

40A:2-11 and 40A:2-26
LEGISLATIVE HISTORY CHECKLIST
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LAWS OF: 2025 **CHAPTER:** 164

NJSA: 40A:2-11 and 40A:2-26, Eliminates five percent down payment requirement for local bond ordinances involving hazard mitigation and resilience projects.

BILL NO: S4472 (Substituted for A5859)

SPONSOR(S) Lagana, Joseph A. and others

DATE INTRODUCED: 5/19/2025

COMMITTEE: **ASSEMBLY:** --

SENATE: Community & Urban Affairs
Budget & Appropriations

AMENDED DURING PASSAGE: No

DATE OF PASSAGE: **ASSEMBLY:** 12/08/2025

SENATE: 06/30/2025

DATE OF APPROVAL: 12/19/2025

FOLLOWING ARE ATTACHED IF AVAILABLE:

FINAL TEXT OF BILL (S4472 enacted)

ADVANCE LAW	Yes
PAMPHLET LAW	Yes

S4472

INTRODUCED BILL: (Includes sponsor(s) statement)	Yes
REPRINT(S):	No
TECHNICAL REVIEW OF BILL:	No
COMMITTEE STATEMENT:	ASSEMBLY: No
	SENATE: Yes Community & Urban Affairs Budget & Appropriations

(Audio archived recordings of the committee meetings, corresponding to the date of the committee statement, *may possibly* be found at www.njleg.state.nj.us)

FLOOR AMENDMENT STATEMENT:	No
LEGISLATIVE FISCAL ESTIMATE:	Yes

A5859

INTRODUCED BILL: (Includes sponsor(s) statement)	Yes
REPRINT(S):	No
TECHNICAL REVIEW OF BILL:	No
COMMITTEE STATEMENT:	ASSEMBLY: Yes Appropriations
	SENATE: No

(Audio archived recordings of the committee meetings, corresponding to the date of the committee statement, *may possibly* be found at www.njleg.state.nj.us)

FLOOR AMENDMENT STATEMENT:	No
LEGISLATIVE FISCAL ESTIMATE:	Yes
VETO MESSAGE:	No
GOVERNOR'S PRESS RELEASE ON SIGNING:	Yes
LEGISLATOR STATEMENT:	No

FOLLOWING WERE PRINTED:

To check for circulating copies, contact New Jersey State Government Publications at the State Library (609) 278-2640 ext.103 or <mailto:refdesk@njstatelib.org>

REPORTS:	No
HEARINGS:	No
NEWSPAPER ARTICLES:	No

CL/MMcB

P.L. 2025, CHAPTER 164, *approved December 19, 2025*
Senate, No. 4472

- 1 AN ACT concerning local bond requirements for certain projects
2 and amending N.J.S.40A:2-11 and N.J.S.40A:2-26.
3
- 4 **BE IT ENACTED** *by the Senate and General Assembly of the State*
5 *of New Jersey:*
6
- 7 1. N.J.S.40A:2-11 is amended to read as follows:
8 40A:2-11. a. No bond ordinance shall be finally adopted unless
9 it appropriates to the purpose, or ratably to the respective purposes
10 to be financed, in addition to the obligations thereby authorized, a
11 sum as a down payment which is not less than five percent of the
12 amount of the obligations authorized.
- 13 b. **[Said]** The sum so appropriated as a down payment **[must]**
14 shall have been made available prior to final adoption of the bond
15 ordinance from any one or more of the following:
- 16 **[1.] (1)** by provision in a previously adopted budget or
17 budgets of the local unit for down payment or for capital
18 improvement purposes;
- 19 **[2.] (2)** from moneys then actually held by the local unit and
20 previously contributed for such purpose other than by the local unit;
21 or
- 22 **[3.] (3)** by emergency appropriation.
- 23 c. The provisions of this section shall not apply to a bond
24 ordinance which authorizes obligations solely for any purpose
25 referred to in paragraphs a., b., c., d., e., and h. of N.J.S.40A:2-7 or
26 for those bond ordinances which involve projects funded by State
27 grants such as Green Acres, Transportation Trust Fund, and other
28 similar programs, or for those bond ordinances which involve
29 environmental infrastructure projects or transportation projects, as
30 defined in section 3 of P.L.1985, c.334 (C.58:11B-3), or hazard
31 mitigation and resilience projects pursuant to section 5 of P.L.2023,
32 c.63 (C.58:11B-5a), funded by loans from the "New Jersey
33 Infrastructure Bank," created pursuant to section 4 of P.L.1985,
34 c.334 (C.58:11B-4), or the State, acting by and through the
35 Department of Environmental Protection.
36 (cf: P.L.2021, c.80, s.1)
37
- 38 2. N.J.S.40A:2-26 is amended to read as follows:
39 40A:2-26. Maturities of all bonds shall be as determined by
40 bond ordinance or by subsequent resolution and within the
41 following limitations:

