section 9 of P.L.2007, c.260 (C.18A:7F-51) as of the date of the
27 commissioner's determination of preliminary eligible costs;

28 "Excess costs" means the additional costs, if any, which shall be
29 borne by the district, of a school facilities project which result from
30 design factors that are not required to meet the facilities efficiency
31 standards and not approved pursuant to paragraph (1) of subsection
32 g. of section 5 of P.L.2000, c.72 (C.18A:7G-5) or are not authorized
33 as community design features included in final eligible costs
34 pursuant to subsection c. of section 6 of P.L.2000, c.72 (C.18A:7G-
35 6);

36 "Facilities efficiency standards" means the standards developed
37 by the commissioner pursuant to subsection h. of section 4 of
38 P.L.2000, c.72 (C.18A:7G-4);

39 "Final eligible costs" means for school facilities projects to be
40 constructed by the development authority, the final eligible costs of
41 the school facilities project as determined by the commissioner, in
42 consultation with the development authority, pursuant to section 5
43 of P.L.2000, c.72 (C.18A:7G-5); for demonstration projects, the
44 final eligible costs of the project as determined by the commissioner
45 and reviewed by the development authority which may include the
46 cost of community design features determined by the commissioner
47 to be an integral part of the school facility and which do not exceed
48 the facilities efficiency standards, and which were reviewed by the
49 development authority and approved by the State Treasurer

1 pursuant to section 6 of P.L.2000, c.72 (C.18A:7G-6); **[and]** for
2 districts other than SDA districts, final eligible costs as determined
3 pursuant to paragraph (1) of subsection h. of section 5 of P.L.2000,
4 c.72 (C.18A:7G-5) ; for school facilities projects of charter schools
5 and renaissance school projects located in SDA districts, final
6 eligible costs as determined pursuant to subsection c. of section 4 of
7 P.L. , c. (C.) (pending before the Legislature as this bill);

8 "Financing authority" means the New Jersey Economic
9 Development Authority established pursuant to P.L.1974, c.80
10 (C.34:1B-1 et seq.);

11 "FTE" means a full-time equivalent student which shall be
12 calculated as follows: each student in grades 1 through 12 shall be
13 counted at **[100%]** 100 percent of the actual count of students, in
14 the case of districts which operate a half-day kindergarten program
15 each kindergarten student shall be counted at **[50%]** 50 percent of
16 the actual count of kindergarten students, in the case of districts
17 which operate a full-day kindergarten program or which currently
18 operate a half-day kindergarten program but propose to build
19 facilities to house a full-day kindergarten program each
20 kindergarten student shall be counted at **[100%]** 100 percent of the
21 actual count of kindergarten students, and each preschool student
22 who is enrolled in a full-day preschool program pursuant to section
23 12 of P.L.2007, c.260 (C.18A:7F-54) shall be counted at **[100%]**
24 100 percent of the actual count of preschool students. In addition,
25 each preschool disabled child who is entitled to receive a full-time
26 program pursuant to N.J.S.18A:46-6 shall be counted at **[100%]**
27 100 percent of the actual count of these students in the district;

28 "Functional capacity" means the number of students that can be
29 housed in a building in order to have sufficient space for it to be
30 educationally adequate for the delivery of programs and services
31 necessary for student achievement of the core curriculum content
32 standards. Functional capacity is determined by dividing the
33 existing gross square footage of a school building by the minimum
34 area allowance per FTE student pursuant to subsection b. of section
35 8 of P.L.2000, c.72 (C.18A:7G-8) for the grade level students
36 contained therein. The difference between the projected enrollment
37 determined pursuant to subsection a. of section 8 of P.L.2000, c.72
38 (C.18A:7G-8) and the functional capacity is the unhoused students
39 that are the basis upon which the additional costs of space to
40 provide educationally adequate facilities for the entire projected
41 enrollment are determined. The existing gross square footage for
42 the purposes of defining functional capacity is exclusive of existing
43 spaces that are not contained in the facilities efficiency standards
44 but which are used to deliver programs and services aligned to the
45 core curriculum content standards, used to provide support services
46 directly to students, or other existing spaces that the district can
47 demonstrate would be structurally or fiscally impractical to convert
48 to other uses contained in the facilities efficiency standards;

1 "Lease purchase payment" means and includes payment of
2 principal and interest for lease purchase agreements in excess of
3 five years approved pursuant to subsection (f) of N.J.S.18A:20-4.2
4 prior to the effective date of P.L.2000, c.72 (C.18A:7G-1 et al.) to
5 finance the purchase or construction of school facilities, additions
6 to school facilities, or the reconstruction, remodeling, alteration,
7 modernization, renovation or repair of school facilities, including
8 furnishings, equipment, architect fees and issuance costs. Approved
9 lease purchase agreements in excess of five years shall be accorded
10 the same accounting treatment as school bonds;

11 "Local share" means, in the case of a school facilities project to
12 be constructed by the development authority, the total costs less the
13 State share as determined pursuant to section 5 of P.L.2000, c.72
14 (C.18A:7G-5); in the case of a demonstration project, the total costs
15 less the State share as determined pursuant to sections 5 and 6 of
16 P.L.2000, c.72 (C.18A:7G-5 and C.18A:7G-6); and in the case of a
17 school facilities project which shall be financed pursuant to section
18 15 of P.L.2000, c.72 (C.18A:7G-15), the total costs less the State
19 share as determined pursuant to that section;

20 "Local unit" means a county, municipality, board of education or
21 any other political subdivision or instrumentality authorized to
22 construct, operate and maintain a school facilities project and to
23 borrow money for those purposes pursuant to law;

24 "Local unit obligations" means bonds, notes, refunding bonds,
25 refunding notes, lease obligations and all other obligations of a
26 local unit which are issued or entered into for the purpose of paying
27 for all or a portion of the costs of a school facilities project,
28 including moneys payable to the development authority;

29 "Long-range facilities plan" means the plan required to be
30 submitted to the commissioner by a district pursuant to section 4 of
31 P.L.2000, c.72 (C.18A:7G-4);

32 "Maintenance" means expenditures which are approved for
33 repairs and replacements for the purpose of keeping a school
34 facility open and safe for use or in its original condition, including
35 repairs and replacements to a school facility's heating, lighting,
36 ventilation, security and other fixtures to keep the facility or
37 fixtures in effective working condition. Maintenance shall not
38 include capital maintenance or contracted custodial or janitorial
39 services, expenditures for the cleaning of a school facility or its
40 fixtures, the care and upkeep of grounds or parking lots, and the
41 cleaning of, or repairs and replacements to, movable furnishings or
42 equipment, or other expenditures which are not required to maintain
43 the original condition over the school facility's useful life.
44 Approved maintenance expenditures shall be as determined by the
45 commissioner pursuant to regulations to be adopted by the
46 commissioner pursuant to section 26 of P.L.2000, c.72 (C.18A:7G-
47 26);

1 "Model school design" means the design standards developed by
2 the development authority pursuant to paragraph (2) of subsection
3 h. of section 4 of P.L.2000, c.72 (C.18A:7G-4);

4 "Other allowable costs" means the costs of temporary facilities,
5 site development, acquisition of land or other real property interests
6 necessary to effectuate the school facilities project, fees for the
7 services of design professionals, including architects, engineers,
8 construction managers and other design professionals, legal fees,
9 financing costs and the administrative costs of the development
10 authority and the financing authority or the district, charter school,
11 or renaissance school project incurred in connection with the school
12 facilities project;

13 "Other facilities" means athletic stadiums, swimming pools, ice
14 rinks, any associated structures or related equipment tied to such
15 facilities including, but not limited to, grandstands and night field
16 lights, greenhouses, facilities used for non-instructional or non-
17 educational purposes, and any structure, building, or facility used
18 solely for school administration;

19 "Preliminary eligible costs" means the initial eligible costs of a
20 school facilities project as calculated pursuant to the formulas set
21 forth in section 7 of P.L.2000, c.72 (C.18A:7G-7) or as otherwise
22 provided pursuant to section 5 of P.L.2000, c.72 (C.18A:7G-5) and
23 which shall be deemed to include the costs of construction and other
24 allowable costs;

25 "Redevelopment entity" means a redevelopment entity
26 authorized by a municipal governing body to implement plans and
27 carry out redevelopment projects in the municipality pursuant to the
28 "Local Redevelopment and Housing Law," P.L.1992, c.79
29 (C.40A:12A-1 et al.);

30 "Renaissance school project" means a school established
31 pursuant to P.L.2011, c.176 (C.18A:36C-1 et seq.);

32 "School bonds" means, in the case of a school facilities project
33 which is to be constructed by the development authority, a
34 redevelopment entity, or a district under section 15 of P.L.2000,
35 c.72 (C.18A:7G-15), bonds, notes or other obligations issued by a
36 district to finance the local share; and, in the case of a school
37 facilities project which is not to be constructed by the development
38 authority or a redevelopment entity, or financed under section 15 of
39 P.L.2000, c.72 (C.18A:7G-15), bonds, notes or other obligations
40 issued by a district to finance the total costs;

41 "School enrollment" means the number of FTE students other
42 than evening school students, including post-graduate students and
43 post-secondary vocational students, who, on the last school day
44 prior to October 16 of the current school year, are recorded in the
45 registers of the school;

46 "School facility" means and includes any structure, building or
47 facility used wholly or in part for educational purposes by a district
48 and facilities that physically support such structures, buildings and
49 facilities, such as district wastewater treatment facilities, power

1 generating facilities, and steam generating facilities, but shall
2 exclude other facilities. “School facility” shall also mean any
3 structure, building, or facility used wholly or in part for educational
4 purposes that is owned or leased and operated by a charter school or
5 renaissance school project and facilities that physically support such
6 structures, buildings and facilities;

7 "School facilities project" means the planning, acquisition,
8 demolition, construction, improvement, alteration, modernization,
9 renovation, reconstruction or capital maintenance of all or any part
10 of a school facility or of any other personal property necessary for,
11 or ancillary to, any school facility, and shall include fixtures,
12 furnishings and equipment, and shall also include, but is not limited
13 to, site acquisition, site development, the services of design
14 professionals, such as engineers and architects, construction
15 management, legal services, financing costs and administrative
16 costs and expenses incurred in connection with the project;

17 "SDA district" is a district that received education opportunity
18 aid or preschool expansion aid in the 2007-2008 school year;

19 "Special education services pupil" means a pupil receiving
20 specific services pursuant to chapter 46 of Title 18A of the New
21 Jersey Statutes;

22 "State aid" means State municipal aid and State school aid;

23 "State debt service aid" means for school bonds issued for school
24 facilities projects approved by the commissioner after the effective
25 date of P.L.2000, c.72 (C.18A:7G-1 et al.) of districts which elect
26 not to have a redevelopment entity construct the project or which
27 elect not to finance the project under section 15 of P.L.2000, c.72
28 (C.18A:7G-15), the amount of State aid determined pursuant to
29 section 9 of P.L.2000, c.72 (C.18A:7G-9); and for school bonds or
30 certificates of participation issued for school facilities projects
31 approved by the commissioner prior to the effective date of
32 P.L.2000, c.72 (C.18A:7G-1 et al.) the amount of State aid
33 determined pursuant to section 10 of P.L.2000, c.72 (C.18A:7G-
34 10);

35 "State municipal aid" means business personal property tax
36 replacement revenues, State urban aid and State revenue sharing, as
37 these terms are defined in section 2 of P.L.1976, c.38 (C.40A:3-3),
38 or other similar forms of State aid payable to the local unit and to
39 the extent permitted by federal law, federal moneys appropriated or
40 apportioned to the municipality or county by the State;

41 "State school aid" means the funds made available to school
42 districts pursuant to section 11 of P.L.2007, c.260 (C.18A:7F-53);

43 "State share" means the State's proportionate share of the final
44 eligible costs of a school facilities project to be constructed by the
45 development authority as determined pursuant to section 5 of
46 P.L.2000, c.72 (C.18A:7G-5); in the case of a demonstration
47 project, the State's proportionate share of the final eligible costs of
48 the project as determined pursuant to sections 5 and 6 of P.L.2000,
49 c.72 (C.18A:7G-5 and C.18A:7G-6); **[and]** in the case of a school

1 facilities project to be financed pursuant to section 15 of P.L.2000,
2 c.72 (C.18A:7G-15), the State share as determined pursuant to that
3 section ; and in the case of a school facilities project of a charter
4 school or renaissance school project in an SDA district, the State
5 share as determined pursuant to section 4 of P.L. , c. (C.)
6 (pending before the Legislature as this bill);

7 "Total costs" means, in the case of a school facilities project
8 which is to be constructed by the development authority or a
9 redevelopment entity or financed pursuant to section 15 of
10 P.L.2000, c.72 (C.18A:7G-15), the final eligible costs plus excess
11 costs if any; and in the case of a school facilities project which is
12 not to be constructed by the development authority or a
13 redevelopment entity or financed pursuant to section 15 of
14 P.L.2000, c.72 (C.18A:7G-15), the total cost of the project as
15 determined by the district.

16 (cf: P.L.2007, c.260, s.39)

17

18 2. Section 4 of P.L.2000, c.72 (C.18A:7G-4) is amended to
19 read as follows:

20 4. a. (1) By December 15, 2000 and by October 1, 2005, each
21 district shall prepare and submit to the commissioner a long-range
22 facilities plan that details the district's school facilities needs and
23 the district's plan to address those needs for the ensuing five years.
24 Following the approval of the 2005 long-range facilities plan, each
25 district shall amend its long-range facilities plan at least once every
26 five years to update enrollment projections, building capacities, and
27 health and safety conditions. The long-range facilities plan shall
28 incorporate the facilities efficiency standards and shall be filed with
29 the commissioner for approval in accordance with those standards.
30 For those Abbott districts that have submitted long-range facilities
31 plans to the commissioner prior to the effective date of P.L.2000,
32 c.72 (C.18A:7G-1 et al.), this subsection shall not be read to require
33 an additional filing by October 1, 2000.

34 (2) Every long-rang facilities plan submitted to the
35 commissioner after the effective date of P.L. , c. (C.)
36 (pending before the Legislature as this bill), including any
37 amendment thereto, shall include a capital improvement plan for
38 each public school within the district. At a minimum, the capital
39 improvement plan shall indicate the enrollment projections,
40 building capacities, and health and safety conditions of each public
41 school within the district, as well as the school facilities needs of
42 each school.

43 b. Notwithstanding any other law or regulation to the contrary,
44 an application for a school facilities project pursuant to section 5 of
45 P.L.2000, c.72 (C.18A:7G-5) shall not be approved unless the
46 district has filed a long-range facilities plan that is consistent with
47 the application and the plan has been approved by the
48 commissioner; except that prior to October 1, 2000, the
49 commissioner may approve an application if the project is necessary

1 to protect the health or safety of occupants of the school facility, or
2 is related to required early childhood education programs, or is
3 related to a school facility in which the functional capacity is less
4 than **【90%】** 90 percent of the facilities efficiency standards based
5 on current school enrollment, or the district received bids on the
6 school facilities project prior to the effective date of P.L.2000, c.72
7 (C.18A:7G-1 et al.) and the district demonstrates that further delay
8 will negatively affect the cost of the project.

9 c. An amendment to a long-range facilities plan may be
10 submitted at any time to the commissioner for review and
11 determination on the approval or disapproval of the amendment.

12 d. Each long-range facilities plan shall include a cohort
13 survival methodology or other methodology approved by the
14 commissioner, accompanied by a certification by a qualified
15 demographer retained by the district that serves as the basis for
16 identifying the capacity and program needs detailed in the long-
17 range facilities plan.

18 e. The long-range facilities plan shall include an educational
19 adequacy inventory of all existing school facilities in the district
20 including the adequacy of school facilities to educate within the
21 district the existing and projected number of pupils with disabilities,
22 the identification of all deficiencies in the district's current
23 inventory of school facilities, which includes the identification of
24 those deficiencies that involve emergent health and safety concerns,
25 and the district's proposed plan for future construction and
26 renovation. The long-range facilities plan submissions shall
27 conform to the guidelines, criteria and format prescribed by the
28 commissioner.

29 f. Each district shall determine the number of "unhoused
30 students" for the ensuing five-year period calculated pursuant to the
31 provisions of section 8 of P.L.2000, c.72 (C.18A:7G-8).

32 g. Each district shall submit the long-range facilities plan to the
33 planning board of the municipality or municipalities in which the
34 district is situate for the planning board's review and findings and
35 the incorporation of the plan's goals and objectives into the
36 municipal master plan adopted by the municipality pursuant to
37 section 19 of P.L.1975, c.291 (C.40:55D-28).

38 h. (1) The commissioner shall develop, for the March 2002
39 Report on the Cost of Providing a Thorough and Efficient
40 Education issued by the commissioner pursuant to section 4 of
41 P.L.1996, c.138 (C.18A:7F-4), facilities efficiency standards for
42 elementary, middle, and high schools consistent with the core
43 curriculum school delivery assumptions in the report and sufficient
44 for the achievement of the core curriculum content standards,
45 including the provision of required programs in Abbott districts and
46 early childhood education programs in the districts in which these
47 programs are required by the State. The area allowances per FTE
48 student in each class of the district shall be derived from these
49 facilities efficiency standards. The commissioner shall revise the

1 facilities efficiency standards and the area cost allowance in
2 accordance with such schedule as the commissioner deems
3 necessary. The commissioner shall publish the revised facilities
4 efficiency standards and the area cost allowance in the New Jersey
5 Register and, within a reasonable period of time after 30 days
6 following publication, shall file the revised facilities efficiency
7 standards and the area cost allowance with the Office of
8 Administrative Law for publication in the New Jersey Register and
9 those standards shall become effective immediately upon filing.
10 During the 30-day period the commissioner shall provide an
11 opportunity for public comment on the proposed facilities
12 efficiency standards and the area cost allowance.

13 The facilities efficiency standards developed by the
14 commissioner shall not be construction design standards but rather
15 shall represent the instructional spaces, specialized instructional
16 areas, and administrative spaces that are determined by the
17 commissioner to be educationally adequate to support the
18 achievement of the core curriculum content standards including the
19 provision of required programs in Abbott districts and early
20 childhood education programs in the districts in which these
21 programs are required by the State. A district may design, at its
22 discretion, the educational and other spaces to be included within
23 the school facilities project. The design of the project may
24 eliminate spaces in the facilities efficiency standards, include
25 spaces not in the facilities efficiency standards, or size spaces
26 differently than in the facilities efficiency standards upon a
27 demonstration of the adequacy of the school facilities project to
28 deliver the core curriculum content standards pursuant to paragraph
29 (2) of subsection g. of section 5 of P.L.2000, c.72 (C.18A:7G-5).

30 Within a reasonable period of time after the effective date of
31 P.L.2000, c.72 (C.18A:7G-1 et al.), the commissioner shall publish
32 the facilities efficiency standards developed for the 2000-2001,
33 2001-2002, and 2002-2003 school years in the New Jersey Register.
34 Within a reasonable period of time after 30 days after publication in
35 the New Jersey Register, the commissioner shall file the facilities
36 efficiency standards with the Office of Administrative Law and
37 those standards shall become effective immediately upon filing with
38 the Office of Administrative Law. During the 30-day period the
39 commissioner shall provide an opportunity for public comment on
40 the proposed facilities efficiency standards.

41 (2) Within 120 days of the effective date of P.L. ,
42 c. (C.) (pending before the Legislature as this bill), the
43 development authority, in consultation with the commissioner, shall
44 develop three model school designs for the construction of
45 elementary, middle, and high schools, respectively. The model
46 school designs shall establish uniform standards for the exterior and
47 interior design of each category of school facilities projects. The
48 development authority, in consultation with the commissioner, may
49 revise the model school designs as the development authority deems

1 necessary. In addition to any other considerations that the
2 development authority may deem appropriate, the model school
3 designs shall: (a) not include immodest or irregularly-shaped
4 structures, including facades, windows, and courtyards, which
5 contribute to unnecessary and imprudent construction costs; and (b)
6 prioritize the utilization of vertical construction designs over
7 horizontal construction designs, which designs preserve green space
8 and maximize land use.

9 i. Within 90 days of the commissioner's receipt of a long-range
10 facilities plan for review, the commissioner shall determine whether
11 the plan is fully and accurately completed and whether all
12 information necessary for a decision on the plan has been filed by
13 the district. If the commissioner determines that the plan is
14 complete, the commissioner shall promptly notify the district in
15 writing and shall have 60 days from the date of that notification to
16 determine whether to approve the plan or not. If the commissioner
17 determines that the plan is not complete, the commissioner shall
18 notify the district in writing. The district shall provide to the
19 commissioner whatever information the commissioner determines is
20 necessary to make the plan accurate and complete. The district
21 shall submit that information to the commissioner, and the
22 commissioner shall have 60 days from the date of receipt of
23 accurate and complete information to determine whether to approve
24 the plan or not.

25 j. Notwithstanding any provision in subsection i. of this
26 section, if at any time the number of long-range facilities plans filed
27 by school districts with the commissioner and pending review
28 exceeds **[20%]** 20 percent of the number of school districts in New
29 Jersey, the commissioner may extend by 60 days the deadline for
30 reviewing each plan pending at that time.

31 k. (Deleted by amendment, P.L.2007, c.260).

32 l. By July 1, 2001, the commissioner shall provide the
33 Legislature with recommendations to address the circumstances of
34 districts which are contiguous with two or more Abbott districts.
35 The recommendations shall address the issues of the financing of
36 school facilities projects and the funding of the educational and
37 other programs required within these districts as a result of their
38 unique demographic situation.