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 a. All bonds shall mature within the period or average period
2 of usefulness determined in the bond ordinance.
- 3 b. All bonds shall mature in annual installments, the first of
4 which shall be payable not more than one year from the date of the
5 bonds. No annual installment shall exceed by more than 100
6 percent the amount of the smallest prior installment.
- 7 c. The first installment of bonds to finance a municipal public
8 utility may be made payable not later than the end of the second
9 year's operation, computed from the estimated date of completion,
10 as fixed in the project report submitted pursuant to this chapter.
- 11 d. Bonds to finance that part of the cost of a local improvement
12 which is to be assessed on property shall mature in annual
13 installments not exceeding in number the number of annual
14 installments or average thereof fixed in the bond ordinance for the
15 payment of special assessments. The first annual installment of
16 such bonds shall be payable not more than two years from the date
17 of the bonds, and no annual installment shall exceed the amount of
18 the smallest prior installment.
- 19 e. A governing body which has concluded that the limitations
20 as to maturities or amounts of annual installments will adversely
21 affect the financial position of the local unit, may make written
22 application to the Local Finance Board setting forth its conclusion
23 and the reasons therefor and the desired maturities or the amounts
24 of annual installments for bonds about to be issued. If the Local
25 Finance Board finds **[such]** the conclusion to be well founded, it
26 may, by order, fix the maturities or amounts of annual installments
27 of **[such]** the bonds as desired by the local unit, or fix any **[such]**
28 other maturities or amounts of annual installments which the
29 circumstances warrant. Application to the Local Finance Board
30 shall not be required if the maturities or the amounts of annual
31 installments have been determined by (1) the "New Jersey
32 Infrastructure Bank," created pursuant to section 4 of P.L.1985,
33 c.334 (C.58:11B-4), in connection with a loan made by the trust
34 relating to the financing of one or more environmental
35 infrastructure projects or transportation projects as defined in
36 section 3 of P.L.1985, c.334 (C.58:11B-3) or hazard mitigation and
37 resilience projects pursuant to section 5 of P.L.2023, c.63
38 (C.58:11B-5a), or (2) the State, acting by and through the
39 Department of Environmental Protection, in connection with a loan
40 made by the State, relating to the financing of one or more
41 environmental infrastructure projects as defined in section 3 of
42 P.L.1985, c.334 (C.58:11B-3).
- 43 f. The governing body, by resolution, may provide for a single
44 and combined issue of bonds not exceeding the aggregate amount of
45 bonds authorized by two or more bond ordinances. The bonds of
46 such issue shall mature within the average period of usefulness
47 which shall be determined in said resolution, taking into
48 consideration the respective amount of bonds authorized by each of

1 the bond ordinances and the period or average period of usefulness
2 therein determined. The provisions of this chapter applicable to the
3 sale and issuance of a single issue of bonds shall apply to the sale
4 and issuance of such combined issue of bonds.

5 g. The governing body, by resolution, may allow the
6 adjustment of, or otherwise delegate to a finance officer the
7 authority to adjust, the maturity schedule of the bonds, up to 24
8 hours prior to the time advertised for the receipt of bids and within
9 24 hours after the award of bids; provided that no maturity schedule
10 adjustment shall exceed 10 percent of the principal for any maturity
11 with the aggregate adjustment to maturity not to exceed 10 percent
12 of the principal for the overall issue. When an adjustment has been
13 made to a maturity schedule previously approved by the Local
14 Finance Board, a copy of the final maturity schedule which meets or
15 complies with the limitations in this subsection shall be filed with
16 the board within 30 days of the sale and shall be conclusively
17 deemed to have been approved by the board.

18 (cf: P.L.2021, c.80, s.2)

19
20 3. This act shall take effect immediately.

21 22 23 STATEMENT

24
25 This bill amends the local bond law to exempt a local
26 government from appropriating an amount equal to five percent of
27 the amount of obligations for local bond ordinances involving
28 hazard mitigation and resilience projects.

29 The bill also exempts a local government from applying to the
30 local finance board concerning the maturity and amount of annual
31 installment payments related to the financing of local bond
32 ordinances involving hazard mitigation and resilience projects.

33 The bill also makes technical corrections to existing law.
34
35

36
37
38 Eliminates five percent down payment requirement for local
39 bond ordinances involving hazard mitigation and resilience
40 projects.

CHAPTER 164

AN ACT concerning local bond requirements for certain projects and amending N.J.S.40A:2-11 and N.J.S.40A:2-26.

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

1. N.J.S.40A:2-11 is amended to read as follows:

Down payment.

40A:2-11. a. No bond ordinance shall be finally adopted unless it appropriates to the purpose, or ratably to the respective purposes to be financed, in addition to the obligations thereby authorized, a sum as a down payment which is not less than five percent of the amount of the obligations authorized.

b. The sum so appropriated as a down payment shall have been made available prior to final adoption of the bond ordinance from any one or more of the following:

(1) by provision in a previously adopted budget or budgets of the local unit for down payment or for capital improvement purposes;

(2) from moneys then actually held by the local unit and previously contributed for such purpose other than by the local unit; or

(3) by emergency appropriation.

c. The provisions of this section shall not apply to a bond ordinance which authorizes obligations solely for any purpose referred to in paragraphs a., b., c., d., e., and h. of N.J.S.40A:2-7; for those bond ordinances which involve projects funded by State grants such as Green Acres, Transportation Trust Fund, and other similar programs; or for those bond ordinances which involve environmental infrastructure projects or transportation projects, as defined in section 3 of P.L.1985, c.334 (C.58:11B-3), or hazard mitigation and resilience projects pursuant to section 5 of P.L.2023, c.63 (C.58:11B-5a), funded by loans from the "New Jersey Infrastructure Bank," created pursuant to section 4 of P.L.1985, c.334 (C.58:11B-4), or the State, acting by and through the Department of Environmental Protection.

2. N.J.S.40A:2-26 is amended to read as follows:

Maturities of bonds.

40A:2-26. Maturities of all bonds shall be as determined by bond ordinance or by subsequent resolution and within the following limitations:

a. All bonds shall mature within the period or average period of usefulness determined in the bond ordinance.

b. All bonds shall mature in annual installments, the first of which shall be payable not more than one year from the date of the bonds. No annual installment shall exceed by more than 100 percent the amount of the smallest prior installment.

c. The first installment of bonds to finance a municipal public utility may be made payable not later than the end of the second year's operation, computed from the estimated date of completion, as fixed in the project report submitted pursuant to this chapter.

d. Bonds to finance that part of the cost of a local improvement which is to be assessed on property shall mature in annual installments not exceeding in number the number of annual installments or average thereof fixed in the bond ordinance for the payment of special assessments. The first annual installment of such bonds shall be payable not more than two years from the date of the bonds, and no annual installment shall exceed the amount of the smallest prior installment.

e. A governing body which has concluded that the limitations as to maturities or amounts of annual installments will adversely affect the financial position of the local unit, may make written application to the Local Finance Board setting forth its conclusion and the reasons therefor and the desired maturities or the amounts of annual installments for bonds about to be issued. If the Local Finance Board finds the conclusion to be well founded, it may, by order, fix the maturities or amounts of annual installments of the bonds as desired by the local unit, or fix any other maturities or amounts of annual installments which the circumstances warrant. Application to the Local Finance Board shall not be required if the maturities or the amounts of annual installments have been determined by (1) the "New Jersey Infrastructure Bank," created pursuant to section 4 of P.L.1985, c.334 (C.58:11B-4), in connection with a loan made by the trust relating to the financing of one or more environmental infrastructure projects or transportation projects as defined in section 3 of P.L.1985, c.334 (C.58:11B-3) or hazard mitigation and resilience projects pursuant to section 5 of P.L.2023, c.63 (C.58:11B-5a), or (2) the State, acting by and through the Department of Environmental Protection, in connection with a loan made by the State, relating to the financing of one or more environmental infrastructure projects as defined in section 3 of P.L.1985, c.334 (C.58:11B-3).