39 m. By July 1, 2001, the commissioner shall study the Safe
40 Schools Design Guidelines, prepared by the Florida Center for
41 Community Design and Research, which address the issues of
42 school safety and security through the design of school facilities.
43 Based upon the commissioner's study, the commissioner shall issue
44 recommendations to districts on the appropriateness of including
45 the Safe Schools Design Guidelines in the design and construction
46 of school facilities projects.

47 (cf: P.L.2007, c.260, s.40)

1 3. Section 5 of P.L.2000, c.72 (C.18A:7G-5) is amended to
2 read as follows:

3 5. a. The development authority shall undertake and the
4 financing authority shall finance the school facilities projects of
5 SDA districts.

6 b. In the case of a district other than an SDA district, State
7 support for the project shall be determined pursuant to section 9 or
8 section 15 of P.L.2000, c.72 (C.18A:7G-9 or C.18A:7G-15), as
9 applicable.

10 c. Notwithstanding any provision of N.J.S.18A:18A-16 to the
11 contrary, the procedures for obtaining approval of a school facilities
12 project shall be as set forth in **【this act】** P.L.2000, c.72 (C.18A:7G-
13 1 et al.); provided that any district whose school facilities project is
14 not constructed by the development authority shall also be required
15 to comply with the provisions of N.J.S.18A:18A-16 and shall be
16 overseen by a non-conflicted construction management service
17 provider, which may include a county improvement authority and
18 private professional service firm, who shall serve from initial
19 application to the commissioner for approval of the project through
20 project completion.

21 d. (1) Any district seeking to initiate a school facilities project
22 shall apply to the commissioner for approval of the project. The
23 application may include, but not be limited to: a description of the
24 school facilities project; a schematic drawing of the project or, at
25 the option of the district, preliminary plans and specifications; a
26 delineation and description of each of the functional components of
27 the project; educational specifications detailing the programmatic
28 needs of each proposed space; the number of unhoused students to
29 be housed in the project; the area allowances per FTE student as
30 calculated pursuant to section 8 of P.L.2000, c.72 (C.18A:7G-8);
31 and the estimated cost to complete the project as determined by the
32 district.

33 (2) (a) In the case of an SDA district school facilities project,
34 **【based upon its educational priority ranking and the Statewide**
35 **strategic plan established pursuant to subsection m. of this section,**
36 **the commissioner may authorize】** the district shall not submit an
37 application for commissioner approval until the project has been
38 authorized by the Legislature pursuant to subparagraph (e) of
39 paragraph (3) of subsection m. of this section. If the district
40 submits an application before the project has been authorized
41 pursuant to that subparagraph, the application shall not be deemed
42 to be fully and accurately completed until the date of such
43 authorization. The development authority 【to】 may undertake
44 **【preconstruction activities which may include, but need not be**
45 **limited to, site identification, investigation, and acquisition,**
46 **feasibility studies, land-related design work, design work, site**
47 **remediation, demolition, and acquisition of temporary facilities】**
48 site identification and investigation for the project before a staff

1 allocation plan has been authorized by the Legislature. Upon
2 receipt of the authorization, the development authority may [initiate
3 the] undertake any other preconstruction activities required to
4 prepare the application for commissioner approval of the school
5 facilities project, which activities may include, but need not be
6 limited to, site acquisition, feasibility studies, land-related design
7 work, design work, site remediation, demolition, and acquisition of
8 temporary facilities.

9 (b) In the case of an SDA district school facilities project, the
10 project design shall conform to a model school design developed by
11 the development authority pursuant to paragraph (2) of subsection
12 h. of section 4 of P.L.2000, c.72 (C.18A:7G-4), except that the
13 model school design may be modified to accommodate the capacity
14 needs of the project, provided that such modifications shall comply
15 with the facilities efficiency standards and the area allowances per
16 FTE student derived from those standards. In the event that the
17 SDA district school facilities project requires the implementation of
18 certain immodest or irregularly-shaped structures, but otherwise
19 conforms to a model school design, the development authority shall
20 approve the immodest or irregularly-shaped structures prior to the
21 submission of the project to the Legislature for authorization
22 pursuant to subparagraph (e) of paragraph (3) of subsection m. of
23 this section and shall provide an attestation that the implementation
24 of the structures is necessary for the purposes of completing the
25 SDA district school facilities project.

26 (c) In the case of a district other than an SDA district, the
27 project design of the school facilities project may conform to a
28 model school design developed by the development authority
29 pursuant to paragraph (2) of subsection h. of section 4 of P.L.2000,
30 c.72 (C.18A:7G-4), with any modifications authorized under
31 subparagraph (b) of this paragraph. If the project conforms to a
32 model school design or conforms to a model design with any
33 modification authorized under subparagraph (b) of this paragraph,
34 the district's district aid percentage shall be increased by 15
35 percent. In the event that the school facilities project requires the
36 implementation of certain immodest or irregularly-shaped
37 structures, but otherwise conforms to a model school design, the
38 development authority shall review the immodest or irregularly-
39 shaped structures under the district's proposal. If the development
40 authority approves the immodest or irregularly-shaped structures
41 under the proposed school facilities project, the district shall
42 continue to be eligible for the increased district aid percentage
43 provided under this subparagraph.

44 e. (1) The commissioner shall review each proposed school
45 facilities project to determine whether it is consistent with the
46 district's long-range facilities plan and whether it complies with the
47 facilities efficiency standards and the area allowances per FTE
48 student derived from those standards; and in the case of an SDA

1 district, the commissioner shall also review **【**the project's
2 educational priority ranking and the Statewide strategic plan
3 developed**】** whether the project complies with the model school
4 design standards and contains any modifications authorized
5 pursuant to subparagraph (b) of paragraph (2) of subsection d. of
6 this section, whether the project received the necessary approvals
7 for the implementation of immodest or irregularly-shaped structures
8 under subparagraph (b) of paragraph (2) of subsection d. of this
9 section, and whether the project has been authorized by the
10 Legislature pursuant to **【**paragraphs (2) and**】** subparagraph (e) of
11 paragraph (3) of subsection m. of this section; and in the case of a
12 district other than an SDA district the commissioner shall also
13 review the project's priority pursuant to paragraph (4) of subsection
14 m. of this section.

15 (2) The commissioner shall make a decision on a district's
16 application within 90 days from the date **【**he**】** the commissioner
17 determines that the application is fully and accurately completed
18 and that all information necessary for a decision has been filed by
19 the district, or from the date of the last revision made by the district.
20 If the commissioner is not able to make a decision within 90 days,
21 **【**he**】** the commissioner shall notify the district in writing explaining
22 the reason for the delay and indicating the date on which a decision
23 on the project will be made, provided that the date shall not be later
24 than 60 days from the expiration of the original 90 days set forth in
25 this subsection. If the decision is not made by the subsequent date
26 indicated by the commissioner, then the project shall be deemed
27 approved and the preliminary eligible costs for new construction
28 shall be calculated by using the proposed square footage of the
29 building as the approved area for unhoused students.

30 f. If the commissioner determines that the school facilities
31 project complies with the facilities efficiency standards and the
32 district's long-range facilities plan and does not exceed the area
33 allowance per FTE student derived from those standards, the
34 commissioner shall calculate the preliminary eligible costs of the
35 project pursuant to the formulas set forth in section 7 of P.L.2000,
36 c.72 (C.18A:7G-7); except that (1) in the case of a county special
37 services school district or a county vocational school district, the
38 commissioner shall calculate the preliminary eligible costs to equal
39 the amount determined by the board of school estimate and
40 approved by the board of chosen freeholders pursuant to section 14
41 of P.L.1971, c.271 (C.18A:46-42) or N.J.S.18A:54-31 as
42 appropriate, and (2) in the case of an SDA district, the
43 commissioner shall calculate the preliminary eligible costs to equal
44 the estimated cost as determined by the development authority,
45 provided that such costs shall not exceed the amounts authorized by
46 the Legislature pursuant to subparagraph (e) of paragraph (3) of
47 subsection m. of this section.

1 g. If the commissioner determines that the school facilities
2 project is inconsistent with the facilities efficiency standards or
3 exceeds the area allowances per FTE student derived from those
4 standards, the commissioner shall notify the district.

5 (1) The commissioner shall approve area allowances in excess
6 of the area allowances per FTE student derived from the facilities
7 efficiency standards if the board of education or State district
8 superintendent, as appropriate, demonstrates that school facilities
9 needs related to required programs cannot be addressed within the
10 facilities efficiency standards and that all other proposed spaces are
11 consistent with those standards. The commissioner shall approve
12 area allowances in excess of the area allowances per FTE student
13 derived from the facilities efficiency standards if the additional area
14 allowances are necessary to accommodate centralized facilities to
15 be shared among two or more school buildings within the district
16 and the centralized facilities represent a more cost effective
17 alternative.

18 (2) The commissioner may waive a facilities efficiency standard
19 if the board of education or State district superintendent, as
20 appropriate, demonstrates to the commissioner's satisfaction that the
21 waiver will not adversely affect the educational adequacy of the
22 school facility, including the ability to deliver the programs and
23 services necessary to enable all students to achieve the core
24 curriculum content standards.

25 (3) To house the district's central administration, a district may
26 request an adjustment to the approved areas for unhoused students
27 of 2.17 square feet for each FTE student in the projected total
28 district school enrollment if the proposed administrative offices will
29 be housed in a school facility and the district demonstrates either
30 that the existing central administrative offices are obsolete or that it
31 is more practical to convert those offices to instructional space. To
32 the extent that existing administrative space will continue to be used
33 for administrative purposes, the space shall be included in the
34 formulas set forth in section 7 of P.L.2000, c.72 (C.18A:7G-7).

35 If the commissioner approves excess facilities efficiency
36 standards or additional area allowances pursuant to paragraph (1),
37 (2), or (3) of this subsection, the commissioner shall calculate the
38 preliminary eligible costs based upon the additional area allowances
39 or excess facilities efficiency standards pursuant to the formulas set
40 forth in section 7 of P.L.2000, c.72 (C.18A:7G-7). In the event that
41 the commissioner does not approve the excess facilities efficiency
42 standards or additional area allowances, the district may either:
43 modify its submission so that the school facilities project meets the
44 facilities efficiency standards; or pay for the excess costs.

45 (4) The commissioner shall approve spaces in excess of, or
46 inconsistent with, the facilities efficiency standards, hereinafter
47 referred to as nonconforming spaces, upon a determination by the
48 district that the spaces are necessary to comply with State or federal
49 law concerning individuals with disabilities, including that the

1 spaces are necessary to provide in-district programs and services for
2 current disabled pupils who are being served in out-of-district
3 placements or in-district programs and services for the projected
4 disabled pupil population. A district may apply for additional State
5 aid for nonconforming spaces that will permit pupils with
6 disabilities to be educated to the greatest extent possible in the same
7 buildings or classes with their nondisabled peers. The
8 nonconforming spaces may: (a) allow for the return of pupils with
9 disabilities from private facilities; (b) permit the retention of pupils
10 with disabilities who would otherwise be placed in private facilities;
11 (c) provide space for regional programs in a host school building
12 that houses both disabled and nondisabled pupils; and (d) provide
13 space for the coordination of regional programs by a county special
14 services school district, educational services commission, jointure
15 commission, or other agency authorized by law to provide regional
16 educational services in a school building that houses both disabled
17 and nondisabled pupils. A district's State support ratio shall be
18 adjusted to equal the lesser of the sum of its district aid percentage
19 as defined in section 3 of P.L.2000, c.72 (C.18A:7G-3) plus 0.25, or
20 **【100%】** 100 percent for any nonconforming spaces approved by the
21 commissioner pursuant to this paragraph.

22 h. Upon approval of a school facilities project and
23 determination of the preliminary eligible costs:

24 (1) In the case of a district other than an SDA district, the
25 commissioner shall notify the district whether the school facilities
26 project is approved and, if so approved, the preliminary eligible
27 costs and the excess costs, if any. Following the determination of
28 preliminary eligible costs and the notification of project approval,
29 the district may appeal to the commissioner for an increase in those
30 costs if the detailed plans and specifications completed by a design
31 professional for the school facilities project indicate that the cost of
32 constructing that portion of the project which is consistent with the
33 facilities efficiency standards and does not exceed the area
34 allowances per FTE student exceeds the preliminary eligible costs
35 as determined by the commissioner for the project by **【10%】** 10
36 percent or more. The district shall file its appeal within 30 days of
37 the preparation of the plans and specifications. If the district
38 chooses not to file an appeal, then the final eligible costs shall equal
39 the preliminary eligible costs.

40 The appeal shall outline the reasons why the preliminary eligible
41 costs calculated for the project are inadequate and estimate the
42 amount of the adjustment which needs to be made to the
43 preliminary eligible costs. The commissioner shall forward the
44 appeal information to the development authority for its review and
45 recommendation. If the additional costs are the result of factors
46 that are within the control of the district or are the result of design
47 factors that are not required to meet the facilities efficiency
48 standards, the development authority shall recommend to the
49 commissioner that the preliminary eligible costs be accepted as the

1 final eligible costs. If the development authority determines the
2 additional costs are not within the control of the district or are the
3 result of design factors required to meet the facilities efficiency
4 standards, the development authority shall recommend to the
5 commissioner a final eligible cost based on its experience for
6 districts with similar characteristics, provided that, notwithstanding
7 anything to the contrary, the commissioner shall not approve an
8 adjustment to the preliminary eligible costs which exceeds **[10%]**
9 10 percent of the preliminary eligible costs. The commissioner
10 shall make a determination on the appeal within 30 days of its
11 receipt. If the commissioner does not approve an adjustment to the
12 school facilities project's preliminary eligible costs, the
13 commissioner shall issue his findings in writing on the reasons for
14 the denial and on why the preliminary eligible costs as originally
15 calculated are sufficient.

16 (2) In the case of an SDA district, the commissioner shall
17 promptly prepare and submit to the development authority a
18 preliminary project report which shall consist, at a minimum, of the
19 following information: a complete description of the school
20 facilities project; the actual location of the project; the total square
21 footage of the project together with a breakdown of total square
22 footage by functional component; the preliminary eligible costs of
23 the project; the maximum final eligible costs of the project, as
24 authorized by the Legislature; the maximum full-time equivalent
25 employees who may be allocated to the project, as authorized by the
26 Legislature; the project's priority ranking determined pursuant to
27 subsection m. of this section; any other factors to be considered by
28 the development authority in undertaking the project; and the name
29 and address of the person from the district to contact in regard to
30 the project.

31 i. Upon receipt by the development authority of the
32 preliminary project report, the development authority, upon
33 consultation with the district, shall prepare detailed plans and
34 specifications and schedules which contain the development
35 authority's estimated cost and schedule to complete the school
36 facilities project. The development authority shall transmit to the
37 commissioner its recommendations in regard to the project which
38 shall, at a minimum, contain the detailed plans and specifications;
39 whether the school facilities project can be completed within the
40 preliminary eligible costs; and any other factors which the
41 development authority determines should be considered by the
42 commissioner.

43 (1) In the event that the development authority determines that
44 the school facilities project can be completed within the preliminary
45 eligible costs: the final eligible costs shall be deemed to equal the
46 preliminary eligible costs; the commissioner shall be deemed to
47 have given final approval to the project; and the preliminary project
48 report shall be deemed to be the final project report delivered to the
49 development authority pursuant to subsection j. of this section.

1 (2) In the event that the development authority determines that
2 the school facilities project cannot be completed within the
3 preliminary eligible costs, prior to the submission of its
4 recommendations to the commissioner, the development authority
5 shall, in consultation with the district and the commissioner,
6 determine whether changes can be made in the project which will
7 result in a reduction in costs while at the same time meeting the
8 facilities efficiency standards approved by the commissioner.

9 (a) If the development authority determines that changes in the
10 school facilities project are possible so that the project can be
11 accomplished within the scope of the preliminary eligible costs
12 while still meeting the facilities efficiency standards, the
13 development authority shall so advise the commissioner, whereupon
14 the commissioner shall: calculate the final eligible costs to equal the
15 preliminary eligible costs; give final approval to the project with the
16 changes noted; and issue a final project report to the development
17 authority pursuant to subsection j. of this section.

18 (b) If the development authority determines that it is not
19 possible to make changes in the school facilities project so that it
20 can be completed within the preliminary eligible costs either
21 because the additional costs are the result of factors outside the
22 control of the district or the additional costs are required to meet the
23 facilities efficiency standards, the development authority shall
24 recommend to the commissioner that the preliminary eligible costs
25 be increased accordingly, whereupon the commissioner shall:
26 calculate the final eligible costs to equal the sum of the preliminary
27 eligible costs plus the increase recommended by the development
28 authority; give final approval to the project, provided that the final
29 eligible costs do not exceed the amounts authorized for expenditure
30 by the Legislature pursuant to subparagraph (e) of paragraph (3) of
31 subsection m. of this section; and issue a final project report to the
32 development authority pursuant to subsection j. of this section.

33 (c) If the additional costs are the result of factors that are within
34 the control of the district or are the result of design factors that are
35 not required to meet the facilities efficiency standards or approved
36 pursuant to paragraph (1) of subsection g. of this section, the
37 development authority shall recommend to the commissioner that
38 the preliminary eligible costs be accepted, whereupon the
39 commissioner shall: calculate the final eligible costs to equal the
40 preliminary eligible costs and specify the excess costs which are to
41 be borne by the district; give final approval to the school facilities
42 project; and issue a final project report to the development authority
43 pursuant to subsection j. of this section; provided that the
44 commissioner may approve final eligible costs which are in excess
45 of the preliminary eligible costs if, in his judgment, the action is
46 necessary to meet the educational needs of the district, provided
47 that such costs shall not exceed the amounts authorized for
48 expenditure by the Legislature pursuant to subparagraph (e) of
49 paragraph (3) of subsection m. of this section.

1 (d) For a school facilities project undertaken by the
2 development authority, the development authority shall be
3 responsible for any costs of construction, but only from the
4 proceeds of bonds issued by the financing authority pursuant to
5 P.L.2000, c.72 (C.18A:7G-1 et al.) and P.L.2007, c.137 (C.52:18A-
6 235 et al.), which exceed the amount originally projected by the
7 development authority and approved for financing by the
8 development authority, provided that the excess is the result of an
9 underestimate of labor or materials costs by the development
10 authority. After receipt by the development authority of the final
11 project report, the district shall be responsible only for the costs
12 associated with changes, if any, made at the request of the district to
13 the scope of the school facilities project.

14 j. The development authority shall not commence the
15 construction of a school facilities project unless the commissioner
16 transmits to the development authority a final project report and the
17 district complies with the approval requirements for the local share,
18 if any, pursuant to section 11 of P.L.2000, c.72 (C.18A:7G-11).
19 The final project report shall contain all of the information
20 contained in the preliminary project report and, in addition, shall
21 contain: the final eligible costs; the excess costs, if any; the total
22 costs which equals the final eligible costs plus excess costs, if any;
23 the State share; and the local share.

24 k. For the SDA districts, the State share shall be **【100%】** 100
25 percent of the final eligible costs. Except as otherwise provided
26 pursuant to section 9 of P.L.2000, c.72 (C.18A:7G-9), for all other
27 districts, the State share shall be an amount equal to the district aid
28 percentage; except that the State share shall not be less than **【40%】**
29 40 percent of the final eligible costs.

30 If any district which is included in district factor group A or B,
31 other than an SDA district, is having difficulty financing the local
32 share of a school facilities project, the district may apply to the
33 commissioner to receive **【100%】** 100 percent State support for the
34 project and the commissioner may request the approval of the
35 Legislature to increase the State share of the project to **【100%】** 100
36 percent.

37 l. The local share for school facilities projects constructed by
38 the authority or a redevelopment entity shall equal the final eligible
39 costs plus any excess costs less the State share.

40 m. (1) Within 90 days of the effective date of P.L.2007, c.137
41 (C.52:18A-235 et al.), the commissioner shall develop an
42 educational facilities needs assessment for each SDA district. The
43 assessment shall be updated periodically by the commissioner in
44 accordance with the schedule the commissioner deems appropriate
45 for the district; except that each assessment shall at a minimum be
46 updated within five years of the development of the district's most
47 recent prior educational facilities needs assessment. The
48 assessment shall be transmitted to the development authority to be

1 used to initiate the planning activities required prior to the
2 establishment of the educational priority ranking of school facilities
3 projects pursuant to paragraph (2) of this subsection.

4 (2) Following the approval of an SDA district's long-range
5 facilities plan or of an amendment to that plan, but prior to
6 authorization of preconstruction activities for a school facilities
7 project included in the plan or amendment, the commissioner shall
8 establish, in consultation with the SDA district, an educational
9 priority ranking of all school facilities projects in the SDA district
10 based upon the commissioner's determination of critical need in
11 accordance with priority project categories developed by the
12 commissioner. The priority project categories shall include, but not
13 be limited to, health and safety, overcrowding in the early
14 childhood, elementary, middle, and high school grade levels, spaces
15 necessary to provide in-district programs and services for current
16 disabled students who are being served in out-of-district placements
17 or in-district programs and services for the projected disabled
18 student population, rehabilitation, and educational adequacy.