f. The governing body, by resolution, may provide for a single and combined issue of bonds not exceeding the aggregate amount of bonds authorized by two or more bond ordinances. The bonds of such issue shall mature within the average period of usefulness which shall be determined in said resolution, taking into consideration the respective amount of bonds authorized by each of the bond ordinances and the period or average period of usefulness therein determined. The provisions of this chapter applicable to the sale and issuance of a single issue of bonds shall apply to the sale and issuance of such combined issue of bonds.

g. The governing body, by resolution, may allow the adjustment of, or otherwise delegate to a finance officer the authority to adjust, the maturity schedule of the bonds, up to 24 hours prior to the time advertised for the receipt of bids and within 24 hours after the award of bids, provided that no maturity schedule adjustment shall exceed 10 percent of the principal for any maturity with the aggregate adjustment to maturity not to exceed 10 percent of the principal for the overall issue. When an adjustment has been made to a maturity schedule previously approved by the Local Finance Board, a copy of the final maturity schedule which meets or complies with the limitations in this subsection shall be filed with the board within 30 days of the sale and shall be conclusively deemed to have been approved by the board.

3. This act shall take effect immediately.

Approved December 19, 2025.

SENATE, No. 4472

STATE OF NEW JERSEY

221st LEGISLATURE

INTRODUCED MAY 19, 2025

Sponsored by:

Senator JOSEPH A. LAGANA

District 38 (Bergen)

Senator BENJIE E. WIMBERLY

District 35 (Bergen and Passaic)

Assemblyman AL ABDELAZIZ

District 35 (Bergen and Passaic)

Assemblyman CHRIS TULLY

District 38 (Bergen)

Assemblywoman ALIXON COLLAZOS-GILL

District 27 (Essex and Passaic)

Co-Sponsored by:

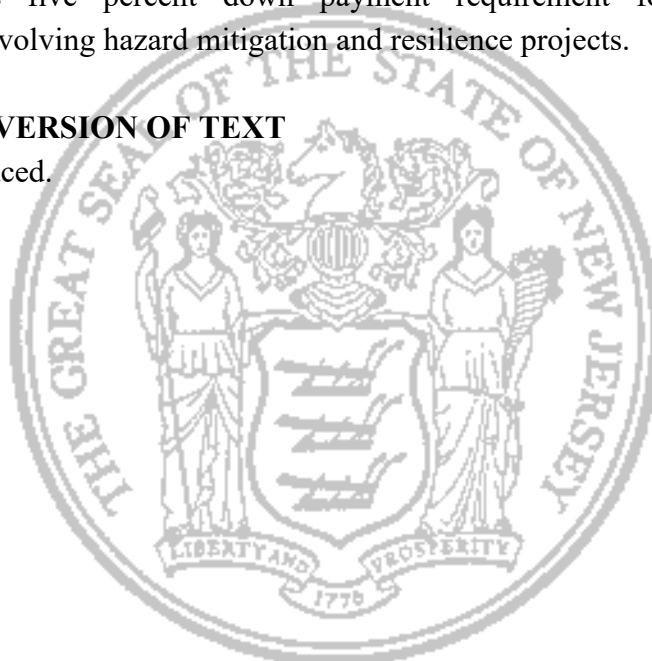
Assemblywoman Haider

SYNOPSIS

Eliminates five percent down payment requirement for local bond ordinances involving hazard mitigation and resilience projects.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 12/8/2025)

1 AN ACT concerning local bond requirements for certain projects
2 and amending N.J.S.40A:2-11 and N.J.S.40A:2-26.

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

6
7 1. N.J.S.40A:2-11 is amended to read as follows:

8 40A:2-11. a. No bond ordinance shall be finally adopted unless
9 it appropriates to the purpose, or ratably to the respective purposes
10 to be financed, in addition to the obligations thereby authorized, a
11 sum as a down payment which is not less than five percent of the
12 amount of the obligations authorized.