19 (3) (a) Upon the commissioner's determination of the
20 educational priority ranking of school facilities projects in SDA
21 districts pursuant to paragraph (2) of this subsection, the
22 development authority, in consultation with the commissioner, the
23 SDA districts, and the governing bodies of the municipalities in
24 which the SDA districts are situate, shall establish a Statewide
25 strategic plan to be used in the sequencing of SDA district school
26 facilities projects based upon the projects' educational priority
27 rankings and issues which impact the development authority's
28 ability to complete the projects including, but not limited to, the
29 construction schedule and other appropriate factors. The
30 development authority shall revise the Statewide strategic plan and
31 the sequencing of SDA district school facilities projects in
32 accordance with that plan no less than once every five years, except
33 that the plan shall be updated within 120 days of the effective date
34 of P.L. , c. (C.) (pending before the Legislature as this
35 bill). In addition to any other information that the development
36 authority may deem appropriate, the Statewide strategic plan shall
37 include the following information for each project: (i) a description
38 of the project, which shall indicate whether the project will be new
39 construction or renovation and whether the project will require the
40 acquisition of land; (ii) the total estimated project costs; and (iii) the
41 number of full-time equivalent staff needed to support the project.

42 (b) In developing the Statewide strategic plan, the development
43 authority shall prioritize: (i) new construction projects; (ii) projects
44 located on land owned by the school district or other public entities;
45 and (iii) projects needed to replace school buildings that have been
46 in use for 50 or more years.

47 (c) Any amendment to an SDA district's long-range facilities
48 plan that is submitted to the commissioner in the period between the
49 five-year updates of the long-range facilities plan shall be

1 considered by the development authority, in consultation with the
2 commissioner, for incorporation into the Statewide strategic plan.
3 In making a determination on whether or not to amend the
4 Statewide strategic plan, the development authority shall consider
5 the cost of the amendment, the impact of the amendment upon the
6 school development plans for other districts, and other appropriate
7 factors.

8 (d) Within 10 days following any update to the Statewide
9 strategic plan, the development authority shall transmit the plan to
10 the Legislature, pursuant to section 2 of P.L.1991, c.164 (C.52:14-
11 19.1), and to the members of the Senate Education Committee and
12 the Assembly Education Committee, or any successor committees.

13 (e) The development authority shall not expend any monies
14 from the SDA District Project Fund, established pursuant to
15 subsection i. of section 14 of P.L.2000, c.72 (C.18A:7G-14), and
16 shall not conduct any activities related to the construction of an
17 SDA district school facilities projects, except for site identification
18 and investigation activities, until the project is authorized by a
19 specific appropriation of the Legislature. Any act authorizing one
20 or more SDA district school facilities projects shall identify the
21 project to be funded, the maximum final eligible costs permitted for
22 the project, and the maximum full-time equivalent employees that
23 the development authority may allocate to the project.

24 (4) In the case of a district other than an SDA district, the
25 commissioner shall establish a priority process for the financing of
26 school facilities projects based upon the commissioner's
27 determination of critical need in accordance with priority project
28 categories developed by the commissioner. The priority project
29 categories shall include, but not be limited to, health and safety,
30 overcrowding in the elementary, middle, and high school grade
31 levels, spaces necessary to provide in-district programs and services
32 for current disabled students who are being served in out-of-district
33 placements or in-district programs and services for the projected
34 disabled student population, and full-day kindergarten facilities in
35 the case of school districts required to provide full-day preschool
36 pursuant to section 12 of P.L.2007, c.260 (C.18A:7F-54).

37 n. The provisions of the "Public School Contracts Law,"
38 N.J.S.18A:18A-1 et seq., shall be applicable to any school facilities
39 project constructed by a district but shall not be applicable to
40 projects constructed by the development authority or a
41 redevelopment entity pursuant to the provisions of this act.

42 o. In the case of a school facilities project of a district other
43 than an SDA district, any proceeds of school bonds issued by the
44 district for the purpose of funding the project which remain unspent
45 upon completion of the project shall be used by the district to
46 reduce the outstanding principal amount of the school bonds.

47 p. Upon completion by the development authority of a school
48 facilities project, if the cost of construction and completion of the
49 project is less than the total costs, the district shall be entitled to

1 receive a portion of the local share based on a pro rata share of the
2 difference based on the ratio of the State share to the local share.

3 q. The development authority shall determine the cause of any
4 costs of construction which exceed the amount originally projected
5 by the development authority and approved for financing by the
6 financing authority.

7 r. (Deleted by amendment, P.L.2007, c.137).

8 s. (Deleted by amendment, P.L.2007, c.137).

9 (cf: P.L.2009, c.185, s.1)

10

11 4. (New section) a. The State share of a school facilities project
12 undertaken by a charter school or renaissance school project located
13 in an SDA district shall be 100 percent of the final eligible costs as
14 determined pursuant to subsection c. of this section.
15 Notwithstanding the provisions of section 5 of P.L.2000, c.72
16 (C.18A:7G-5) or of any other section of law, rule, or regulation to
17 the contrary, a charter school or renaissance school project located
18 in an SDA district seeking to initiate a school facilities project, and
19 that is seeking the State share of the school facilities project, shall
20 apply to the development authority for approval of the project. In
21 the case of a charter school or renaissance school project
22 established after the effective date of P.L. , c. (C.)
23 (pending before the Legislature as this bill), the development
24 authority shall not approve a school facilities project until after the
25 charter school's first renewal under section 17 of P.L.1995, c.426
26 (C.18A:36A-17) or after the renaissance school project's first
27 renewal under section 10 of P.L.2011, c.176 (C.18A:36C-10).

28 b. (1) The development authority shall annually review the
29 applications for school facilities projects submitted pursuant to
30 subsection a. of this section and, upon such review, create a
31 Statewide charter school and renaissance school project facilities
32 strategic plan to be used in the sequencing of school facilities
33 projects of charter schools and renaissance school projects in SDA
34 districts. The Statewide charter school and renaissance school
35 project facilities strategic plan shall include a Statewide educational
36 priority ranking of the school facilities projects based upon the
37 development authority's determination of critical need, the criteria
38 and methodology of which shall be established by the development
39 authority pursuant to regulations promulgated by the development
40 authority pursuant to subsection g. of this section. At a minimum,
41 the criteria and methodology established by the development
42 authority for the determination of critical need shall prioritize: (a)
43 new construction projects; and (b) major renovation and
44 rehabilitation projects that seek to expand the capacity of a charter
45 school or renaissance school project facility used for education
46 purposes.

47 (2) In the event that a school facilities project for which a
48 charter school or renaissance school project is seeking State support
49 pursuant to this section is requested for a leased facility, the

1 applicant charter school or renaissance school project shall submit
2 the lease agreement or lease agreement addendum that stipulates
3 that the expiration of the term of the lease is no less than 10 years
4 from the effective date of P.L. , c. (C.) (pending before the
5 Legislature as this bill) and subject to an additional five year
6 renewal term at the option of the charter school or renaissance
7 school project.

8 c. If the school facilities project of a charter school or
9 renaissance school project located in an SDA district is approved
10 pursuant to this section, the development authority, in consultation
11 with the charter school or renaissance school project, shall
12 determine the final eligible costs of the approved school facilities
13 project, which final eligible costs shall be the reasonable estimated
14 costs of providing a school facility under the school facilities
15 project proposal that is structurally adequate and safe and that is
16 capable of providing an educational program which enables
17 students enrolled in the charter school or renaissance school project
18 to meet the core curriculum content standards. The development
19 authority, however, shall not expend any monies from the Charter
20 School and Renaissance School Project Construction and
21 Maintenance Fund, established pursuant to subsection i. of section
22 14 of P.L.2000, c.72 (C.18A:7G-14), and the charter school or
23 renaissance school project shall not conduct any activities related to
24 the construction of an approved school facilities project under this
25 section, except for site identification and investigation activities,
26 until the project is authorized by a specific appropriation of the
27 Legislature. Any act authorizing one or more school facilities
28 projects approved under this section shall identify the project to be
29 funded and the maximum final eligible costs permitted for the
30 project.

31 d. Following the authorization by the Legislature of a school
32 facilities project pursuant to subsection c. of this section, the
33 development authority shall authorize the charter school or
34 renaissance school project to undertake the school facilities project.
35 Nothing in this section shall be construed as requiring the
36 development authority to undertake any school facilities projects
37 approved pursuant to this section.

38 e. The development authority shall require, as a condition of
39 providing the State share of funds for a school facilities project
40 approved pursuant to this section that includes school facilities
41 owned by the charter school or renaissance school project, that,
42 notwithstanding the provisions of section 7 of P.L.2013, c.149
43 (C.18A:36C-16) or of any other law, rule, or regulation to the
44 contrary, the fee simple title of the facility shall revert to the State,
45 except that the board of education of the district in which the
46 charter school or renaissance school project is located shall have the
47 right of first refusal of the school facilities project prior to the
48 reversion to the State. The provisions of this subsection shall apply
49 in the following instances:

1 (1) upon the revocation or surrendering of a charter school's
2 charter, the non-renewal of a charter school's charter or of a
3 renaissance school project, or the closure of a charter school or
4 renaissance school project. In the case of the revocation,
5 surrendering, or non-renewal of a charter school's charter or the
6 closure of a charter school, the fee simple title shall revert to the
7 State during and as part of the comprehensive closure plan
8 implemented by the charter school's board of trustees pursuant to
9 section 17 of P.L.1995, c.426 (C.18A:36A-17) and regulations
10 promulgated thereto; or

11 (2) in the event that the school facilities project is no longer
12 being utilized for the purposes for which it was intended under the
13 application approved pursuant to this section.

14 f. No charter school or renaissance school project that is
15 operated by a for-profit management company shall be eligible to
16 apply to the development authority for the State share of a school
17 facilities project pursuant to this section.

18 g. The authority shall promulgate, pursuant to the
19 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
20 seq.), such rules and regulations as may be necessary to implement
21 the provisions of this section, which rules and regulations shall
22 establish at a minimum:

23 (1) the process for review and approval of school facilities
24 projects undertaken by charter schools or renaissance school
25 projects;

26 (2) the specific criteria and methodology that the development
27 authority shall implement in creating an educational priority
28 ranking under the Statewide charter school and renaissance school
29 project facilities strategic plan pursuant to subsection b. of this
30 section;

31 (3) the process for the determination of final eligible costs for
32 which a charter school or renaissance school project would receive
33 State support pursuant to this section; and

34 (4) the process for the reversion to the State of a school facilities
35 project pursuant to subsection e. of this section.

36
37 5. (New section) a. Notwithstanding the provisions of
38 P.L.2000, c.72 (C.18A:7G-1 et al.) or any other section of law to
39 the contrary, the board of education of a district other than an SDA
40 district may enter into an agreement with a county improvement
41 authority or a municipal redevelopment agency to construct a
42 school facilities project and to issue its bonds to finance the local
43 share of a project that is to be financed under section 15 of
44 P.L.2000, c.72 (18A:7G-15), or to finance the total costs of a
45 project that is not to be financed under section 15 of P.L.2000, c.72
46 (C.18A:7G-15). The bonds of a county improvement authority or
47 municipal redevelopment agency issued to finance the total costs of
48 a school facilities project that is not to be financed under section 15
49 of P.L.2000, c.72 (C.18A:7G-15) shall be eligible for State debt

1 service aid in accordance with the formula established under section
2 9 of P.L.2000, c.72 (C.18A:7G-9).

3 b. A district other than an SDA district may lease its lands or
4 facilities to the county improvement authority or municipal
5 redevelopment agency, which may construct the school facilities
6 project through a design build contract. Whenever a school
7 facilities project is constructed by a county improvement authority
8 or municipal redevelopment agency through a design-build
9 contract: (1) the county improvement authority or municipal
10 redevelopment agency shall follow the procedures established by
11 the rules and regulations of the New Jersey Schools Development
12 Authority for the procurement of design-build contracts; (2) the
13 county improvement authority or municipal redevelopment agency
14 shall follow the design requirements and materials and system
15 standards established by the development authority; (3) the
16 provisions of the "Public School Contracts Law," (N.J.S.18A:18A-1
17 et seq.), and the "Local Public Contracts Law," P.L.1971, c.198
18 (C.40A:11-1 et seq.), shall not apply; and (4) a district other than an
19 SDA district shall comply with the procedures for obtaining
20 approval of the project under P.L.2000, c.72 (C.18A:7G-1 et al.),
21 but shall not be required to comply with the provisions of
22 N.J.S.18A:18A-16.

23 c. The county improvement authority or municipal
24 redevelopment agency shall lease the school facilities project to the
25 county, which shall then lease it for nominal consideration to the
26 district for as long as the county improvement authority or
27 municipal redevelopment agency bonds or refunding bonds are
28 outstanding. Nothing in this section shall be construed to authorize
29 a county to require the district to bear any portion of the cost of the
30 debt service on the county improvement authority or municipal
31 redevelopment agency bonds issued to fund the school facilities
32 project or any refunding bonds.

33 d. The county lease payments made to the county improvement
34 authority or municipal redevelopment agency pursuant to
35 subsection c. of this section shall not be subject to any cap on
36 appropriations or on spending or to any tax levy cap. The county
37 lease payments shall be sufficient to pay debt service on the county
38 improvement authority or municipal redevelopment agency bonds
39 issued to fund the school facilities project or any refunding bonds,
40 that remains after the application of any State debt service aid paid
41 on those bonds pursuant to section 9 of P.L.2000, c.72 (C.18A:7G-
42 9). The county lease payments shall be payable over the life of the
43 bonds.

44 e. When the bonds issued by a county improvement authority
45 or municipal redevelopment authority are no longer outstanding, the
46 leases and liens of the county and the county improvement authority
47 or municipal redevelopment agency shall expire and the school
48 facilities project shall be solely vested in the school district. The
49 school district shall be responsible for the operation, maintenance,

1 and improvement of the school facility upon the completion of the
2 school facilities project.

3

4 6. (New section) a. Notwithstanding any provision of law to
5 the contrary, when the development authority undertakes a school
6 facilities project on behalf of a district, and the project will be
7 constructed on a brownfield site, the development authority shall
8 not be responsible for any remediation costs associated with the
9 brownfield site.

10 b. The development authority shall not commence the
11 construction of the school facilities project until all remediation of
12 the brownfield site has been completed, which remediation costs
13 shall be supported by the local share of the project or any other
14 funding provided by the State or federal government to address the
15 remediation of brownfield sites.

16 c. As used in this section, the terms “brownfield site,”
17 “remediation,” “remediation costs” shall have the same meanings as
18 defined in section 10 of P.L.2020, c.156 (C.34:1B-278).

19

20 7. Section 9 of P.L.2000, c.72 (C.18A:7G-9) is amended to
21 read as follows:

22 9. a. State debt service aid for capital investment in school
23 facilities for a district other than an SDA district which elects not to
24 finance the project under section 15 of P.L.2000, c.72 (C.18A:7G-
25 15), shall be distributed upon a determination of preliminary
26 eligible costs by the commissioner, according to the following
27 formula:

28 Aid is the sum of A for each issuance of school bonds issued for
29 a school facilities project approved by the commissioner after the
30 effective date of P.L.2000, c.72 (C.18A:7G-1 et al.)

31 where

32 $A = B \times AC/P \times DAP \times M$, with $AC/P = 1$

33 whenever AC/P would otherwise yield a number greater than one,

34 and where:

35 B is the district's debt service for the individual issuance for the
36 fiscal year;

37 AC is the preliminary eligible costs determined pursuant to
38 section 7 of P.L.2000, c.72 (C.18A:7G-7);

39 P is the principal of the individual issuance plus any other
40 funding sources approved for the school facilities project;

41 DAP is the district's district aid percentage as defined pursuant to
42 section 3 of P.L.2000, c.72 (C.18A:7G-3) and where DAP shall not
43 be less than **40%** 40 percent, except that if the project's design
44 conforms to a model school design established by the development
45 authority pursuant to paragraph (2) of subsection h. of section 4 of
46 P.L.2000, c.72 (C.18A:7G-4), the DAP shall be increased by 15
47 percent; and

1 M is a factor representing the degree to which a district has
2 fulfilled maintenance requirements for a school facilities project
3 determined pursuant to subsection b. of this section.

4 For county special services school districts, DAP shall be that of
5 the county vocational school district in the same county.

6 Notwithstanding the provisions of this subsection to the contrary,
7 DAP for a county vocational school district school facilities project
8 that is approved by the commissioner following the effective date of
9 P.L.2009, c.185 shall equal the greater of the district's district aid
10 percentage as defined pursuant to section 3 of P.L.2000, c.72
11 (C.18A:7G-3) or the percentage of the students in the county
12 vocational school district's resident enrollment who reside in SDA
13 districts; except that DAP shall not be less than ~~40%~~ 40 percent
14 or greater than ~~90%~~ 90 percent.

15 b. The maintenance factor (M) shall be 1.0 except when one of
16 the following conditions applies, in which case the maintenance
17 factor shall be as specified:

18 (1) Effective ten years from the date of the enactment of
19 P.L.2000, c.72 (C.18A:7G-1 et al.), the maintenance factor for aid
20 for reconstruction, remodeling, alteration, modernization,
21 renovation or repair, or for an addition to a school facility, shall be
22 zero for all school facilities projects for which the district fails to
23 demonstrate over the ten years preceding issuance a net investment
24 in maintenance of the related school facility of at least ~~2%~~ two
25 percent of the replacement cost of the school facility, determined
26 pursuant to subsection b. of section 7 of P.L.2000, c.72 (C.18A:7G-
27 7) using the area cost allowance of the year ten years preceding the
28 year in which the school bonds are issued.

29 (2) For new construction, additions, and school facilities aided
30 under subsection b. of section 7 of P.L.2000, c.72 (C.18A:7G-7)
31 supported by financing issued for projects approved by the
32 commissioner after the effective date of P.L.2000, c.72 (C.18A:7G-
33 1 et al.), beginning in the fourth year after occupancy of the school
34 facility, the maintenance factor shall be reduced according to the
35 following schedule for all school facilities projects for which the
36 district fails to demonstrate in the prior fiscal year an investment in
37 maintenance of the related school facility of at least two-tenths of
38 ~~1%~~ one percent of the replacement cost of the school facility,
39 determined pursuant to subsection b. of section 7 of P.L.2000, c.72
40 (C.18A:7G-7).

Maintenance Percentage	Maintenance Factor (M)
.199% - .151%	75%
.150% - .100%	50%
Less than .100%	Zero

45 (3) Within one year of the enactment of P.L.2000, c.72
46 (C.18A:7G-1 et al.), the commissioner shall promulgate rules
47 requiring districts to develop a long-range maintenance plan and

1 specifying the expenditures that qualify as an appropriate
2 investment in maintenance for the purposes of this subsection.

3 c. Any district which obtained approval from the commissioner
4 since September 1, 1998 and prior to the effective date of P.L.2000,
5 c.72 (C.18A:7G-1 et al.) of the educational specifications for a
6 school facilities project or obtained approval from the Department
7 of Community Affairs or the appropriately licensed municipal code
8 official since September 1, 1998 of the final construction plans and
9 specifications, and the district has issued debt, may elect to have the
10 final eligible costs of the project determined pursuant to section 5 of
11 P.L.2000, c.72 (C.18A:7G-5) and to receive debt service aid under
12 this section or under section 10 of P.L.2000, c.72 (C.18A:7G-10).

13 Any district which received approval from the commissioner for
14 a school facilities project at any time prior to the effective date of
15 P.L.2000, c.72 (C.18A:7G-1 et al.), and has not issued debt, other
16 than short term notes, may submit an application pursuant to section
17 5 of P.L.2000, c.72 (C.18A:7G-5) to have the final eligible costs of
18 the project determined pursuant to that section and to have the New
19 Jersey Economic Development Authority construct the project; or,
20 at its discretion, the district may choose to receive debt service aid
21 under this section or under section 10 of P.L.2000, c.72 (C.18A:7G-
22 10) or to receive a grant under section 15 of P.L.2000, c.72
23 (C.18A:7G-15).

24 For the purposes of this subsection, the "issuance of debt" shall
25 include lease purchase agreements in excess of five years.

26 d. For school bonds issued for a school facilities project after
27 the effective date of P.L.2000, c.72 (C.18A:7G-1 et al.) and prior to
28 the effective date of P.L.2008, c.39 (C.18A:7G-14.1 et al.), State
29 debt service aid shall be calculated in accordance with the
30 provisions of this section as the same read before the effective date
31 of P.L.2008, c.39 (C.18A:7G-14.1 et al.).

32 (cf: P.L.2009, c.185, s.2)

33

34 8. (New section) a. Notwithstanding any provision of law to
35 the contrary, when the board or education of a district determines
36 that it is necessary to sell bonds to raise money for a school
37 facilities project, the board of education may issue such bonds as
38 are necessary to fund the project without the approval of the voters
39 of the district, provided that before issuing the bonds:

40 (1) the board of education has entered into a written contract
41 with one or more municipalities, wherein the municipality shall
42 annually remit to the board of education not less than 60 percent of
43 the payments in lieu of taxes received by the municipality from one
44 or more designated properties, and the board of education shall
45 pledge all remittances to the repayment of the bonds; and

46 (2) the bond issuance and contract has been approved by the
47 commissioner pursuant to subsection b. of this section.

48 b. (1) If a board of education elects to issue bonds pursuant to
49 this section, the board of education shall apply to the commissioner

1 for approval of the bond issuance. In addition to any other
2 information that the commissioner may deem appropriate, the
3 application shall include: a description of the school facilities
4 project; a certification of the amount to be raised by the bonds; a
5 description of the anticipated annual debt service costs, including
6 the amounts to be supported by municipal remittances; and a copy
7 of the contract.

8 (2) Within 30 days of receiving the application, the
9 commissioner shall approve, conditionally approve, or reject the
10 application. If the application is conditionally approved, the
11 commissioner shall state, in writing, the revisions that shall be made
12 to the contract in order for the application to be approved. If the
13 commissioner does not approve, conditionally approve, or reject the
14 application within 30 days of the date of receipt, the commissioner
15 shall be deemed to have approved the application.