13 b. **[Said]** The sum so appropriated as a down payment **[must]**
14 shall have been made available prior to final adoption of the bond
15 ordinance from any one or more of the following:

16 **[1.] (1)** by provision in a previously adopted budget or
17 budgets of the local unit for down payment or for capital
18 improvement purposes;

19 **[2.] (2)** from moneys then actually held by the local unit and
20 previously contributed for such purpose other than by the local unit;
21 or

22 **[3.] (3)** by emergency appropriation.

23 c. The provisions of this section shall not apply to a bond
24 ordinance which authorizes obligations solely for any purpose
25 referred to in paragraphs a., b., c., d., e., and h. of N.J.S.40A:2-7 or
26 for those bond ordinances which involve projects funded by State
27 grants such as Green Acres, Transportation Trust Fund, and other
28 similar programs, or for those bond ordinances which involve
29 environmental infrastructure projects or transportation projects, as
30 defined in section 3 of P.L.1985, c.334 (C.58:11B-3), or hazard
31 mitigation and resilience projects pursuant to section 5 of P.L.2023,
32 c.63 (C.58:11B-5a), funded by loans from the "New Jersey
33 Infrastructure Bank," created pursuant to section 4 of P.L.1985,
34 c.334 (C.58:11B-4), or the State, acting by and through the
35 Department of Environmental Protection.

36 (cf: P.L.2021, c.80, s.1)

37
38 2. N.J.S.40A:2-26 is amended to read as follows:

39 40A:2-26. Maturities of all bonds shall be as determined by
40 bond ordinance or by subsequent resolution and within the
41 following limitations:

42 a. All bonds shall mature within the period or average period
43 of usefulness determined in the bond ordinance.

44 b. All bonds shall mature in annual installments, the first of
45 which shall be payable not more than one year from the date of the

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 bonds. No annual installment shall exceed by more than 100
2 percent the amount of the smallest prior installment.

3 c. The first installment of bonds to finance a municipal public
4 utility may be made payable not later than the end of the second
5 year's operation, computed from the estimated date of completion,
6 as fixed in the project report submitted pursuant to this chapter.

7 d. Bonds to finance that part of the cost of a local improvement
8 which is to be assessed on property shall mature in annual
9 installments not exceeding in number the number of annual
10 installments or average thereof fixed in the bond ordinance for the
11 payment of special assessments. The first annual installment of
12 such bonds shall be payable not more than two years from the date
13 of the bonds, and no annual installment shall exceed the amount of
14 the smallest prior installment.

15 e. A governing body which has concluded that the limitations
16 as to maturities or amounts of annual installments will adversely
17 affect the financial position of the local unit, may make written
18 application to the Local Finance Board setting forth its conclusion
19 and the reasons therefor and the desired maturities or the amounts
20 of annual installments for bonds about to be issued. If the Local
21 Finance Board finds **【such】** the conclusion to be well founded, it
22 may, by order, fix the maturities or amounts of annual installments
23 of **【such】** the bonds as desired by the local unit, or fix any **【such】**
24 other maturities or amounts of annual installments which the
25 circumstances warrant. Application to the Local Finance Board
26 shall not be required if the maturities or the amounts of annual
27 installments have been determined by (1) the "New Jersey
28 Infrastructure Bank," created pursuant to section 4 of P.L.1985,
29 c.334 (C.58:11B-4), in connection with a loan made by the trust
30 relating to the financing of one or more environmental
31 infrastructure projects or transportation projects as defined in
32 section 3 of P.L.1985, c.334 (C.58:11B-3) or hazard mitigation and
33 resilience projects pursuant to section 5 of P.L.2023, c.63
34 (C.58:11B-5a), or (2) the State, acting by and through the
35 Department of Environmental Protection, in connection with a loan
36 made by the State, relating to the financing of one or more
37 environmental infrastructure projects as defined in section 3 of
38 P.L.1985, c.334 (C.58:11B-3).

39 f. The governing body, by resolution, may provide for a single
40 and combined issue of bonds not exceeding the aggregate amount of
41 bonds authorized by two or more bond ordinances. The bonds of
42 such issue shall mature within the average period of usefulness
43 which shall be determined in said resolution, taking into
44 consideration the respective amount of bonds authorized by each of
45 the bond ordinances and the period or average period of usefulness
46 therein determined. The provisions of this chapter applicable to the
47 sale and issuance of a single issue of bonds shall apply to the sale
48 and issuance of such combined issue of bonds.