16 c. The commissioner, in consultation with the Local Finance
17 Board, shall promulgate, pursuant to "Administrative Procedure
18 Act," P.L.1968, c.410 (C.52:14B-1 et seq.), such rules and
19 regulations as may be necessary to implement the provisions of this
20 section. At a minimum, the rules and regulations shall establish
21 requirements and procedures concerning the process by which
22 municipalities and districts may enter into contracts pursuant to this
23 section.

24

25 9. Section 14 of P.L.2000, c.72 (C.18A:7G-14) is amended to
26 read as follows:

27 14. Notwithstanding any other provisions of law to the contrary:

28 a. The financing authority shall have the power, pursuant to the
29 provisions of P.L.2000, c.72 (C.18A:7G-1 et al.), P.L.1974, c.80
30 (C.34:1B-1 et seq.) and P.L.2007, c.137 (C.52:18A-235 et al.), to
31 issue bonds and refunding bonds, incur indebtedness and borrow
32 money secured, in whole or in part, by moneys received pursuant to
33 sections 17, 18 and 19 of P.L.2000, c.72 (C.18A:7G-17, C.18A:7G-
34 18 and C.18A:7G-19) for the purposes of: financing all or a portion
35 of the costs of school facilities projects and any costs related to the
36 issuance thereof, including, but not limited to, the administrative,
37 insurance, operating and other expenses of the financing authority
38 to undertake the financing, and the development authority to
39 undertake the planning, design, and construction of school facilities
40 projects; lending moneys to local units to pay the costs of all or a
41 portion of school facilities projects and any costs related to the
42 issuance thereof; funding the grants to be made pursuant to section
43 15 of P.L.2000, c.72 (C.18A:7G-15); and financing the acquisition
44 of school facilities projects to permit the refinancing of debt by the
45 district pursuant to section 16 of P.L.2000, c.72 (C.18A:7G-16).
46 Notwithstanding the provisions of this section to the contrary,
47 bonds and refunding bonds, or any indebtedness or other borrowed
48 moneys, secured, in whole or in part, by moneys received pursuant
49 to sections 17, 18 and 19 of P.L.2000, c.72 (C.18A:7G-17,

1 C.18A:7G-18 and C.18A:7G-19) under this section after the
2 effective date of P.L. , c. (C.) (pending before the
3 Legislature as this bill) shall not be issued for the purposes of
4 financing costs related to the issuance of the bonds, indebtedness, or
5 other borrowed moneys including, but not limited to, the
6 administrative, insurance, operating and other expenses of the
7 financing authority to undertake the financing and the development
8 authority to undertake the planning, design, and construction of
9 school facilities projects. Bonds, indebtedness, or other borrowed
10 moneys issued pursuant to this section shall also not be issued for
11 the purposes of financing any costs related to the issuance of
12 moneys lent to local units to pay the costs of all or a portion of
13 school facilities projects. The administrative, insurance, operating,
14 and other expenses of the financing authority related to undertaking
15 the financing of school facilities projects pursuant to this section
16 shall be supported by State appropriations. The administrative,
17 insurance, operating, and other expenses of the development
18 authority to undertake the planning, design, and construction of
19 school facilities projects shall be funded by State appropriations
20 pursuant to paragraph (2) of subsection o. of section 4 of P.L.2007,
21 c.137, (C.52:18A-238). Bonds and refunding bonds, or any
22 indebtedness or other borrowed moneys issued pursuant to this
23 section after the effective date of P.L. , c. (C.) (pending
24 before the Legislature as this bill) shall only be issued for the
25 purposes of: financing all or a portion of the costs of school
26 facilities projects; lending moneys to local units to pay the costs of
27 all or a portion of school facilities projects; funding the grants to be
28 made pursuant to section 15 of P.L.2000, c.72 (C.18A:7G-15); and
29 financing the acquisition of school facilities projects to permit the
30 refinancing of debt by the district pursuant to section 16 of
31 P.L.2000, c.72 (C.18A:7G-16). The aggregate principal amount of
32 the bonds, notes or other obligations issued by the financing
33 authority as authorized pursuant to P.L.2000, c.72 (C.18A:7G-1 et
34 al.) shall not exceed: \$100,000,000 for the State share of costs for
35 county vocational school district school facilities projects;
36 \$6,000,000,000 for the State share of costs for Abbott district
37 school facilities projects; and \$2,500,000,000 for the State share of
38 costs for school facilities projects in all other districts. The
39 aggregate principal amount of the bonds, notes or other obligations
40 issued by the financing authority as authorized pursuant to
41 P.L.2008, c.39 (C.18A:7G-14.1 et al.) shall not exceed:
42 \$2,900,000,000 for the State share of costs of SDA district school
43 facilities projects; and \$1,000,000,000 for the State share of costs
44 for school facilities projects in all other districts, \$50,000,000 of
45 which shall be allocated for the State share of costs for county
46 vocational school district school facilities projects. This limitation
47 shall not include any bonds, notes or other obligations issued for
48 refunding purposes.

1 The financing authority may establish reserve funds to further
2 secure bonds and refunding bonds issued pursuant to this section
3 and may issue bonds to pay for the administrative, insurance and
4 operating costs of the financing authority and the development
5 authority in carrying out the provisions of this act. Notwithstanding
6 the provisions of this section to the contrary, the proceeds of bonds
7 issued pursuant to this section after the effective date of P.L. , c.
8 (C.) (pending before the Legislature as this bill) shall not pay
9 for any costs related to the issuance of the bonds, including the
10 administrative, insurance and operating costs of the financing
11 authority and the development authority in carrying out the
12 provisions of P.L.2000, c.72 (C.18A:7G-1 et al.). Such costs of the
13 financing authority shall be supported by State appropriations. Such
14 costs of the development authority shall be funded by State
15 appropriations pursuant to paragraph (2) of subsection o. of section
16 4 of P.L.2007, c.137, (C.52:18A-238). In addition to its bonds and
17 refunding bonds, the financing authority shall have the power to
18 issue subordinated indebtedness, which shall be subordinate in lien
19 to the lien of any or all of its bonds or refunding bonds as the
20 financing authority may determine.

21 b. The financing authority shall issue the bonds or refunding
22 bonds in such manner as it shall determine in accordance with the
23 provisions of P.L.2000, c.72 (C.18A:7G-1 et al.), P.L.1974, c.80
24 (C.34:1B-1 et seq.), and P.L.2007, c.137 (C.52:18A-235 et al.);
25 provided that notwithstanding any other law to the contrary, no
26 resolution adopted by the financing authority authorizing the
27 issuance of bonds or refunding bonds pursuant to this section shall
28 be adopted or otherwise made effective without the approval in
29 writing of the State Treasurer; and refunding bonds issued to refund
30 bonds issued pursuant to this section shall be issued on such terms
31 and conditions as may be determined by the financing authority and
32 the State Treasurer. The financing authority may, in any resolution
33 authorizing the issuance of bonds or refunding bonds issued
34 pursuant to this section, pledge the contract with the State Treasurer
35 provided for pursuant to section 18 of P.L.2000, c.72 (C.18A:7G-
36 18), or any part thereof, or may pledge all or any part of the
37 repayments of loans made to local units pursuant to section 19 of
38 P.L.2000, c.72 (C.18A:7G-19) for the payment or redemption of the
39 bonds or refunding bonds, and covenant as to the use and
40 disposition of money available to the financing authority for
41 payment of the bonds and refunding bonds. All costs associated
42 with the issuance of bonds and refunding bonds by the financing
43 authority for the purposes set forth in this act may be paid by the
44 financing authority from amounts it receives from the proceeds of
45 the bonds or refunding bonds, and from amounts it receives
46 pursuant to sections 17, 18, and 19 of P.L.2000, c.72 (C.18A:7G-
47 17, C.18A:7G-18 and C.18A:7G-19). The costs may include, but
48 shall not be limited to, any costs relating to the issuance of the
49 bonds or refunding bonds, administrative costs of the financing

1 authority attributable to the making and administering of loans and
2 grants to fund school facilities projects, and costs attributable to the
3 agreements entered into pursuant to subsection d. of this section.
4 Notwithstanding the provisions of this section to the contrary, the
5 proceeds of bonds and refunding bonds that are issued pursuant to
6 this section after the effective date of P.L. _____, c. _____
7 (pending before the Legislature as this bill) shall not pay for the
8 administrative costs of the financing authority associated with the
9 issuance of the bonds and refunding bonds, including, but not
10 limited to, administrative costs of the financing authority
11 attributable to the making and administering of loans and grants to
12 fund school facilities projects, and costs attributable to the
13 agreements entered into pursuant to subsection d. of this section.
14 Such costs of the financing authority shall be supported by State
15 appropriations.

16 c. Each issue of bonds or refunding bonds of the financing
17 authority shall be special obligations of the financing authority
18 payable out of particular revenues, receipts or funds, subject only to
19 any agreements with the holders of bonds or refunding bonds, and
20 may be secured by other sources of revenue, including, but not
21 limited to, one or more of the following:

22 (1) Pledge of the revenues and other receipts to be derived from
23 the payment of local unit obligations and any other payment made
24 to the financing authority pursuant to agreements with any local
25 unit, or a pledge or assignment of any local unit obligations, and the
26 rights and interest of the financing authority therein;

27 (2) Pledge of rentals, receipts and other revenues to be derived
28 from leases or other contractual arrangements with any person or
29 entity, public or private, including one or more local units, or a
30 pledge or assignment of those leases or other contractual
31 arrangements and the rights and interests of the financing authority
32 therein;

33 (3) Pledge of all moneys, funds, accounts, securities and other
34 funds, including the proceeds of the bonds;

35 (4) Pledge of the receipts to be derived from payments of State
36 aid to the financing authority pursuant to section 21 of P.L.2000,
37 c.72 (C.18A:7G-21);

38 (5) Pledge of the contract or contracts with the State Treasurer
39 pursuant to section 18 of P.L.2000, c.72 (C.18A:7G-18);

40 (6) Pledge of any sums remitted to the local unit by donation
41 from any person or entity, public or private, subject to the approval
42 of the State Treasurer;

43 (7) A mortgage on all or any part of the property, real or
44 personal, comprising a school facilities project then owned or
45 thereafter to be acquired, or a pledge or assignment of mortgages
46 made to the financing authority by any person or entity, public or
47 private, including one or more local units and rights and interests of
48 the financing authority therein; and

1 (8) The receipt of any grants, reimbursements or other payments
2 from the federal government.

3 d. The resolution authorizing the issuance of bonds or
4 refunding bonds pursuant to this section may also provide for the
5 financing authority to enter into any revolving credit agreement,
6 agreement establishing a line of credit or letter of credit,
7 reimbursement agreement, interest rate exchange agreement,
8 currency exchange agreement, interest rate floor or cap, options,
9 puts or calls to hedge payment, currency, rate, spread or similar
10 exposure or similar agreements, float agreements, forward
11 agreements, insurance contracts, surety bonds, commitments to
12 purchase or sell bonds, purchase or sale agreements, or
13 commitments or other contracts or agreements and other security
14 agreements approved by the financing authority in connection with
15 the issuance of the bonds or refunding bonds pursuant to this
16 section. In addition, the financing authority may, in anticipation of
17 the issuance of the bonds or the receipt of appropriations, grants,
18 reimbursements or other funds, including, without limitation, grants
19 from the federal government for school facilities projects, issue
20 notes, the principal of or interest on which, or both, shall be payable
21 out of the proceeds of notes, bonds or other obligations of the
22 financing authority or appropriations, grants, reimbursements or
23 other funds or revenues of the financing authority.

24 e. The financing authority is authorized to engage, subject to
25 the approval of the State Treasurer and in such manner as the State
26 Treasurer shall determine, the services of financial advisors and
27 experts, placement agents, underwriters, appraisers, and other
28 advisors, consultants and agents as may be necessary to effectuate
29 the financing of school facilities projects.

30 f. Bonds and refunding bonds issued by the financing authority
31 pursuant to this section shall be special and limited obligations of
32 the financing authority payable from, and secured by, funds and
33 moneys determined by the financing authority in accordance with
34 this section. Notwithstanding any other provision of law or
35 agreement to the contrary, any bonds and refunding bonds issued by
36 the financing authority pursuant to this section shall not be secured
37 by the same property as bonds and refunding bonds issued by the
38 financing authority to finance projects other than school facilities
39 projects. Neither the members of the financing authority nor any
40 other person executing the bonds or refunding bonds shall be
41 personally liable with respect to payment of interest and principal
42 on these bonds or refunding bonds. Bonds or refunding bonds
43 issued pursuant to this section shall not be a debt or liability of the
44 State or any agency or instrumentality thereof, except as otherwise
45 provided by this subsection, either legal, moral or otherwise, and
46 nothing contained in this act shall be construed to authorize the
47 financing authority to incur any indebtedness on behalf of or in any
48 way to obligate the State or any political subdivision thereof, and

1 all bonds and refunding bonds issued by the financing authority
2 shall contain a statement to that effect on their face.

3 g. The State hereby pledges and covenants with the holders of
4 any bonds or refunding bonds issued pursuant to this act that it will
5 not limit or alter the rights or powers vested in the financing
6 authority by this act, nor limit or alter the rights or powers of the
7 State Treasurer in any manner which would jeopardize the interest
8 of the holders or any trustee of the holders, or inhibit or prevent
9 performance or fulfillment by the financing authority or the State
10 Treasurer with respect to the terms of any agreement made with the
11 holders of the bonds or refunding bonds or agreements made
12 pursuant to subsection d. of this section; except that the failure of
13 the Legislature to appropriate moneys for any purpose of this act
14 shall not be deemed a violation of this section.

15 h. The financing authority and the development authority may
16 charge to and collect from local units, districts, the State and any
17 other person, any fees and charges in connection with the financing
18 authority's or development authority's actions undertaken with
19 respect to school facilities projects, including, but not limited to,
20 fees and charges for the financing authority's administrative,
21 organization, insurance, operating and other expenses incident to
22 the financing of school facilities projects, and the development
23 authority's administrative, organization, insurance, operating,
24 planning, design, construction management, acquisition,
25 construction, completion and placing into service and maintenance
26 of school facilities projects. Notwithstanding any provision of this
27 act to the contrary, no SDA district shall be responsible for the
28 payment of any fees and charges related to the development
29 authority's operating expenses.

30 i. Upon the issuance by the financing authority of bonds
31 pursuant to this section, other than refunding bonds, the net
32 proceeds of the bonds shall be transferred to the development
33 authority. The development authority shall establish five funds in
34 which the net proceeds of the bonds issued pursuant to this section,
35 and any State appropriations for school facilities projects, shall be
36 deposited. The five funds shall be as follows:

37 (1) the SDA District Project Fund, in which shall be deposited
38 any funds made available for the State share of costs for SDA
39 district school facilities projects, which funds shall include, but not
40 be limited to, the proceeds of bonds issued pursuant to subsection a.
41 of this section for the State share of costs for SDA district school
42 facilities projects, the proceeds of any general obligation or other
43 bonds that may be authorized for SDA district school facilities
44 projects, and any State appropriations for SDA district school
45 facilities projects; the development authority shall not expend any
46 monies from the SDA District Project Fund and shall not conduct
47 any activities related to the construction of an SDA district school
48 facilities projects, except for site identification and investigation,
49 until the project is authorized by a specific appropriation of the

1 Legislature in accordance with subparagraph (e) of paragraph (3) of
2 subsection m. of section 5 of P.L.2000, c.72 (C.18A:7G-5);

3 (2) the Regular Operating District Construction and
4 Maintenance Grants Fund, in which shall be deposited any funds
5 made available for the State share of costs for school facilities
6 projects in districts other than SDA districts, which funds shall
7 include, but not be limited to, the proceeds of bonds issued pursuant
8 to subsection a. of this section for the State share of costs for school
9 facilities projects in districts other than SDA districts, the proceeds
10 of any general obligation or other bonds that may be authorized for
11 school facilities projects in districts other than SDA districts, and
12 any State appropriations for school facilities projects in districts
13 other than SDA districts;

14 (3) the Vocational-Technical School District Project Fund, in
15 which shall be deposited any funds made available for the State
16 share of costs for school facilities projects in county vocational
17 school districts, which funds shall include, but not be limited to, the
18 proceeds of bonds issued pursuant to subsection a. of this section
19 for the State share of costs for county vocational school district
20 school facilities projects, the proceeds of any general obligation or
21 other bonds that may be authorized for county vocational school
22 district school facilities projects, and any State appropriations for
23 school facilities projects in county vocational school districts;

24 (4) (a) the SDA District Emergent Project Fund, in which shall
25 be deposited any funds made available for emergent projects in
26 SDA districts, which funds shall include, but not be limited to, the
27 proceeds of bonds issued pursuant to subsection a. of this section
28 for the State share of costs for SDA district emergent projects, the
29 proceeds of any general obligation or other bonds that may be
30 authorized for SDA district emergent projects, and any State
31 appropriations for SDA district emergent projects;

32 (b) as used in this paragraph, “emergent project” means a school
33 facilities project or other capital project eligible for State funding
34 that would alleviate a condition that, if not corrected on an
35 expedited basis, would render a building or facility so potentially
36 injurious or hazardous that it causes an imminent peril to the health
37 and safety of students or staff; and

38 (5) the Charter School and Renaissance School Project
39 Construction and Maintenance Fund in which shall be deposited any
40 funds made available for school facilities projects of charter schools
41 or renaissance school projects located in SDA districts approved
42 pursuant to section 4 of P.L. , c. (C.) (pending before the
43 Legislature as this bill), which funds shall include, but not be
44 limited to, the proceeds of any general obligation bonds that may be
45 authorized for SDA district charter school or renaissance school
46 project school facilities projects or any State appropriations for
47 SDA district charter school or renaissance school project school
48 facilities projects.

49 (cf: P.L.2008, c.39, s.4)

1 10. Section 15 of P.L.2000, c.72 (C.18A:7G-15) is amended to
2 read as follows:

3 15. a. In the case of a district other than an SDA district, for any
4 project approved by the commissioner after the effective date of
5 **【this act】** P.L.2000, c.72 (C.18A:7G-1 et al.), the district may elect
6 to receive a one-time grant for the State share of the project in
7 accordance with the provisions of subsection b. of this section
8 rather than annual debt service aid under section 9 of P.L.2000, c.72
9 (C.18A:7G-9). The State share payable to the district shall equal
10 the product of the project's final eligible costs and the district aid
11 percentage or **【40%】** 40 percent, whichever is greater, except that if
12 the project's design conforms to a model school design established
13 by the development authority pursuant to paragraph (2) of
14 subsection h. of section 4 of P.L.2000, c.72 (C.18A:7G-4), the
15 district aid percentage shall be increased by 15 percent above the
16 amount calculated under section 3 of P.L.2000, c.72 (C.18A:7G-3).

17 b. The commissioner shall establish a process for the annual
18 allocation of grant funding. Under that process, the commissioner
19 shall annually notify districts of the date on which the
20 commissioner shall begin to receive applications for grant funding.
21 A district shall have 90 days from that date to submit an application
22 to the commissioner. The commissioner shall make a decision on a
23 district's application within 90 days of the submission of all such
24 applications and shall allocate the grant funding in accordance with
25 the priority process established pursuant to paragraph (4) of
26 subsection m. of section 5 of P.L.2000, c.72 (C.18A:7G-5).

27 c. The development authority shall provide grant funding for
28 the State's share of the final eligible costs of a school facilities
29 project pursuant to an agreement between the district and the
30 development authority which shall, in addition to other terms and
31 conditions, set forth the terms of disbursement of the State share.
32 The funding of the State share shall not commence until the district
33 secures financing for the local share.

34 (cf: P.L.2008, c.39, s.5)

35

36 11. Section 23 of P.L.2000, c.23 (C.18A:7G-23) is amended to
37 read as follows:

38 23. a. Not less than the prevailing wage rate determined by the
39 Commissioner of Labor and Workforce Development pursuant to
40 the provisions of P.L.1963, c.150 (C.34:11-56.25 et seq.) shall be
41 paid to workers employed in the performance of construction
42 contracts in connection with any school facilities project that is
43 undertaken by the development authority, a redevelopment entity,
44 **【or】** a district, or a charter school or renaissance school project and
45 any contractor who violates the provisions of this subsection shall
46 be prohibited from subsequently bidding on any State or district
47 contract.

1 b. Registration fees collected pursuant to P.L.1999, c.238
2 (C.34:11-56.48 et seq.) shall be applied toward the enforcement and
3 administrative costs of the Division of Workplace Standards, Office
4 of Wage and Hour Compliance, Public Contracts section and
5 Registration section within the Department of Labor and Workforce
6 Development.
7 (cf: P.L.2007, c.137, s.34)

8
9 12. Section 57 of P.L.2000, c.72 (C.18A:7G-31) is amended to
10 read as follows:

11 57. a. Notwithstanding any provision of this act or any other
12 law or regulation to the contrary, a board of education or a board of
13 school estimate, as appropriate, may, through the adoption of a
14 board resolution, establish a capital reserve account. The account
15 shall be established and held in accordance with GAAP and shall be
16 subject to annual audit. The funds in the capital reserve account
17 shall be used to finance the district's long-range facilities plan
18 required pursuant to subsection a. of section 4 of **[this act]**
19 P.L.2000, c.72 (C.18A:7G-4) and the amount in the account shall
20 not exceed the total amount of local funds required to implement
21 the plan.

22 b. A board of education or a board of school estimate, as
23 appropriate, may appropriate funds in the district's annual budget
24 for the establishment of the capital reserve account pursuant to
25 subsection a. of this section or to supplement the funds in the
26 account as required to meet the needs of the long-range facilities
27 plan.

28 c. A board of education may, by resolution of the board:
29 transfer funds from the capital reserve account to the appropriate
30 line item account for the funding of capital projects as contained in
31 the district's long-range facilities plan; and transfer funds from the
32 capital reserve account to the debt service account for the purpose
33 of offsetting principal and interest payments for bonded projects
34 which are included in the district's long-range facilities plan.

35 d. A board of education may, by resolution of the board:
36 transfer funds from the capital reserve account to the appropriate
37 line item account for the funding of capital projects subject to a
38 public-private partnership agreement entered into pursuant to
39 section 2 of P.L.2018, c.90 (C.18A:18A-60); and transfer funds
40 from the capital reserve account to the debt service account for the
41 purpose of offsetting principal and interest payments for bonded
42 projects subject to a public-private partnership agreement entered
43 into pursuant to section 2 of P.L.2018, c.90 (C.18A:18A-60).

44 (cf: P.L.2004, c.73, s.5)

45
46 13. (New section) a. Within 120 days of the effective date of
47 P.L. , c. (C.) (pending before the Legislature as this bill),
48 the Commissioner of Education, in consultation with the New
49 Jersey Schools Development Authority, shall develop guidance for

1 school districts concerning the incorporation of construction
2 contract provisions that encourage the completion of construction
3 projects on schedule. The commissioner, in consultation with the
4 development authority, may update the guidance as the
5 commissioner deems necessary.

6 b. At a minimum, the guidance shall include sample provisions
7 that school districts may include in future issuances of construction
8 contracts. In addition to any other considerations that the
9 commissioner may deem appropriate, guidance shall prescribe:

10 (1) industry-leading penalties for the late delivery of projects by
11 contractors; and

12 (2) incentives for contractors who deliver projects on time and
13 under budget.

14 c. Within five days of developing the guidance, or any revision
15 thereto, the commissioner shall post the guidance on the official
16 Internet website of the department.

17

18 14. Section 2 of P.L.2018, c.90 (C.18A:18A-60) is amended to
19 read as follows:

20 2. a. As used in this section:

21 "Authority" means the New Jersey Economic Development
22 Authority established pursuant to section 4 of P.L.1974, c.80
23 (C.34:1B-4).

24 "Bundling" means the use of a solicitation for multiple projects
25 in one single contract, through a public-private partnership project
26 delivery method, the result of which restricts competition.

27 "Project" shall have the same meaning as provided in section 3
28 of P.L.2000, c.72 (C.18A:7G-3) for school facilities project, and
29 shall include any infrastructure or facility used or to be used by the
30 public or in support of a public purpose or activity.

31 "Public-private partnership agreement" means an agreement
32 entered into by a school district and a private entity pursuant to this
33 section for the purpose of permitting a private entity to assume full
34 financial and administrative responsibility for the development,
35 construction, reconstruction, repair, alteration, improvement,
36 extension, operation, and maintenance of a school facilities project
37 of, or for the benefit of, the school district.

38 "School district" shall have the same meaning as provided in
39 section 3 of P.L.2000, c.72 (C.18A:7G-3) and includes a local
40 school district, regional school district, or county special services
41 school district or county vocational school established and
42 operating under the provisions of Title 18A of the New Jersey
43 Statutes that can demonstrate to the satisfaction of the
44 Commissioner of Education and the Chief Executive Officer of the
45 Schools Development Authority that a school facility is necessary
46 due to overcrowding or is in need of replacement. The term "school
47 district" shall include a charter school established under P.L.1995,
48 c.426 (C.18A:36A-1 et seq.)

1 b. (1) A school district may enter into a contract with a private
2 entity, subject to subsection f. of this section, to be referred to as a
3 public-private partnership agreement, that permits the private entity
4 to assume full financial and administrative responsibility for a
5 project of, or for the benefit of, the school district~~],~~ provided that
6 the project is financed in whole by the private entity~~],~~ except that a
7 school district may, by resolution, draw against its capital reserve
8 account in order to finance a portion of a project for which a school
9 district and private entity enter into a public-private partnership
10 agreement pursuant to the provisions of this section.

11 (2) A public-private partnership agreement may include an
12 agreement under which a school district and a private entity enter
13 into a lease of a revenue-producing public building, structure, or
14 facility in exchange for up-front or structured financing by the
15 private entity for the project. Under the lease agreement, the
16 private entity shall be responsible for the management, operation,
17 and maintenance of the building, structure, or facility. The private
18 entity shall receive some or all, as per the agreement, of the revenue
19 generated by the building, structure, or facility, and shall operate
20 the building, structure, or facility in accordance with school district
21 standards. At the end of the lease term, subsequent revenue
22 generated by the building, structure, or facility, along with
23 management, operation, and maintenance responsibility, shall revert
24 to the school district. A lease agreement entered into pursuant to
25 this section shall be limited in duration to a term of not more than
26 30 years. A lease agreement shall be subject to all applicable
27 provisions of current law governing leases by a school district not
28 inconsistent with the provisions of this section.

29 (3) Bundling of projects shall be prohibited under this section.

30 c. (1) A private entity that assumes financial and
31 administrative responsibility for a project pursuant to this section
32 shall not be subject to, unless otherwise set forth herein, the
33 procurement and contracting requirements of all statutes applicable
34 to the school district at which the project is completed, including,
35 but not limited to, the "Public School Contracts Law,"
36 N.J.S.18A:18A-1 et seq.

37 (2) For the purposes of facilitating the financing of a project
38 pursuant to this section, a public entity may become the owner or
39 lessee of the project or the lessee of the land, or both, may become
40 the lessee of a building, structure, or facility to which the school
41 district holds title, may issue indebtedness in accordance with the
42 public entity's enabling legislation and, notwithstanding any
43 provision of law to the contrary, shall be empowered to enter into
44 contracts with a private entity and its affiliates without being
45 subject to the procurement and contracting requirements of any
46 statute applicable to the public entity provided that the private
47 entity has been selected by the school district pursuant to a
48 solicitation of proposals or qualifications from at least two private
49 entities. For the purposes of this subsection, a public entity shall

1 include the New Jersey Economic Development Authority, and any
2 project undertaken pursuant to this section of which the authority
3 becomes the owner or lessee, or which is situated on land of which
4 the authority becomes the lessee, shall be deemed a "project" under
5 "The New Jersey Economic Development Authority Act," P.L.1974,
6 c.80 (C.34:1B-1 et seq.).

7 (3) Prior to the commencement of work on a project, the private
8 entity shall establish a construction account and appoint a third-
9 party financial institution, who shall be prequalified by the State
10 Treasurer to act as a collateral agent and manage the construction
11 account. The construction account shall include the funding,
12 financial instruments, or both, that shall be used to **[fully]**
13 capitalize and fund the project, and the collateral agent shall
14 maintain a full accounting of the funds and instruments in the
15 account. The funds and instruments in the construction account
16 shall be held in trust for the benefit of the contractor, construction
17 manager, and design-build team involved in the project. The funds
18 and instruments in the construction account shall not be the
19 property of the private entity unless all amounts due to the
20 construction account beneficiaries are paid in full. The construction
21 account shall not be designated for more than one project.

22 d. Each worker employed in the construction, rehabilitation, or
23 building maintenance services of facilities by a private entity that
24 has entered into a public-private partnership agreement with a
25 school district pursuant to this section shall be paid not less than the
26 prevailing wage rate for the worker's craft or trade as determined by
27 the Commissioner of Labor and Workforce Development pursuant
28 to P.L.1963, c.150 (C.34:11-56.25 et seq.) and P.L.2005, c.379
29 (C.34:11-56.58 et seq.).

30 e. (1) All building construction projects under a public-private
31 partnership agreement entered into pursuant to this section shall
32 contain a project labor agreement. The project labor agreement
33 shall be subject to the provisions of P.L.2002, c.44 (C.52:38-1 et
34 seq.), and shall be in a manner that to the greatest extent possible
35 enhances employment opportunities for individuals residing in the
36 county of the project's location. The general contractor,
37 construction manager, design-build team, or subcontractor for a
38 construction project proposed in accordance with this paragraph
39 shall be registered pursuant to the provisions of P.L.1999, c.238
40 (C.34:11-56.48 et seq.), and shall be classified by the Division of
41 Property Management and Construction, or shall be prequalified by
42 the Department of Transportation, as appropriate, to perform work
43 on a public-private partnership project.

44 (2) All projects proposed in accordance with this section shall
45 be submitted to the State Treasurer, in consultation with the
46 Department of Education, Schools Development Authority, and the
47 New Jersey Economic Development Authority for a review and
48 approval in accordance with subsection f. of this section prior to the
49 execution of the public-private partnership agreement and, when

1 practicable, are encouraged to adhere to the Leadership in Energy
2 and Environmental Design Green Building Rating System as
3 adopted by the United States Green Building Council, the Green
4 Globes Program adopted by the Green Building Initiative, or a
5 comparable nationally recognized, accepted, and appropriate
6 sustainable development rating system.

7 (3) The general contractor, construction manager, or design-
8 build team shall be required to post a performance bond to ensure
9 the completion of the project and a payment bond guaranteeing
10 prompt payment of moneys due in accordance with and conforming
11 to the requirements of N.J.S.2A:44-143 et seq.

12 (4) Prior to being submitted to the State Treasurer for review
13 and approval, all projects proposed in accordance with this section
14 shall be subject to a public hearing, the record of which shall have
15 been kept open for a period of seven days following the conclusion
16 of the hearing, after the ranking of proposals takes place pursuant to
17 paragraph (5) of subsection j. of this section. The school district
18 shall provide notice of the public hearing no less than 14 days prior
19 to the date of the hearing. The notice shall prominently state the
20 purpose and nature of the proposed project, and shall be published
21 on the official Internet website of the school district and in at least
22 one or more newspapers with Statewide circulation.

23 (5) Prior to entering into a public -private partnership, the
24 school district must determine: (i) the benefits to be realized by the
25 project, (ii) the cost of the project if it is developed by the public
26 sector supported by comparisons to comparable projects, (iii) the
27 maximum public contribution that the school district will allow
28 under the public -private partnership, (iv) a comparison of the
29 financial and non-financial benefits of the public-private
30 partnership compared to other options including the public sector
31 option, (v) a list of risks, liabilities and responsibilities to be
32 transferred to the private entity and those to be retained by the
33 school district, and (vi) if the project has a high, medium or low
34 level of project delivery risk and how the public is protected from
35 these risks.

36 (6) Prior to entering into a public- private partnership, the
37 school district at a public hearing shall find that the project is in the
38 best interest of the public by finding that (i) it will cost less than the
39 public sector option, or if it costs more there are factors that warrant
40 the additional expense, (ii) there is a public need for the project and
41 the project is consistent with existing long-term plans, (iii) there are
42 specific significant benefits to the project, (iv) there are specific
43 significant benefits to using the public-private partnership instead
44 of other options including No-Build, (v) the private development
45 will result in timely and efficient development and operation, and
46 (vi) the risks, liabilities and responsibilities transferred to the
47 private entity provide sufficient benefits to warrant not using other
48 means of procurement.

1 f. (1) All projects proposed in accordance with this section shall
2 be submitted to the State Treasurer for review and approval, which
3 shall be conducted in consultation with the Commissioner of the
4 Department of Education and the Chief Executive Officer of the
5 Schools Development Authority. The Commissioner of the
6 Department of Education shall determine if a project is subject to
7 voter approval pursuant to N.J.S.18A:24-10. If a project is subject
8 to voter approval, such approval is required prior to progressing
9 thru the procurement process. The projects are encouraged, when
10 practicable, to adhere to the green building manual prepared by the
11 Commissioner of Community Affairs pursuant to section 1 of
12 P.L.2007, c.132 (C.52:27D-130.6).

13 (2) All projects proposed in accordance with this section that
14 have a transportation component or impact the transportation
15 infrastructure shall be submitted to the Department of
16 Transportation. The State Treasurer shall consult with the
17 Department of Transportation in making its final determination.

18 (3) (a) In order for an application to be complete and considered
19 by the State Treasurer, the application shall include, but not be
20 limited to: (i) a full description of the proposed public-private
21 partnership agreement between the school district and the private
22 developer, including all information obtained by and findings of the
23 school district pursuant to paragraphs (4) and (5) of subsection (e)
24 of this section; (ii) a full description of the project, including a
25 description of any agreement for the lease of a revenue-producing
26 facility related to the project; (iii) the estimated costs and financial
27 documentation for the project showing the underlying financial
28 models and assumptions that determined the estimated costs. The
29 financial documentation must include at least three different
30 projected estimated costs showing scenarios in which materially
31 different economic circumstances are assumed and an explanation
32 for how the estimated costs were determined based on the three
33 scenarios; (iv) a timetable for completion of the construction of the
34 project; (v) an analysis of all available funding options for the
35 project, including an analysis of the financial viability and
36 advisability of such project, along with evidence of the public
37 benefit in advancing the project as a public-private partnership; (vi)
38 a record of the public hearing held pursuant to paragraph (4) of
39 subsection e. of this section, which shall have been kept open for a
40 period of seven days following the conclusion of the hearing; (vii)
41 any other requirements that the State Treasurer deems appropriate
42 or necessary. The application shall also include a resolution by the
43 school district's governing body of its intent to enter into a public-
44 private partnership agreement pursuant to this section.

45 (b) As part of the estimated costs and financial documentation
46 for the project, the application shall contain a long-range
47 maintenance plan and a long-range maintenance bond and shall
48 specify the expenditures that qualify as an appropriate investment in
49 maintenance. The long-range maintenance plan shall be approved

1 by the State Treasurer pursuant to regulations promulgated by the
2 State Treasurer that reflect national building maintenance standards
3 and other appropriate building maintenance benchmarks.

4 (4) The State Treasurer, in consultation with the authority, the
5 Commissioner of the Department of Education, and the Chief
6 Executive Officer of the Schools Development Authority, shall
7 review all completed applications, and request additional
8 information as is needed to make a complete assessment of the
9 project. No public-private partnership agreement shall be executed
10 until approval has been granted by the State Treasurer. Prior to a
11 final decision by the State Treasurer on the application, the
12 authority, the Department of Education, and the Schools
13 Development Authority shall be afforded the opportunity to provide
14 comments on the application that they deem appropriate, and the
15 State Treasurer shall consider any comments submitted by the
16 authority, the Department of Education, and the Schools
17 Development Authority with respect to the application. The State
18 Treasurer will find that: (i) the school district's assumptions
19 regarding the project's scope, its benefits, its risks and the cost of
20 the public sector option were fully and reasonably developed (ii) the
21 design of the project is feasible; (iii) the experience and
22 qualifications of the private entity; (iv) the financial plan is sound;
23 (v) the long-range maintenance plan is adequate to protect the
24 investment; (vi) the project is in the best interest of the public,
25 using the criteria in paragraph (6) of subsection e. of this section;
26 (vii) a resolution by the school district's governing body of its intent
27 to enter into a public-private partnership agreement for the project
28 has been received; and (viii) the term sheet for any proposed
29 procurement contains all necessary elements.

30 (5) The State Treasurer, in consultation with the Commissioner
31 of the Department of Education and Chief Executive Officer of the
32 Schools Development Authority, may promulgate any rules and
33 regulations necessary to implement this subsection, including, but
34 not limited to, provisions for fees to cover administrative costs, and
35 for the determination of minimum school district standards for the
36 operation of the project, and for the qualification for professional
37 services, construction contracting, and other relevant qualifications.

38 g. A project with an expenditure of under \$50 million
39 developed under a public-private partnership agreement shall
40 include a requirement that precludes contractors from engaging in
41 the project if the contractor has contributed to the private entity's
42 financing of the project in an amount of more than 10% of the
43 project's financing costs.

44 h. The power of eminent domain shall not be delegated to any
45 private entity under the provisions of P.L.2018, c.90 (C.40A:11-52
46 et al.); however, a school district may dedicate any property
47 interest, including improvements, and tangible personal property of
48 the school district for public use in a qualifying project if the school
49 district finds that so doing will serve the public purpose of the

1 project by minimizing the cost of the project to the school district or
2 reducing the delivery time of a project.

3 i. Any public-private partnership agreement, if appropriate,
4 shall include provisions affirming that the agreement and any work
5 performed under the agreement are subject to the provisions of the
6 "Construction Industry Independent Contractor Act," P.L.2007,
7 c.114 (C.34:20-1 et seq.). Any public-private partnership agreement
8 will also include, at a minimum: (i) the term of the agreement, (ii)
9 the total project cost, (iii) a completion date guarantee, (iv) a
10 provision for damages if the private entity fails to meet the
11 completion date, and (v) a maximum rate of return to the private
12 entity and a provision for the distribution of excess earnings to the
13 local government unit or to the private party for debt reduction.

14 j. (1) A private entity seeking to enter into a public-private
15 partnership agreement with the school district shall be qualified by
16 the school district as part of the procurement process, provided such
17 process ensures that the private entity and its subcontractors and
18 consultants, where relevant, meet at least the minimum
19 qualifications standards promulgated by the State Treasurer, in
20 consultation with the New Jersey Economic Development
21 Authority, Department of Education, Schools Development
22 Authority, and such other school district standards for qualification
23 for professional services, construction contracting, and other
24 qualifications applicable to the project, prior to submitting a
25 proposal under the procurement process.

26 (2) A request for qualifications for a public-private partnership
27 agreement shall be advertised at least 45 days prior to the
28 anticipated date of receipt. The advertisement of the request for
29 qualifications shall be published on the official Internet website of
30 the school district and at least one or more newspapers with
31 Statewide circulation.

32 (3) After the school district determines the qualified respondents
33 utilizing, at minimum, the qualification standards promulgated by
34 the State Treasurer, the school district shall issue a request for
35 proposals to each qualified respondent no less than 45 days prior to
36 the date established for submission of the proposals. The request
37 for proposals shall include relevant technical submissions,
38 documents, and the evaluation criteria to be used in the selection of
39 the designated respondent. The evaluation criteria shall be, at
40 minimum, criteria promulgated by the State Treasurer, in
41 consultation with the New Jersey Economic Development
42 Authority, Department of Education, and Schools Development
43 Authority.

44 (4) The school district may accept unsolicited proposals from
45 private entities for public-private partnership agreements. If the
46 school district receives an unsolicited proposal and determines that
47 it meets the standards of this section, the school district shall
48 publish a notice of the receipt of the proposal on the Internet site of
49 the school district and through advertisement in at least one or more

1 newspapers with Statewide circulation. The school district shall
2 also provide notice of the proposal at its next scheduled public
3 meeting and to the State Treasurer. To qualify as an unsolicited
4 proposal, the unsolicited proposal must at a minimum include a
5 description of the public-private project, the estimated construction
6 and life-cycle costs, a timeline for development, proposed plan of
7 financing, including projected revenues, public or private, debt,
8 equity investment, description of how the project meets needs
9 identified in existing plans, the permits and approvals needed to
10 develop the project from local, state and federal agencies and a
11 projected schedule for obtaining such permits and approvals, a
12 statement of risks, liabilities and responsibilities to be assumed by
13 the private entity. The notice shall provide that the school district
14 will accept, for 120 days after the initial date of publication,
15 proposals meeting the standards of this section from other private
16 entities for eligible projects that satisfy the same basic purpose and
17 need. A copy of the notice shall be mailed to each municipal and
18 county local government body in the geographic area affected by
19 the proposal.

20 (5) After the proposal or proposals have been received, and any
21 public notification period has expired, the school district shall rank
22 the proposals in order of preference. In ranking the proposals, the
23 school district shall rely upon, at minimum, the evaluation criteria
24 promulgated by the State Treasurer, in consultation with the New
25 Jersey Economic Development Authority, Department of Education,
26 and Schools Development Authority. In addition, the local school
27 district may consider factors that include, but may not be limited to,
28 professional qualifications, general business terms, innovative
29 engineering, architectural services, or cost-reduction terms, finance
30 plans, and the need for school district funds to deliver the project
31 and discharge the agreement. The private entity selected shall
32 comply with all laws and regulations required by the State
33 government entity, including but not limited to section 1 of
34 P.L.2001, c.134 (C.52:32-44), sections 2 through 8 of P.L.1975,
35 c.127 (C.10:5-32 to 38), section 1 of P.L.1977, c.33 (C.52:25-24.2),
36 P.L.2005, c.51 (C.19:44A-20.13 et al.); P.L.2005, c.271 (C.40A:11-
37 51 et al.), Executive Order No. 117 of 2008, Executive Order No.
38 118 of 2008, Executive Order No. 189, prior to executing the public
39 private partnership agreement. If only one proposal is received, the
40 school district shall negotiate in good faith and, if not satisfied with
41 the results of the negotiations, the school district may, at its sole
42 discretion, terminate negotiations.

43 (6) The school district may require, upon receipt of one or more
44 proposals, that the private entity assume responsibility for all costs
45 incurred by the school district before execution of the public-private
46 partnership agreement, including costs of retaining independent
47 experts to review, analyze, and advise the school district with
48 respect to the proposal.

1 (7) The school district shall set aside one percent of each project
2 and remit it the Public-Private Partnership Review fund established
3 pursuant to section 8 of P.L.2018, c.90 (C.52:18A-260), for
4 purposes of plan review and analysis required under the bill.

5 (8) Nothing in this section shall be construed as or deemed a
6 waiver of the sovereign immunity of the State, the local government
7 unit or an affected locality or public entity or any officer or
8 employee thereof with respect to the participation in or approval of
9 all or any part of the public-private project.