1 g. The governing body, by resolution, may allow the
2 adjustment of, or otherwise delegate to a finance officer the
3 authority to adjust, the maturity schedule of the bonds, up to 24
4 hours prior to the time advertised for the receipt of bids and within
5 24 hours after the award of bids; provided that no maturity schedule
6 adjustment shall exceed 10 percent of the principal for any maturity
7 with the aggregate adjustment to maturity not to exceed 10 percent
8 of the principal for the overall issue. When an adjustment has been
9 made to a maturity schedule previously approved by the Local
10 Finance Board, a copy of the final maturity schedule which meets or
11 complies with the limitations in this subsection shall be filed with
12 the board within 30 days of the sale and shall be conclusively
13 deemed to have been approved by the board.
14 (cf: P.L.2021, c.80, s.2)

15

16 3. This act shall take effect immediately.

17

18

19

STATEMENT

20

21 This bill amends the local bond law to exempt a local
22 government from appropriating an amount equal to five percent of
23 the amount of obligations for local bond ordinances involving
24 hazard mitigation and resilience projects.

25 The bill also exempts a local government from applying to the
26 local finance board concerning the maturity and amount of annual
27 installment payments related to the financing of local bond
28 ordinances involving hazard mitigation and resilience projects.

29 The bill also makes technical corrections to existing law.

SENATE COMMUNITY AND URBAN AFFAIRS COMMITTEE

STATEMENT TO

SENATE, No. 4472

STATE OF NEW JERSEY

DATED: JUNE 5, 2025

The Senate Community and Urban Affairs Committee reports favorably Senate Bill No. 4472.

This bill amends the "Local Bond Law" to exempt a local government from appropriating an amount equal to five percent of the amount of obligations for local bond ordinances involving hazard mitigation and resilience projects.

The bill also exempts a local government from applying to the local finance board concerning the maturity and amount of annual installment payments related to the financing of local bond ordinances involving hazard mitigation and resilience projects.

The bill also makes technical corrections to existing law.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 4472

STATE OF NEW JERSEY

DATED: JUNE 9, 2025

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 4472.

As reported, this bill amends the local bond law to exempt a local government from appropriating an amount equal to five percent of the amount of obligations for local bond ordinances involving hazard mitigation and resilience projects.

The bill also exempts a local government from applying to the local finance board concerning the maturity and amount of annual installment payments related to the financing of local bond ordinances involving hazard mitigation and resilience projects.

The bill also makes technical corrections to existing law.

FISCAL IMPACT:

The Office of Legislative Services concludes that the bill may result in an increase in costs to some counties and municipalities because of higher debt financing costs corresponding to the duration of bonds they may issue. This bill removes the five percent down payment requirement for the issuance of bonds by counties and municipalities for hazard mitigation and resilience projects.

Counties and municipalities that choose to not to make any down payment on the amount of debt authorized will pay higher interest costs over the term of the bonds, as they are financing 100 percent of the capital purpose, not some lower percent. These higher costs will vary among counties and municipalities, depending on the amount of debt authorized and issued, interest rates, the length of the bond term, and other factors.

LEGISLATIVE FISCAL ESTIMATE
SENATE, No. 4472
STATE OF NEW JERSEY
221st LEGISLATURE

DATED: JUNE 10, 2025

SUMMARY

- Synopsis:** Eliminates five percent down payment requirement for local bond ordinances involving hazard mitigation and resilience projects.
- Type of Impact:** Potential increase in county and municipal costs.
- Agencies Affected:** Counties and municipalities; Department of Community Affairs.

Office of Legislative Services Estimate

Fiscal Impact	<u>Duration of the Term of the Bonds</u>
Potential Local Cost Increase	Indeterminate

- The Office of Legislative Services (OLS) concludes that the bill may result in an increase in costs to some counties and municipalities because of higher debt financing costs corresponding to the duration of bonds they may issue. This bill removes the five percent down payment requirement for the issuance of bonds by counties and municipalities for hazard mitigation and resilience projects.
- Counties and municipalities that choose to not to make any down payment on the amount of debt authorized will pay higher interest costs over the term of the bonds, as they are financing 100 percent of the capital purpose, not some lower percent. These higher costs will vary among counties and municipalities, depending on the amount of debt authorized and issued, interest rates, the length of the bond term, and other factors.