10 (cf: P.L.2018, c.90, s.2)

11
12 15. N.J.S.18A:21-4 is amended to read as follows:

13 18A:21-4. A board of education may in any school year draw
14 against its capital reserve account, up to the amount of the balance
15 therein, to the extent that the withdrawal is anticipated as a revenue
16 in the school budget for the then current school year or approved by
17 the commissioner for good cause; provided, that no money drawn
18 from the account may be used for current expenses of the general
19 fund or debt service payments but shall be used exclusively for
20 capital expenses of the general fund or capital projects fund when
21 expressly authorized as part of a referendum, except as provided for
22 in section 2 of P.L.2018, c.90 (C.18A:18A-60).

23 (cf: P.L.1996, c.138, s.52)

24
25 16. Section 10 of P.L.1995, c.426 (C.18A:36A-10) is amended
26 to read as follows:

27 10. A charter school may be located in part of an existing public
28 school building, in space provided on a public work site, in a public
29 building, or any other suitable location. In the case of a nonpublic
30 school that converts to a charter school pursuant to the provisions of
31 section 1 of P.L.2011, c.140 (C.18A:36A-4.1), the charter school
32 may be located in the same school building in which the nonpublic
33 school was located. The facility shall be exempt from public school
34 facility regulations except those pertaining to the health or safety of
35 the pupils. A charter school shall not construct a facility with
36 public funds other than federal funds. Notwithstanding the
37 provisions of this section to the contrary, a charter school located in
38 an SDA district may construct a facility with public funds, provided
39 that the public funds are provided for a school facilities project
40 approved pursuant to the provisions of section 4 of
41 P.L. , c. (C.) (pending before the Legislature as this bill).

42 (cf: P.L.2011, c.140, s.3)

43
44 17. Section 7 of P.L.2011, c.176 (C.18A:36C-7) is amended to
45 read as follows:

46 7. a. Notwithstanding that a renaissance school project shall be
47 constructed, controlled, operated, and managed by a nonprofit
48 entity, and not the local board of education, it shall be a public
49 school. However nothing contained herein shall restrict a for-profit

1 entity from constructing a renaissance school project, or a
2 renaissance school project from being located on land owned by a
3 for-profit entity. Further, the renaissance school project shall be
4 authorized to retain any business entity, however formed, whose
5 primary purpose is the staffing, operation, and management of
6 elementary schools, middle schools, or high schools in the United
7 States, except as it relates to instructional services.

8 b. The costs of a renaissance school project including, but not
9 limited to, the costs of land acquisition, site remediation, site
10 development, design, construction, and any other costs required to
11 place into service the school facility or facilities constituting the
12 renaissance school project shall be at the sole expense of the
13 nonprofit entity, except that a renaissance school project located in
14 an SDA district may receive funds for the State share of a school
15 facilities project pursuant to the provisions of section 4 of P.L. , c.
16 (C.) (pending before the Legislature as this bill). The
17 nonprofit entity may use State funds to pay for a lease, debt service,
18 or mortgage for any facility constructed or otherwise acquired.

19 c. Notwithstanding the provisions of the "Educational Facilities
20 Construction and Financing Act," P.L.2000, c.72 (C.18A:7G-1 et
21 al.), or any other law or regulation to the contrary, there shall be no
22 State share for the costs of a renaissance school project, except that
23 a renaissance school project located in an SDA district may receive
24 funds for the State share of a school facilities project approved
25 pursuant to the provisions of section 4 of P.L. , c. (C.)
26 (pending before the Legislature as this bill).

27 d. Notwithstanding the provisions of the "Public School
28 Contracts Law," N.J.S.18A:18A-1 et seq., or any other law or
29 regulation to the contrary, the nonprofit entity or any entity acting
30 in cooperation with a renaissance school project shall not be subject
31 to public bidding for goods and services, and any contracts entered
32 into by the nonprofit entity shall not be deemed public contracts or
33 public works; except that any contract entered into by the nonprofit
34 entity or any entity acting in cooperation with a renaissance school
35 project shall be deemed a public work for the purposes of the "New
36 Jersey Prevailing Wage Act," P.L.1963, c.150 (C.34:11-56.25 et
37 seq.), and subject to the applicable provisions of that act.

38 e. The renaissance school district in which a renaissance school
39 project is located shall pay to the nonprofit entity in 12 equal
40 monthly installments an amount per pupil equal to 95% of the
41 district's per pupil expenditure. In addition the 12 monthly
42 installments shall include the security categorical aid attributable to
43 the student, a percentage of the district's special education
44 categorical aid equal to the percentage of the district's special
45 education students enrolled in the renaissance school project, and if
46 applicable 100% of preschool education aid. The district shall also
47 pay directly to the renaissance school project any federal funds
48 attributable to the student.

1 f. Renaissance school projects shall be required to meet the
2 same testing and academic performance standards established by
3 law and regulation for public school students, and shall meet any
4 additional testing and academic performance standards established
5 by the nonprofit entity and approved by the commissioner.

6 g. The nonprofit entity shall have complete discretion in
7 naming the renaissance school project. The nonprofit entity may
8 not realize a net profit from its operation of a renaissance school
9 project. A private or parochial school shall not be eligible for
10 renaissance school project status.

11 h. A nonprofit entity shall operate a renaissance school project
12 in accordance with the contract entered into pursuant to section 6 of
13 this act, the provisions of this act, and the laws and regulations that
14 govern charter schools which are not inconsistent with this act.

15 (cf: P.L.2014, c.61, s.3)

16
17 18. Section 12 of P.L.1991, c.431 (C.40A:20-12) is amended to
18 read as follows:

19 12. The rehabilitation or improvements made in the development
20 or redevelopment of a redevelopment area or area appurtenant
21 thereto or for a redevelopment relocation housing project, pursuant
22 to P.L.1991, c.431 (C.40A:20-1 et seq.), shall be exempt from
23 taxation for a limited period as hereinafter provided. When housing
24 is to be constructed, acquired or rehabilitated by an urban renewal
25 entity, the land upon which that housing is situated shall be exempt
26 from taxation for a limited period as hereinafter provided. The
27 exemption shall be allowed when the clerk of the municipality
28 wherein the property is situated shall certify to the municipal tax
29 assessor that a financial agreement with an urban renewal entity for
30 the development or the redevelopment of the property, or the
31 provision of a redevelopment relocation housing project, or the
32 provision of a low and moderate income housing project has been
33 entered into and is in effect as required by P.L.1991, c.431
34 (C.40A:20-1 et seq.).

35 Delivery by the municipal clerk to the municipal tax assessor of
36 a certified copy of the ordinance of the governing body approving
37 the tax exemption and financial agreement with the urban renewal
38 entity shall constitute the required certification. For each
39 exemption granted pursuant to P.L.2003, c.125 (C.40A:12A-4.1 et
40 al.), upon certification as required hereunder, the tax assessor shall
41 implement the exemption and continue to enforce that exemption
42 without further certification by the clerk until the expiration of the
43 entitlement to exemption by the terms of the financial agreement or
44 until the tax assessor has been duly notified by the clerk that the
45 exemption has been terminated.

46 Within 10 calendar days following the later of the effective date
47 of an ordinance following its final adoption by the governing body
48 approving the tax exemption or the execution of the financial
49 agreement by the urban renewal entity, the municipal clerk shall

1 transmit a certified copy of the ordinance and financial agreement
2 to the chief financial officer of the county and to the county counsel
3 for informational purposes.

4 Whenever an exemption status changes during a tax year, the
5 procedure for the apportionment of the taxes for the year shall be
6 the same as in the case of other changes in tax exemption status
7 during the tax year. Tax exemptions granted pursuant to P.L.2003,
8 c.125 (C.40A:12A-4.1 et al.) represent long term financial
9 agreements between the municipality and the urban renewal entity
10 and as such constitute a single continuing exemption from local
11 property taxation for the duration of the financial agreement. The
12 validity of a financial agreement or any exemption granted pursuant
13 thereto may be challenged only by filing an action in lieu of
14 prerogative writ within 20 days from the publication of a notice of
15 the adoption of an ordinance by the governing body granting the
16 exemption and approving the financial agreement. Such notice
17 shall be published in a newspaper of general circulation in the
18 municipality and in a newspaper of general circulation in the county
19 if different from the municipal newspaper.

20 a. The financial agreement shall specify the duration of the
21 exemption for urban renewal entities in accordance with the
22 parameters of either paragraph (1) or paragraph (2) of this
23 subsection:

24 (1) the financial agreement may specify a duration of not more
25 than 30 years from the completion of the entire project, or unit of
26 the project if the project is undertaken in units, or not more than 35
27 years from the execution of the financial agreement between the
28 municipality and the urban renewal entity; or

29 (2) for each project undertaken pursuant to a redevelopment
30 agreement which allows the redeveloper to undertake two or more
31 projects sequentially, the financial agreement may specify a
32 duration of not more than 30 years from the completion of a project,
33 or unit of the project if the project is undertaken in units, or not
34 more than 50 years from the execution of the first financial
35 agreement implementing a project under the redevelopment
36 agreement. As used in this subsection, "redevelopment agreement"
37 means an agreement entered into pursuant to subsection f. of section
38 8 of P.L.1992, c.79 (C.40A:12A-8) between a municipality or
39 redevelopment entity and a redeveloper.

40 A financial agreement may provide for an exemption period of
41 less than 30 years from the completion of the entire project, less
42 than 35 years from the execution of the financial agreement, or less
43 than 50 years from the execution of the first financial agreement
44 implementing a project under the redevelopment agreement.
45 Nothing in this subsection shall be construed as requiring a
46 financial agreement for a project undertaken pursuant to a
47 redevelopment agreement which allows the redeveloper to
48 undertake two or more projects sequentially to specify a duration
49 within the parameters of paragraph (2) of this subsection.

1 b. During the term of any exemption, in lieu of any taxes to be
2 paid on the buildings and improvements of the project and, to the
3 extent authorized pursuant to this section, on the land, the urban
4 renewal entity shall make payment to the municipality of an annual
5 service charge, which shall remit a portion of that revenue to the
6 county as provided hereinafter. In addition, the municipality may
7 assess an administrative fee, not to exceed two percent of the annual
8 service charge, for the processing of the application. The annual
9 service charge for municipal services supplied to the project to be
10 paid by the urban renewal entity for any period of exemption, shall
11 be determined as follows:

12 (1) An annual amount equal to a percentage determined
13 pursuant to this subsection and section 11 of P.L.1991, c.431
14 (C.40A:20-11), of the annual gross revenue from each unit of the
15 project, if the project is undertaken in units, or from the total
16 project, if the project is not undertaken in units. The percentage of
17 the annual gross revenue shall not be more than 15% in the case of
18 a low and moderate income housing project, nor less than 10% in
19 the case of all other projects.

20 At the option of the municipality, or where because of the nature
21 of the development, ownership, use or occupancy of the project or
22 any unit thereof, if the project is to be undertaken in units, the total
23 annual gross rental or gross shelter rent or annual gross revenue
24 cannot be reasonably ascertained, the governing body shall provide
25 in the financial agreement that the annual service charge shall be a
26 sum equal to a percentage determined pursuant to this subsection
27 and section 11 of P.L.1991, c.431 (C.40A:20-11), of the total
28 project cost or total project unit cost determined pursuant to
29 P.L.1991, c.431 (C.40A:20-1 et seq.) calculated from the first day
30 of the month following the substantial completion of the project or
31 any unit thereof, if the project is undertaken in units. The
32 percentage of the total project cost or total project unit cost shall not
33 be more than 2% in the case of a low and moderate income housing
34 project, and shall not be less than 2% in the case of all other
35 projects.

36 (2) In either case, the financial agreement shall establish a
37 schedule of annual service charges to be paid over the term of the
38 exemption period, which shall be in stages as follows:

39 (a) For the first stage of the exemption period, which shall
40 commence with the date of completion of the unit or of the project,
41 as the case may be, and continue for a time of not less than six years
42 nor more than 15 years, as specified in the financial agreement, the
43 urban renewal entity shall pay the municipality an annual service
44 charge for municipal services supplied to the project in an annual
45 amount equal to the amount determined pursuant to paragraph (1) of
46 this subsection and section 11 of P.L.1991, c.431 (C.40A:20-11).
47 For the remainder of the period of the exemption, if any, the annual
48 service charge shall be determined as follows:

1 (b) For the second stage of the exemption period, which shall
2 not be less than one year nor more than six years, as specified in the
3 financial agreement, an amount equal to either the amount
4 determined pursuant to paragraph (1) of this subsection and section
5 11 of P.L.1991, c.431 (C.40A:20-11), or 20% of the amount of
6 taxes otherwise due on the value of the land and improvements,
7 whichever shall be greater;

8 (c) For the third stage of the exemption period, which shall not
9 be less than one year nor more than six years, as specified in the
10 financial agreement, an amount equal to either the amount
11 determined pursuant to paragraph (1) of this subsection and section
12 11 of P.L.1991, c.431 (C.40A:20-11), or 40% of the amount of
13 taxes otherwise due on the value of the land and improvements,
14 whichever shall be greater;

15 (d) For the fourth stage of the exemption period, which shall not
16 be less than one year nor more than six years, as specified in the
17 financial agreement, an amount equal to either the amount
18 determined pursuant to paragraph (1) of this subsection and section
19 11 of P.L.1991, c.431 (C.40A:20-11), or 60% of the amount of
20 taxes otherwise due on the value of the land and improvements,
21 whichever shall be greater; and

22 (e) For the final stage of the exemption period, the duration of
23 which shall not be less than one year and shall be specified in the
24 financial agreement, an amount equal to either the amount
25 determined pursuant to paragraph (1) of this subsection and section
26 11 of P.L.1991, c.431 (C.40A:20-11), or 80% of the amount of
27 taxes otherwise due on the value of the land and improvements,
28 whichever shall be greater.

29 If the financial agreement provides for an exemption period of
30 less than 30 years from the completion of the entire project, less
31 than 35 years from the execution of the financial agreement, or less
32 than 50 years from the execution of the first financial agreement
33 implementing a project under the redevelopment agreement, the
34 financial agreement shall set forth a schedule of annual service
35 charges for the exemption period which shall be based upon the
36 minimum service charges and staged adjustments set forth in this
37 section.

38 The annual service charge shall be paid to the municipality on a
39 quarterly basis in a manner consistent with the municipality's tax
40 collection schedule.

41 Each municipality which enters into a financial agreement on or
42 after the effective date of P.L.2003, c.125 (C.40A:12A-4.1 et al.)
43 shall remit 5 percent of the annual service charge collected by the
44 municipality to the county in accordance with the provisions of
45 R.S.54:4-74. If the municipality enters into a contract with a board
46 of education pursuant to section 8 of P.L. , c. (C.) (pending
47 before the Legislature as this bill), the municipality shall also remit
48 to the board of education such amounts as may be required under
49 the contract.

1 Against the annual service charge the urban renewal entity shall
2 be entitled to credit for the amount, without interest, of the real
3 estate taxes on land paid by it in the last four preceding quarterly
4 installments.

5 Notwithstanding the provisions of this section or of the financial
6 agreement, the minimum annual service charge shall be the amount
7 of the total taxes levied against all real property in the area covered
8 by the project in the last full tax year in which the area was subject
9 to taxation, and the minimum annual service charge shall be paid in
10 each year in which the annual service charge calculated pursuant to
11 this section or the financial agreement would be less than the
12 minimum annual service charge.

13 c. All exemptions granted pursuant to the provisions of
14 P.L.1991, c.431 (C.40A:20-1 et seq.) shall terminate at the time
15 prescribed in the financial agreement.

16 Upon the termination of the exemption granted pursuant to the
17 provisions of P.L.1991, c.431 (C.40A:20-1 et seq.), the project, all
18 affected parcels, land and all improvements made thereto shall be
19 assessed and subject to taxation as are other taxable properties in
20 the municipality. After the date of termination, all restrictions and
21 limitations upon the urban renewal entity shall terminate and be at
22 an end upon the entity's rendering its final accounting to and with
23 the municipality.

24 (cf: P.L.2018, c.97, s.17)

25

26 19. Section 4 of P.L.2007, c.137 (C.52:18A-238) is amended to
27 read as follows:

28 4. The development authority shall have the following powers:

29 a. To adopt bylaws for the regulation of its affairs and the
30 conduct of its business;

31 b. To adopt and have a seal and to alter the same at pleasure;

32 c. To sue and be sued;

33 d. To acquire in the name of the development authority by
34 purchase or otherwise, on such terms and conditions and such
35 manner as it may deem proper, or by the exercise of the power of
36 eminent domain in the manner provided by the "Eminent Domain
37 Act of 1971," P.L.1971, c.361 (C.20:3-1 et seq.), any lands or
38 interests therein or other property which it may determine is
39 reasonably necessary for any school facilities project;

40 e. To enter into contracts with a person upon such terms and
41 conditions as the development authority shall determine to be
42 reasonable, including, but not limited to, for the planning, design,
43 construction, reconstruction, improvement, equipping, furnishing,
44 operation and maintenance of a school facilities project and the
45 reimbursement thereof, and to pay or compromise any claims
46 arising therefrom;

47 f. To sell, convey or lease to any person all or any portion of
48 its property, for such consideration and upon such terms as the
49 development authority may determine to be reasonable;

- 1 g. To mortgage, pledge or assign or otherwise encumber all or
2 any portion of any property or revenues, whenever it shall find such
3 action to be in furtherance of the purposes of P.L.2000, c.72
4 (C.18A:7G-1 et al.) and P.L.2007, c.137 (C.52:18A-235 et al.);
- 5 h. To grant options to purchase or renew a lease for any of its
6 property on such terms as the development authority may determine
7 to be reasonable;
- 8 i. To contract for and to accept any gifts or grants or loans of
9 funds or property or financial or other aid in any form from the
10 United States of America or any agency or instrumentality thereof,
11 or from the State or any agency, instrumentality or political
12 subdivision thereof, or from any other source and to comply,
13 subject to the provisions of P.L.2000, c.72 (C.18A:7G-1 et al.) and
14 P.L.2007, c.137 (C.52:18A-235 et al.), with the terms and
15 conditions thereof;
- 16 j. In connection with any application for assistance under
17 P.L.2000, c.72 (C.18A:7G-1 et al.) or P.L.2007, c.137 (C.52:18A-
18 235 et al.) or commitments therefor, to require and collect such fees
19 and charges as the development authority shall determine to be
20 reasonable;
- 21 k. To adopt, amend and repeal regulations to carry out the
22 provisions of P.L.2000, c.72 (C.18A:7G-1 et al.) and P.L.2007,
23 c.137 (C.52:18A-235 et al.);
- 24 l. To acquire, purchase, manage and operate, hold and dispose
25 of real and personal property or interests therein, take assignments
26 of rentals and leases and make and enter into all contracts, leases,
27 agreements and arrangements necessary or incidental to the
28 performance of its duties;
- 29 m. To purchase, acquire and take assignments of notes,
30 mortgages and other forms of security and evidences of
31 indebtedness;
- 32 n. To purchase, acquire, attach, seize, accept or take title to any
33 property by conveyance or by foreclosure, and sell, lease, manage
34 or operate any property for a use specified in P.L.2000, c.72
35 (C.18A:7G-1 et al.) and P.L.2007, c.137 (C.52:18A-235 et al.);
- 36 o. (1) To employ consulting engineers, architects, attorneys,
37 real estate counselors, appraisers, and such other consultants and
38 employees as may be required in the judgment of the development
39 authority to carry out the purposes of P.L.2000, c.72 (C.18A:7G-1
40 et al.) and P.L.2007, c.137 (C.52:18A-235 et al.) and to fix and pay
41 their compensation from funds available to the development
42 authority therefor, all without regard to the provisions of Title 11A
43 of the New Jersey Statutes; except that, no later than one year
44 following the effective date of P.L. , c. (C.) (pending
45 before the Legislature as this bill), the development authority shall
46 only employ staff for the purposes of program operations,
47 construction operations, financial operations and compliance, and
48 grant administration. The human resources, legal affairs, facilities
49 management, administrative, and technological and information

1 systems operations of the development authority shall be managed
2 by the following State agencies in the manner specified:

3 (a) the Civil Service Commission shall exercise authority over
4 human resource management for employees of the development
5 authority, which shall include, but not be limited to, the process for
6 hiring the employees and terminating their employment, and
7 orienting, training, counseling, and appraising the employees;

8 (b) the Office of the Attorney General shall exercise authority
9 over the legal affairs of the development authority, which shall
10 include, but not be limited to, legal counsel and advice and formal
11 representation of the development authority when needed;

12 (c) the Department of the Treasury shall exercise authority over
13 facilities management and other administrative functions not
14 identified in subparagraphs (a), (b), and (d) of this paragraph; and

15 (d) the Office of Information Technology shall exercise
16 authority over the technological and information systems needs of
17 the development authority, which shall include, but not be limited
18 to, developing technology plans, providing technical and general
19 technological support to employees of the development authority,
20 and maintaining information systems and other technological
21 infrastructure.

22 (2) Notwithstanding the provisions of P.L.2007, c.137
23 (C.52:18A-235 et al.) or any other law, rule, or regulation to the
24 contrary, the operations of the development authority shall be
25 funded annually through State appropriations. The Legislature shall
26 annually appropriate such sums as are necessary to finance the
27 operations of the development authority, as authorized under this
28 subsection.

29 p. To do and perform any acts and things authorized by
30 P.L.2000, c.72 (C.18A:7G-1 et al.) and P.L.2007, c.137 (C.52:18A-
31 235 et al.) under, through or by means of its own officers, agents
32 and employees, or by contract with any person;

33 q. To procure insurance against any losses in connection with
34 its property, operations or assets in such amounts and from such
35 insurers as it deems desirable;

36 r. To do any and all things necessary or convenient to carry out
37 its purposes and exercise the powers given and granted in P.L.2000,
38 c.72 (C.18A:7G-1 et al.) and P.L.2007, c.137 (C.52:18A-235 et al.);

39 s. To construct, reconstruct, rehabilitate, improve, alter, equip,
40 maintain or repair or provide for the construction, reconstruction,
41 improvement, alteration, equipping or maintenance or repair of any
42 property and lot, award and enter into construction contracts,
43 purchase orders and other contracts with respect thereto, upon such
44 terms and conditions as the development authority shall determine
45 to be reasonable, including, but not limited to, reimbursement for
46 the planning, designing, construction, reconstruction, improvement,
47 equipping, furnishing, operation and maintenance of any such
48 property and the settlement of any claims arising therefrom;

1 t. To undertake school facilities projects and to enter into
2 agreements or contracts, execute instruments, and do and perform
3 all acts or things necessary, convenient or desirable for the purposes
4 of the development authority to carry out any power expressly
5 provided pursuant to P.L.2000, c.72 (C.18A:7G-1 et al.) or
6 P.L.2007, c.137 (C.52:18A-235 et al.), including, but not limited to,
7 entering into contracts with the State Treasurer, the New Jersey
8 Economic Development Authority, the Commissioner of Education,
9 districts, and any other entity which may be required in order to
10 carry out the provisions of P.L.2000, c.72 (C.18A:7G-1 et al.) or
11 P.L.2007, c.137 (C.52:18A-235 et al.);

12 u. To enter into leases, rentals or other disposition of a real
13 property interest in and of any school facilities project to or from
14 any local unit pursuant to P.L.2000, c.72 (C.18A:7G-1 et al.) or
15 P.L.2007, c.137 (C.52:18A-235 et al.);

16 v. To make and contract to make loans or leases to local units
17 to finance the cost of school facilities projects and to acquire and
18 contract to acquire bonds, notes or other obligations issued or to be
19 issued by local units to evidence the loans or leases, all in
20 accordance with the provisions of P.L.2000, c.72 (C.18A:7G-1 et
21 al.) and P.L.2007, c.137 (C.52:18A-235 et al.);

22 w. To charge to and collect from local units, the State, and any
23 other person, any fees and charges in connection with the
24 development authority's actions undertaken with respect to school
25 facilities projects including, but not limited to, fees and charges for
26 the development authority's administrative, organization, insurance,
27 operating and other expenses incident to the planning, design,
28 construction and placing into service and maintenance of school
29 facilities projects.

30 (cf: P.L.2007, c.137, s.4)

31

32 20. This act shall take effect immediately.

33

34

35

STATEMENT

36

37 This bill provides various changes to the laws governing the
38 construction of school facilities projects and the operations of the
39 New Jersey Schools Development Authority (SDA).

40

Authorization of SDA School Facilities Projects

41 The bill provides that all school facilities projects in SDA
42 districts would be subject to prior authorization by the Legislature.
43 Specifically, the SDA would be prohibited from expending any
44 monies or undertaking any activities, except for site identification
45 and investigation, related to the construction of the project until the
46 Legislature has authorized the project. Additionally, the SDA
47 district will not submit an application to the Commissioner of
48

1 Education (commissioner) for project approval until the Legislature
2 has authorized the project.

3 Under current law, the SDA is required to establish a Statewide
4 strategic plan, which is used to determine the sequencing of school
5 facilities projects in SDA districts and is revised no less than every
6 five years. Under the bill, the SDA would be required to update
7 this plan to include a description of each project, the total estimated
8 costs of each project, and the number of full-time equivalent staff
9 needed to support each project. In addition, the bill requires this
10 plan to prioritize : (1) new construction projects; (2) projects
11 located on land owned by the SDA district or other public entities;
12 and (3) projects needed to replace school buildings that have been
13 in use for 50 or more years.

14 After any update to the Statewide strategic plan, the SDA would
15 be required to transmit the plan to the Legislature. Thereafter, the
16 Legislature may enact legislation to authorize any school facilities
17 project in an SDA district, provided that the Legislature is required
18 to identify the project to be funded, the maximum final eligible
19 costs permitted for the project, and the maximum full-time
20 equivalent employees that the SDA may allocate to the project.

21

22 *Model School Designs*

23 The bill also requires the SDA, in consultation with the
24 commissioner, to establish three model school designs for the
25 construction of elementary, middle, and high school projects,
26 respectively. These model school designs would establish uniform
27 standards for the exterior and interior design of each category of
28 school facilities projects. At a minimum, these standards would: (1)
29 prohibit the inclusion of irregularly-shaped structures, facades, and
30 courtyards, which designs contribute to unnecessary and imprudent
31 construction costs; and (2) prioritize the utilization of vertical
32 construction designs over horizontal construction, which designs
33 preserve green space and maximize land use.

34 To standardize the construction of school facilities projects
35 throughout the State, the bill requires all projects in SDA districts to
36 conform to one of these model school designs. In addition, if a
37 non-SDA district constructs a project that conforms to a model
38 school design, the district aid percentage, which is used to calculate
39 the district's debt service aid, would be increased by 15 percent. In
40 the event that an SDA district or a non-SDA district school facilities
41 project requires the implementation of certain immodest or
42 irregularly-shaped structures, but otherwise conforms to a model
43 school design, the SDA is required to provide prior approval of the
44 structures.

45

46 *Brownfield Site Remediation – SDA Projects*

47 The bill provides that if the SDA undertakes a school facilities
48 project on behalf of a district, and the project will be constructed on
49 a brownfield site, the SDA cannot be responsible for any

1 remediation costs associated with the brownfield site. Under the
2 bill, all remediation costs must be supported by the local share of
3 the project or any other funding provided by the State or federal
4 government to address the remediation of brownfield sites. After
5 all remediation has been completed, the SDA may commence the
6 construction of the project.

7

8 *School Facilities Projects of Charter Schools and Renaissance*
9 *School Projects in SDA Districts*

10 The bill provides a State funding mechanism for school facilities
11 projects undertaken by charter schools and renaissance school
12 projects located in SDA districts. Under current law, charter schools
13 are prohibited from constructing a facility with public funds other
14 than federal funds and renaissance school projects are required to
15 build a school facility at the sole expense of the nonprofit entity that
16 created the school.

17 Under the bill, charter schools and renaissance school projects
18 located in SDA districts would be eligible to receive funding for
19 100 percent of the final eligible costs of the project. To secure the
20 funding, a charter school or renaissance school project would
21 submit an application to the SDA for approval. The SDA would
22 annually review the applications and thereafter create a Statewide
23 charter school and renaissance school project facilities strategic
24 plan to be used in the sequencing of school facilities projects of
25 charter schools and renaissance school projects in SDA districts.
26 The Statewide charter school and renaissance school project
27 facilities strategic plan would include a Statewide educational
28 priority ranking of the school facilities projects based upon the
29 SDA's determination of critical need. The SDA, however, is
30 prohibited from expending any funds for these projects, except for
31 site identification and investigation, related to the construction of
32 the project until the Legislature has authorized the project.

33

34 *Non-SDA Projects*

35 The bill also provides several changes to the laws governing the
36 construction of school facilities projects in non-SDA school
37 districts.

38 Notably, the bill allows a school district to raise bonds for a
39 school facilities project without the approval of the voters of the
40 district if the school district enters into a contract with one or more
41 municipalities, wherein the municipality provides the district with
42 not less than 60 percent of the payments in lieu of taxes received
43 from one or more designated properties, and the district pledge
44 those monies to the repayment of the bonds. However, after
45 entering into the contract, the school district would also be required
46 to submit an application to the commissioner before issuing the
47 bonds without voter approval.

48 Additionally, the bill permits the board of education of a district
49 other than an SDA district to enter into an agreement with a county

1 improvement authority or municipal redevelopment agency to
2 construct a school facilities project and to issue bonds to finance
3 certain portions of the project.

4 The bill also permits a board of education of a school district to
5 draw against its capital reserve account in order to finance a portion
6 of a project for which a school district and private entity enter into a
7 public-private partnership agreement pursuant to current law.
8 Currently, a school district may enter into a public-private
9 partnership with a private entity provided that the project is
10 financed in whole by the private entity. Under the bill, a board of
11 education could, by resolution, transfer funds from the capital
12 reserve account to the appropriate line item account for the funding
13 of capital projects subject to a public-private partnership agreement,
14 and transfer funds from the capital reserve account to the debt
15 service account for the purpose of offsetting principal and interest
16 payments for bonded projects subject to a public-private partnership
17 agreement.

18 Under the bill, a school district whose school facilities project is
19 not constructed by the development authority would also be
20 required to ensure the project is overseen by a non-conflicted
21 construction management service provider.

22 The bill also requires the commissioner, in consultation with the
23 SDA, to develop guidance concerning the provisions contained
24 within construction contracts. This guidance would be designed to
25 encourage the timely delivery of construction projects and would
26 include sample provisions that may be included in future contracts.
27 In addition to any other considerations that the commissioner may
28 deem appropriate, guidance would prescribe industry-leading
29 penalties for the late delivery of projects by contractors and
30 incentives for contractors who deliver projects on time and under
31 budget.

32

33 *SDA Finances and Operations*

34 This bill provides that bonds issued by the New Jersey Economic
35 Development Authority (EDA) for the State share of school
36 facilities projects, the proceeds of which are transferred to SDA,
37 will not support the costs of either agency related to the issuance of
38 the bonds. Bonds issued after the effective date of the bill will not
39 support the administrative, insurance, operating and other expenses
40 of the EDA to issue the bonds. Under the bill, the costs related to
41 the undertaking of the planning, design, and construction of school
42 facilities projects will also not be supported by bonds issued after
43 the effective date of the bill. These administrative costs would
44 instead be annually supported by State appropriations.

45 Under current law, the State budget does not generally support
46 the operations and administrative expenses of the SDA or the EDA;
47 as it relates to the State school construction program, those costs are
48 generally funded through bond proceeds issued for the purposes of
49 funding the State share of costs for school facilities projects. This

1 bill would amend current law to provide that, for bonds issued after
2 the effective date of the bill, no proceeds would fund the
3 administrative, insurance, operating and other expenses of the EDA
4 to issue the bonds or costs of the SDA related to the undertaking of
5 the planning, design, and construction of school facilities projects.

6 The bill also requires the SDA to establish four funds in which
7 the net proceeds of the bonds issued for school facilities projects,
8 and any State appropriations for school facilities projects, would be
9 deposited. The four funds are as follows: (1) the SDA District
10 Project Fund; (2) the Regular Operating District Construction and
11 Maintenance Grants Fund; (3) the Vocational-Technical School
12 District Project Fund; and (4) the SDA District Emergent Project
13 Fund.

14 The bill requires the SDA to only employ staff for the purposes
15 of program operations, construction operations, financial operations
16 and compliance, and grant administration. Other operations of the
17 SDA are to be managed by the following State agencies:

- 18 • the Civil Service Commission, for human resource
19 management;
- 20 • the Office of the Attorney General, for the handling of the
21 legal affairs of the SDA;
- 22 • the Department of the Treasury, for facilities management
23 and other administrative functions; and
- 24 • the Office of Information Technology, for the technological
25 and information systems needs of the SDA.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE COMMITTEE SUBSTITUTE FOR **SENATE, No. 3247**

STATE OF NEW JERSEY

DATED: JANUARY 4, 2024

The Senate Budget and Appropriations Committee reports favorably a Senate Committee Substitute for Senate Bill No. 3247.

This committee substitute provides various changes to the laws governing the construction of school facilities projects and the operations of the New Jersey Schools Development Authority (SDA).

Model School Designs

The bill requires the SDA, in consultation with the Commissioner of Education, to establish a model school design program that would establish uniform standards for the exterior and interior design of school facilities projects. The bill defines the components of the model school design program.

The bill requires all projects in SDA districts to conform to the standards of the model school design program.

SDA Finances and Operations

The bill provides that bonds issued by the New Jersey Economic Development Authority (EDA) for the State share of school facilities projects, the proceeds of which are transferred to the SDA, will generally not support the costs of either agency related to the issuance of the bonds. Bonds issued after the effective date of the bill will not support the administrative (other than retained professional services related to bond issuances), non-project insurance, operating and other expenses of the EDA to issue the bonds. Under the bill, the costs related to the SDA's undertaking of school facilities projects will also not be supported by bonds issued after the bill's effective date. These costs would instead be annually supported by State appropriations, in the event that the SDA requests State support following the issuance of school construction bonds by the EDA.

The bill also requires the SDA to establish three funds in which the net proceeds of the bonds issued for school facilities projects, and any State appropriations for school facilities projects, would be deposited. The three funds are as follows: (1) the SDA District Project Fund; (2) the Regular Operating District Construction and Maintenance Grants Fund; and (3) the SDA District Emergent Project Fund.

The bill stipulates that no less than 70 percent of any appropriations providing direct funding for school facilities projects would be appropriated for SDA district school facilities projects and SDA district emergent needs. The remaining funds would be disbursed to the Regular Operating District Construction and Maintenance Grant Fund.

School Facilities Projects of Charter Schools and Renaissance School Projects in SDA Districts and the Charter School and Renaissance School Project Facilities Loan Program.

The bill establishes the “Charter School and Renaissance School Project Facilities Loan Program,” which would provide eligible borrowers with a loan including but not limited to, subordinate loans, to undertake or facilitate school facilities projects for non-profit charter schools and non-profit renaissance school projects located in an SDA district.

Other Provisions

The bill also allows a school district to raise bonds for a school facilities project without the approval of the voters of the district if the school district enters into a contract with one or more municipalities, wherein the municipality provides the district with a portion of the payments in lieu of taxes received from one or more designated properties that is to be sufficient for the full repayment of the bonds, and the district pledges those monies to the repayment of the bonds. Under the bill, a municipality in this case is required to receive the approval of the Local Finance Board and the school district is required to receive the approval of the Commissioner of Education.

Additionally, the bill permits the board of education of a district other than an SDA district to enter into an agreement with a county improvement authority to construct a school facilities project and to issue bonds to finance certain portions of the project.

The bill also permits a board of education of a school district to draw against its capital reserve account in order to finance a portion of a project for which a school district and private entity enter into a public-private partnership agreement pursuant to current law.

The bill also requires the commissioner, in consultation with the SDA, to promulgate regulations concerning the incorporation of construction contract provisions that encourage the completion of construction projects on schedule.

As reported by the committee, the Senate Committee Substitute for Senate Bill No. 3247 is identical to Assembly Bill No. 4496 (ACS/3R), which was amended and reported by the committee on this date.

FISCAL IMPACT:

Fiscal information for this bill is currently unavailable.

LEGISLATIVE FISCAL ESTIMATE
SENATE COMMITTEE SUBSTITUTE FOR
SENATE, No. 3247
STATE OF NEW JERSEY
220th LEGISLATURE

DATED: JANUARY 12, 2024

SUMMARY

- Synopsis:** Revises various provisions of law governing construction of school facilities projects and operations of New Jersey Schools Development Authority; establishes “Charter School and Renaissance School Project Facilities Loan Program” in EDA.
- Type of Impact:** State expenditure increase. Revenue and expenditure increase for charter school and renaissance school projects located in SDA districts. Revenue increase for local school districts. Revenue decrease for certain municipalities.
- Agencies Affected:** New Jersey Schools Development Authority. Department of Education. New Jersey Economic Development Authority. Local school districts. Charter schools and renaissance school projects located in SDA districts. Certain municipalities. County improvement authorities.

Office of Legislative Services Estimate

Fiscal Impact	<u>Annual</u>
State Cost Increase	Minimum of \$15 million, with likelihood for higher costs
Charter School and Renaissance School Project Revenue and Expenditure Increase	Indeterminate
Local School District Revenue Increase	Indeterminate
Municipal PILOT Revenue Decrease	Indeterminate

- The Office of Legislative Services (OLS) finds that this bill will primarily lead to an increase in State expenditures due to several notable provisions included in the bill.
- The OLS finds that expenditures related to providing State appropriations for certain administrative, non-project insurance, operating, and other expenses of the New Jersey Schools

Development Authority will lead to an increase in State expenditures of at least \$15 million. This figure is a minimum estimate of cost based on the authority's budgeted amounts and expenditures on salaries and benefits charged to school facilities projects in recent years.

- The OLS notes that the operations of the Schools Development Authority related to its management of the school construction program are currently funded by appropriations from the New Jersey Debt Defeasance and Prevention Fund. Therefore, the State will generally not experience any cost increases as a result of this provision of the bill until such time as the authority is not supported by moneys from the New Jersey Debt Defeasance and Prevention Fund.
- The OLS expects the bill to increase annual State expenditures associated with the establishment and operation of the Charter School and Renaissance School Project Facilities Loan Program. These cost increases would be borne by the New Jersey Economic Development Authority and would primarily stem from providing program loans and the ongoing administration of the program.
- The bill's establishment of the loan program would also increase expenditures and revenues for eligible borrowers who qualify for loans, including non-profit charter schools and renaissance school projects in Schools Development Authority districts.
- The OLS notes that indeterminate State debt service aid cost increases will occur as a result of providing State aid incentives for non-Schools Development Authority districts (also known as "regular operating districts") to undertake school facilities projects that implement energy efficiency features.

BILL DESCRIPTION

This bill provides various changes to the laws governing the construction of school facilities projects and the operations of the Schools Development Authority. The notable provisions of the bill that will affect State finances are as follows:

- establishing a loan program in the Economic Development Authority for the financing of school facilities projects for non-profit charter schools and renaissance school projects in Schools Development Authority districts;
- newly appropriating State funds for certain administrative, non-project insurance, operating, and other expenses of the Schools Development Authority and the New Jersey Economic Development Authority in carrying out the operation and financing of the school construction program;
- providing for State aid incentives to regular operating districts undertaking school facilities projects that incorporate energy efficiency improvements or the installation of energy efficient features or equipment;
- allowing a school district to raise bonds for a school facilities project without the approval of the voters of the district if the school district enters into a contract with one or more municipalities under which the municipality remits a portion of the payments in lieu of taxes received from one or more designated properties, and the district pledges those moneys to the full repayment of the bonds; and

- codifying the Emergent Condition Remediation Program for certain projects in Schools Development Authority districts.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS finds that this bill will primarily lead to an increase in State expenditures. As discussed in more detail below, the OLS estimates that the minimum increase in annual State costs would be \$15 million, solely to cover the salaries and benefits charged to school facilities projects undertaken by the Schools Development Authority in years in which school construction bonds are issued. Other provisions of the bill will likely cause State costs to be higher. Perhaps most notable among these provisions are those that require the Economic Development Authority to establish and administer a loan program for the financing of school facilities projects for non-profit charter schools and renaissance school projects in Schools Development Authority districts.

Providing State Appropriations for the Operating Expenses of the School Construction Program

This bill generally provides that the State will appropriate funds for certain administrative, non-project insurance, operating, and other expenses of the Schools Development Authority and the New Jersey Economic Development Authority in carrying out the operation and the financing of the school construction program. The OLS projects that this portion of the bill will annually cost at least \$15 million, which is based on the Schools Development Authority's budgeted amounts and expenditures on salaries and benefits charged to school facilities projects in recent years. These costs, however, would only be borne by the State during years in which the Economic Development Authority issues bonds to finance school facilities projects, with the proceeds of those bonds being transferred to the Schools Development Authority.

The OLS notes that the operations of the Schools Development Authority related to its management of the school construction program are currently funded by appropriations, primarily from the New Jersey Debt Defeasance and Prevention Fund pursuant to P.L.2022, c.18. That law appropriated \$1.9 billion to the Schools Development Authority, with \$1.55 billion being dedicated to school facilities projects, emergent needs, and capital maintenance in Schools Development Authority districts and the remaining \$350 million being dedicated to school facilities projects, emergent needs, and capital maintenance in all other districts. The annual distribution of these funds to the Schools Development Authority from the New Jersey Debt Defeasance and Prevention Fund is stipulated in a grant agreement between the State Treasurer and the authority. According to the Schools Development Authority's 2022 financial statement, Debt Defeasance and Prevention Fund moneys will be annually disbursed to the authority through FY 2029. Given that the Schools Development Authority's current source of funding for the school construction program is appropriations from the Debt Defeasance and Prevention Fund and assuming no other new moneys are provided from the fund, the State will generally not experience cost increases as a result of this provision of the bill until FY 2029.

Despite the enactment of appropriations to support the Schools Development Authority, current statutory law requires the Schools Development Authority to undertake, and the Economic

Development Authority to provide for the financing of, the school facilities projects of the 31 Schools Development Authority districts (formerly known as Abbott districts). The Economic Development Authority also issues bonds for the financing of school facilities projects in non-Schools Development Authority districts and county vocational school districts.

The State currently provides 100 percent of the funding of final eligible costs for school facilities projects in the Schools Development Authority districts. In undertaking the school facilities projects, the Schools Development Authority is generally responsible for the planning, design, construction management, acquisition, construction, and completion of school facilities projects in the authority districts. The authority is responsible for: 1) capital projects, which are new schools, major renovations, and rehabilitation projects in Schools Development Authority districts; and 2) emergent projects, which are projects deemed necessary in those districts due to potential health and safety issues. In financing the school facilities projects, the Economic Development Authority issues bonds on behalf of the Schools Development Authority to fund school facilities projects. The aggregate amounts of the bonds authorized in statute totals \$12.5 billion, of which \$8.9 billion is dedicated for Schools Development Authority districts. In addition to this amount, current law authorizes bond issuances up to an aggregate amount of \$3.45 billion for the State share of the costs of school facilities projects in non-Schools Development Authority districts (also known as “regular operating districts”) and \$150 million for the State share of costs of school facilities projects in county vocational school districts.

During years in which the Economic Development Authority issues bonds to finance school facilities projects and transfers the proceeds of those bonds to the Schools Development Authority, this bill would shift the source of funds for certain administrative, non-project insurance, operating, and other expenses of the Schools Development Authority to undertake school facilities projects from bond proceeds to State appropriations. To fund this requirement of the bill, the OLS estimates an increase in State expenditures of at least \$15 million. This estimate is based on figures noted in public budget documents included in Schools Development Authority board meeting agenda materials, which detail the amounts dedicated for employee salary and benefit costs charged to school facilities projects. In addition to figures on salary and benefit costs charged to school facilities projects, the materials indicate that the authority’s remaining operating expenses, which are not charged to school facilities projects, have averaged approximately \$17.18 million since calendar year 2019. It is possible that a portion of these costs would also be covered by State appropriations, but the OLS is uncertain of the extent to which these other operating costs would be funded by the State as a result of the bill. The OLS further notes that the amount also likely does not completely account for potential costs to the Schools Development Authority in establishing an Office of Contracting Accountability, as required by the bill, and the cost of additional administrative and regulatory functions the authority would assume as a result of other provisions in the bill.

The OLS also notes that the bill requires that certain administrative, non-project insurance, operating, and other expenses of the Economic Development Authority to undertake the financing of school facilities projects would be funded through State appropriations. The costs of funding the authority’s operations in this regard are indeterminate.

Charter School and Renaissance School Project Facilities Loan Program

The bill requires the New Jersey Economic Development Authority to establish and administer the Charter School and Renaissance School Project Facilities Loan Program, which would provide eligible borrowers with a loan including, but not limited to, subordinate loans, to undertake or facilitate school facilities projects for non-profit charter schools and non-profit renaissance school projects located in a Schools Development Authority district. The OLS concludes that this

requirement will increase the annual expenditures and revenues of the Economic Development Authority associated with the establishment and operations of the loan program. The OLS also expects the authority to incur additional expenses related to the ongoing administration of the program, which responsibilities will include creating program rules, reviewing applications, and verifying compliance with the terms of the loan program. However, the OLS is unable to quantify the magnitude of these administrative expenses because it is unclear whether the Economic Development Authority would be required to hire additional staff to administer the program.

The repayment of program loans will also increase annual Economic Development Authority revenues by an indeterminate amount. The magnitude of the revenue gain will depend on the performance of the loan portfolio and the rate of interest approved for program loans. The OLS notes that the bill includes certain restrictions on the interest rate that may be charged to a loan issued under the loan program.

Under the bill, the authority may determine the repayment schedule of each loan. Accordingly, depending on the terms of each program loan, there may be a significant lag between the times in which the Economic Development Authority incurs program expenses and the times in which the authority receives loan repayments. While the bill requires the Legislature to annually appropriate such funds as are necessary to implement the loan program until it becomes self-sustaining, the bill does not provide for a supplemental appropriation to capitalize the program.

Finally, the OLS notes that the provision of loans for the financing of school facilities projects under the bill will increase expenditures and revenues for eligible borrowers, including non-profit charter schools and renaissance school projects in Schools Development Authority districts. Specifically, loan recipients would experience a one-time revenue increase when a program loan is received, followed by expenditure increases from loan repayments and interest charges until the loan has been fully repaid. To the extent that the availability of low interest loans induces eligible borrowers to undertake school facilities projects they otherwise would not have, these borrowers will also experience higher costs.

Other Cost Considerations

Other cost considerations under the bill are as follows:

- **Municipal remittances of PILOTs to boards of education for school facilities projects.** The bill allows a school district to raise bonds for a school facilities project without the approval of the voters of the district if the school district enters into a contract with one or more municipalities, wherein the municipality provides the district with a portion of the payments in lieu of taxes received from one or more designated properties, and the district pledges those moneys to the repayment of the bonds. The portion of the payments in lieu of taxes that would be remitted to school districts under this portion of the bill is to be sufficient for the full repayment of the school facilities project bonds. The OLS notes that it is likely that this provision would not have widespread applicability across the State as approximately 43.2 percent of municipalities have payment in lieu of taxes agreements according to data included in the Department of Community Affairs' PILOT Database and Viewer for calendar year 2021.
- **Codifying the Emergent Condition Remediation Program.** The bill would codify an existing Emergent Program, for which the Schools Development Authority currently provides funding to authority districts for projects that address conditions deemed necessary by the Department of Education due to potential health and safety concerns. This provision of the bill does not necessarily impose costs on the State since the program effectively already exists. The OLS also notes that, in addition to funds that are available

for emergent needs through appropriations made by P.L.2022, c.18, the FY 2024 Appropriations Act provides \$75 million to the Schools Development Authority for “SDA Capital Maintenance and Emergent Projects.” In the event that currently available funds are depleted for this program, however, the OLS notes that the Schools Development Authority’s most recent biannual report from June 2023 indicates that it is “currently managing 13 emergent projects that represent a greater than \$44 million State investment...”

Section: Revenue, Finance, and Appropriations

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*Approved: Thomas Koenig
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This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

Governor Murphy Takes Action on Legislation

01/16/2024

TRENTON – Today, Governor Murphy signed the following bills into law:

SCS for S-281/ACS for A-3791 (Greenstein, Turner/Sumter, Reynolds-Jackson) – w/STATEMENT - Concerns automatic fire sprinkler systems within newly constructed townhouses

[Copy of Statement](#)

S-539wGR/A-2140 (Ruiz, Pou/Reynolds-Jackson, Wimberly, Mosquera) - Permits online purchase of eligible foods using WIC funds and use of WIC funds for grocery delivery charges

S-659/A-2014 (Oroho, Greenstein/Conaway, Wirths, Umba) - “Manufacturing in Higher Education Act”; requires various State entities to promote manufacturing career pathways for students and provides assistance to manufacturing industry

S-1110/A-3936 (Polistina, Singleton/Guardian, Swift, McClellan) - Authorizes CRDA to finance transportation projects between Atlantic City Airport and Atlantic City Tourism District

S-1662/A-3526 (Ruiz, Codey/Lampitt, Benson, Saucikie) - Requires NJ Youth Suicide Prevention Advisory Council to prepare report regarding suicide prevention instruction in public schools

S-1680wGR/A-2257 (Pou, Ruiz/Murphy, Quijano, Wimberly) - Designates each community college in State as provider of allowable services under SNAP employment and training program

S-2076/ACS for A-3319 (Zwicker, Greenstein/McKnight, Lampitt) - Establishes “Twelfth Grade Postsecondary Transition Year Pilot Program” in Department of Education

S-2535wGR/A-4048 (Polistina, Pou/Benson, McKnight, Reynolds-Jackson, Carter) - Requires health benefits coverage of hearing aids and cochlear implants

S-2841/A-4292 (Scutari, Bramnick/Carter) - Raises minimum amount of liability coverage for commercial motor vehicles and autocabs

SCS for S-3080/ACS for-398 (Ruiz, Burgess/Caputo, Giblin, Tucker) - Establishes position of Youth Disconnection Prevention and Recovery Ombudsperson; establishes “School Disconnection Prevention Task Force”; appropriates \$200,000

S-3102/A-4715 (Smith, Singleton/Stanley, Benson) - Establishes uptime requirement for electric vehicle charging station incentive programs

S-3176/A-4760 (Greenstein, Smith/Swain, Haider, Tully) - Requires DEP and Drinking Water Quality Institute to perform study concerning regulation and treatment of perfluoroalkyl and polyfluoroalkyl substances

SCS for S-3632 and 3649w/GR/ACS for A-1948 (Johnson, Cryan/Haider, Conaway, Quijano) - Requires labeling of non-flushable disposable wipes

S-3758/A-5343 (Cryan/Karabinchak) - Changes deadline for unaffiliated mail-in voters to declare their political party before primary election

S-3837/A-5438 (Pou, Cruz-Perez/Pintor Marin, Wimberly) - Clarifies process for administrative appropriations to UEZs

S-3897/A-5578 (Ruiz, Sarlo/Jasey, Carter, Reynolds-Jackson) - Authorizes Higher Education Student Assistance Authority to award annual summer tuition aid grants

S-4040/A-5881 (Polistina, Lagana/Tully, Guardian, Swift) - Concerns jurisdiction and operations of regional municipal courts

S-4084/A-5851 (Ruiz, Cruz-Perez/Moriarty, Calabrese, Moen) - Concerns temporary registration certificates and license plates

S-4130/A-5849 (Codey/Jasey, Tucker) - Special legislation to change name of “Township of South Orange Village” to “South Orange Village”; changes titles of certain municipal officials; permits nonpartisan municipal elections to be moved to November; permits stipend for governing body members

S-4206/A-5856 (Sarlo/Calabrese) - Changes number of signatures required on primary election petition to nominate certain municipal candidates in certain municipalities

S-4209/A-5879 (Sarlo/Pintor Marin) - Eliminates vote on school budgets for Type II school districts in April elections, except for separate proposals to spend above cap

S-4268/A-5911 (Scutari/Danielsen) - Permits certain special State officers to represent cannabis businesses

A-203/S-2884 (Rooney, Benson, Caputo/A.M. Bucco) - Authorizes creation of special license plates commemorating horse as State animal

A-1100/S-995 (Calabrese, Mukherji, McKnight/Ruiz, Stack) - Requires entities to remove abandoned lines and mark information on certain lines

A-1107/S-770 (Chaparro, Murphy, Mukherji/Pou, Beach) - Directs Chief Technology Officer to conduct study on impacts of redacting handwritten signatures published on State websites; allows for protocols for such redactions to be established by rules and regulations

ACS for A-1255/SS for S-1794 (Stanley, Conaway, Benson/Gopal, Singer) - Updates requirements and standards for authorization and prior authorization of health care services

A-1727/S-3300 (Speight, Reynolds-Jackson, Verrelli/Stanfield, Ruiz) - Requires Attorney General to perform outreach and provide services to victims of human trafficking under certain circumstances

A-1729/S-3550 (Speight, Reynolds-Jackson, McKnight/Greenstein, Ruiz) - Requires AG to address human trafficking in underserved communities

A-1755/S-2505 (McKeon, Calabrese, Conaway/Smith, Greenstein) - Requires installation of operational automatic rain sensor or smart sprinkler as condition of sale of certain real properties, and on certain commercial, retail, and industrial properties and common interest communities within specified timeframes

A-2146wGR/S-855 (Reynolds-Jackson, Wimberly, Sumter/Singleton, Beach) - Creates State business assistance program to establish contracting agency procurement goals for socially and economically disadvantaged business enterprises

A-2581/S-2503 (Lampitt, Park/Beach) - Provides that certain cosmetology and hairstyling courses may be taught using distance learning technology

A-3142/S-1564 (Moen, Moriarty, Benson/Singleton, Corrado) - Authorizes grants to purchase and rehabilitate abandoned homes for homeless veterans

A-3211/S-2302 (Speight, Haider, Swain/Gopal, Ruiz) - Establishes “New Jersey Feminine Hygiene Products for the Homeless Act”

A-3980/S-2706 (Speight, McKnight, Atkins/Zwicker, Turner) - Grants child placed in resource family care and resource family parents the right to be notified when case manager or supervisor is assigned to child; grants child in resource family care right to be notified of certain property and benefits

A-4033wGR/S-2657 (Coughlin, Wimberly/Sarlo, Ruiz) - Extends deadline for completion of school district’s annual audit

A-4049/S-3495 (McKnight, Reynolds-Jackson, Benson/Vitale, Johnson) - Provides for presumptive eligibility for home and community-based services and services provided through program of all-inclusive care for the elderly under Medicaid

A-4105/S-4202 (Lopez, Jimenez, Quijano/Vitale, Turner) - Establishes Interagency Council on Homelessness

A-4183/S-4264 (Haider/Singleton) - Concerns local unit filing requirement for certain shared services agreements

A-4212/S-2762 (Pintor Marin, Reynolds-Jackson, Verrelli/Ruiz, Cunningham) - Establishes Center for Career Relevant Education and Talent Evaluation of New Jersey at Thomas Edison State University

A-4337/S-4156 (Conaway, Atkins, Rooney/Singleton, Pou) - Requires Department of Health to provide information to Statewide 2-1-1 telephone system regarding the location of safe disposal sites for hypodermic syringes and needles and prescription drugs

ACS for A-4496/SCS for S-3247 (Coughlin, Lampitt, Karabinchak, Wimberly/Zwicker, Greenstein) - Revises various provisions of law governing construction of school facilities projects and operations of New Jersey Schools Development Authority; establishes "Charter School and Renaissance School Project Facilities Loan Program" in EDA

A-4522/S-3234 (Moen, McKnight, Quijano/Singer, Singleton) - Requires certain disclosures by sellers of single-family homes with solar panels installed

A-4691/S-1530 (Swain, DeAngelo, Speight/Greenstein, Zwicker) - Requires hazard mitigation plans to include climate change-related threat assessments and hazard prevention and mitigation strategies

A-4723/S-2740 (McKeon, Moriarty, Rooney/Codey, Scutari) - Requires motor vehicle dealer to offer to delete personal information in motor vehicles in certain situations

A-4791/S-3184 (Kennedy, Haider, McKeon/Diegnan, Sarlo) - Establishes "Resiliency and Environmental System Investment Charge Program"

ACS for A-4794/S-3224 (Benson, Mukherji/Singleton, Turner) - Requires request for proposal to establish demonstration projects to develop electric vehicle charging depots serviced by distributed energy resource charging centers for certain electric vehicle use

A-4814/S-1023 (Moen, Wimberly/Singleton, Gopal) - Removes expected family contribution from calculation of financial need under circumstances in which public institutions of higher education may reduce student's institutional financial aid

ACS for A-4821 and 4823wGR/S-3283 (Karabinchak, Conaway, Schaer/Greenstein, Zwicker) - Directs DEP to take certain actions concerning identification and testing of microplastics in drinking water, and requires DEP and BPU to study and promote use of microplastics removal technologies

A-4955/S-3531 (S. Kean, Thomson/Singer, Gopal) - Designates portion of State Highway Route 71 as "John Tarantino Highway"

A-5094/S-3476 (Spearman/Beach, Greenstein) - Concerns licensing of security officer companies

A-5227/S-3662 (Danielsen, Space/Smith, Oroho) - Expands eligibility for "fishing buddy license" fee

A-5285/SCS for S-3708 (Greenwald, Haider, Lopez/Greenstein, A.M. Bucco) - Requires copies of certain law enforcement records to be provided to victims of domestic violence upon request

A-5293/S-3746 (Greenwald, McKnight, Rooney/Gopal, Ruiz) - Concerns New Jersey Civic Information Consortium

A-5311/S-3061 (Verrelli, McKnight, Matsikoudis/Stanfield, Turner) - Enters New Jersey into Counseling Compact

A-5391/S-3765 (DeAngelo/Diegnan, Corrado) - Imposes conditions on drivers approaching disabled vehicles

A-5412/S-3850 (Greenwald, Swain, Jasey/Gopal, Singer) - Establishes nonpublic school transportation program to provide funding to consortiums of nonpublic schools that will assume responsibility for mandated nonpublic school busing

A-5416wGR/S-3883 (Wimberly, Giblin, Haider/Greenstein, Turner) - Requires State Board of Education to authorize alternate route to expedite teacher certification of persons employed as paraprofessionals in school districts

A-5442/S-3793 (Karabinchak, Conaway, McKeon/Smith, Greenstein) - Directs BPU to conduct study to determine feasibility, marketability, and costs of implementing large-scale geothermal heat pump systems in State

A-5462/S-3867 (Coughlin, McKnight, Speight/Vitale, Turner) - Revises law establishing Office of Food Security Advocate, and establishes certain conditions for use of monies appropriated to emergency food organizations

ACS for A-5495/SCS for S-3846 (Danielsen/Scutari, A.M. Bucco) - Clarifies types of firearms allowed to be carried or transported while hunting

A-5516/S-4047 (Reynolds-Jackson, Verrelli, Conaway/Burgess, Turner) - Requires certain health care professionals to undergo bias training

A-5565/S-3971 (S. Kean, Thomson/Gopal) - Provides that 10-year term does not apply to lease of certain municipal properties unless they are waterfront properties or related to waterfront concessions

A-5567/S-3807 (Torrissi, Calabrese/A.M. Bucco, Sarlo) - Extends period of usefulness of fire engines for bonding purposes from 10 to 20 years; eliminates exclusion of passenger cars and station wagons

A-5582/S-3781 (Swain, Simonsen/Lagana, Cryan) - Establishes grant program for NJ YouthBuild programs through DOLWD; makes appropriation

A-5610wGR/S-3954 (Greenwald, Spearman, Chaparro/Beach, A.M. Bucco) - Revises penalties for possession or consumption of alcoholic beverages by underage persons

A-5748/S-4166 (Spearman, Moen, Moriarty/Cruz-Perez, Madden) - Amends definition of "participating county" under County Option Hospital Fee Program

A-5755/S-4183 (Carter, Sumter, Wimberly, Quijano/Scutari, Singleton) - Enhances notice requirements and occupancy restrictions for hotels and multiple dwellings following determination of potentially hazardous condition

A-5799/S-1472 (Moen, Moriarty/Beach, Stack) - Authorizes DOT to establish and administer toll collection and enforcement system on behalf of NJ toll authorities and to enter into reciprocal agreements for enforcement of toll violations with toll authorities from other states

A-5806/S-4165 (Moriarty, Sauickie/Greenstein, Oroho) - Appropriates \$48 million from constitutionally dedicated CBT revenues to DEP for State acquisition of lands for recreation and conservation purposes, including Blue Acres projects, and Green Acres Program administrative costs

A-5807/S-4138 (Freiman/Johnson, Schepisi) - Appropriates \$58 million from constitutionally dedicated CBT revenues for recreation and conservation purposes to DEP for State capital and park development projects

A-5808/S-4135 (Park, Freiman, Lopez/Beach, Turner) - Appropriates \$15,564,293 from constitutionally dedicated CBT revenues to NJ Historic Trust for grants for certain historic preservation projects and associated administrative expenses

A-5809/S-4097 (Swain, Lopez, Sauickie/Zwicker, Gopal) - Amends lists of projects eligible to receive loans for environmental infrastructure projects from NJ Infrastructure Bank for FY 2024

A-5810/S-4098 (Sampson, Sauickie, Lopez/Greenstein, Stanfield) - Amends lists of environmental infrastructure projects approved for long-term funding by DEP under FY 2024 environmental infrastructure funding program

A-5828/S-4201 (Lopez/Vitale) - Authorizes State Treasurer to sell as surplus certain real property and improvements in Township of Woodbridge in Middlesex County

A-5835/S-4134 (Greenwald, Lampitt/Beach, Turner) - Authorizes regional authority to develop and operate regional rehabilitation and reentry center

A-5836/S-4212 (DeAngelo, Sumter, Wimberly/Gopal, Greenstein) - Makes supplemental appropriation of \$650,000 to New Jersey Division of State Police for trooper recruitment and retention

A-5910/S-4266 (Egan/Codey) - Increases annual salary of certain public employees and officers

AJR-200/SJR-138 (Park, Freiman, Calabrese/Lagana) - Designates November 22 of each year as Kimchi Day

Governor Murphy pocket vetoed the following bills:

S-2989/A-1739 (Pou, Singer/McKeon, Quijano, Flynn) - Makes certain for-profit debt adjusters eligible for licensing to conduct business in State

S-3172/A-4689 (Gopal, Turner/Lampitt, Matsikoudis, McKnight) - Establishes teacher certification route for candidates with Montessori teaching credentials

- S-3287/ACS for A-4852 and 1170 (Turner/Reynolds-Jackson, Jasey, Dunn, Wimberly, Calabrese, Spearman, Verrilli)** - Requires institutions of higher education to maintain supply and develop policy governing use of naloxone hydrochloride nasal spray for opioid overdose emergencies
- A-1476/S-930 (Benson, Dancer/Holzapfel, Diegnan)** - Exempts certain motor vehicles that are owned by certain nutrition programs and certain nonprofit organizations that offer social services from motor vehicle registration fees
- A-3642/S-665 (Wirhths, Murphy, Benson, Oroho/Greenstein)** - Requires MVC to place designation on motor vehicle's registration information indicating registrant is deaf
- A-3945/S-1660 (Quijano, Reynolds-Jackson, Carter/Ruiz, Singleton)** - Establishes "Male Teachers of Color Mentorship Pilot Program"; appropriates \$95,000
- A-4177/S-2478 (Mosquera, Swain, McKnight, Tucker, Dunn/Ruiz, Vitale)** - Extends duration of law requiring certain provider subsidy payments for child care services be based on enrollment
- A-4396/S-2927 (Lampitt, Jasey, Caputo/Codey)** - Establishes timelines for review and approval by Commissioner of Education of annual certified audits submitted by approved private schools for students with disabilities
- A-4621/S-3156 (Mosquera, Greenwald, Swain/Madden)** - Requires issuance of report on certain information and data on processing of applications for professional and occupational licenses and mandates review of training and call intake in Division of Consumer Affairs.
- A-4740/S-2970 (Mukherji, DeAngelo, McKnight/Cruz-Perez, Turner)** - Provides employee access to employee's employment records on file with DOLWD
- A-5294/S-1825 (Greenwald, Swain, Rooney/Steinhardt, Sarlo, Doherty)** - Exempts sales of investment metal bullion and investment coins from sales and use tax
- A-5893/S-4228 (Karabinchak, Calabrese, Sauckie/Gopal, Sarlo)** - Extends annual horse racing purse subsidies through State fiscal year 2029