BILL DESCRIPTION

This bill would add hazard mitigation and resilience projects to the list of exceptions to the requirements, provided in existing law, that: (1) a local unit finance a down payment of no less than five percent of the amount of the obligations authorized by a bond ordinance; and (2) a governing body apply to the Local Finance Board concerning the maturity and amount of annual installment payments related to the financing of local bond ordinances.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS concludes that the bill may result in an increase in costs to some counties and municipalities because of higher debt financing costs corresponding to the term of the bonds these local governments may issue. This bill removes the five percent down payment requirement for the issuance of bonds by counties and municipalities for hazard mitigation and resilience projects. Current law requires municipalities and counties, under ordinary circumstances, to provide a down payment of at least five percent of the amount of the obligations authorized to be financed through the sale of bonds. Counties and municipalities that choose not to make any down payment on a bond obligation will pay higher interest costs over the term of the bonds because they are issuing a greater amount of debt. These costs will vary among counties and municipalities, depending on the amount of debt authorized and issued, bond interest rates, the length of the bond term, and other factors.

The down payment currently required by law may be appropriated in the county or municipal budget (via the Current Fund or Capital Improvement Fund), from State or federal grant funds, or an emergency appropriation. A down payment is not required for most county and municipal obligations when bonds are issued, with Local Finance Board approval, pursuant to N.J.S.40A:2-7, projects funded by State grants (i.e. Transportation Trust Fund monies), and projects funded by loans made to counties and municipalities pursuant to the New Jersey Environmental Infrastructure Trust.

The OLS further finds that the bill may result in a small reduction in the administrative costs of the local units, as a result of the application exemption, and the Local Finance Board in the Department of Community Affairs, as a result of the reduction in applications due to the exemption.

Section: Local Government
Analyst: Grace Ahlin
Assistant 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.).

ASSEMBLY, No. 5859

STATE OF NEW JERSEY

221st LEGISLATURE

INTRODUCED JUNE 19, 2025

Sponsored by:

Assemblyman AL ABDELAZIZ

District 35 (Bergen and Passaic)

Assemblyman CHRIS TULLY

District 38 (Bergen)

Assemblywoman ALIXON COLLAZOS-GILL

District 27 (Essex and Passaic)

Co-Sponsored by:

Assemblywoman Haider

SYNOPSIS

Eliminates five percent down payment requirement for local bond ordinances involving hazard mitigation and resilience projects.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 12/8/2025)

1 AN ACT concerning local bond requirements for certain projects
2 and amending N.J.S.40A:2-11 and N.J.S.40A:2-26.

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

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7 1. N.J.S.40A:2-11 is amended to read as follows:

8 40A:2-11. a. No bond ordinance shall be finally adopted unless it
9 appropriates to the purpose, or ratably to the respective purposes to
10 be financed, in addition to the obligations thereby authorized, a sum
11 as a down payment which is not less than five percent of the amount
12 of the obligations authorized.

13 b. **[Said]** The sum so appropriated as a down payment **[must]**
14 shall have been made available prior to final adoption of the bond
15 ordinance from any one or more of the following:

16 **[1.] (1)** by provision in a previously adopted budget or
17 budgets of the local unit for down payment or for capital
18 improvement purposes;

19 **[2.] (2)** from moneys then actually held by the local unit and
20 previously contributed for such purpose other than by the local unit;
21 or

22 **[3.] (3)** by emergency appropriation.

23 c. The provisions of this section shall not apply to a bond
24 ordinance which authorizes obligations solely for any purpose
25 referred to in paragraphs a., b., c., d., e., and h. of N.J.S.40A:2-7 or
26 for those bond ordinances which involve projects funded by State
27 grants such as Green Acres, Transportation Trust Fund, and other
28 similar programs, or for those bond ordinances which involve
29 environmental infrastructure projects or transportation projects, as
30 defined in section 3 of P.L.1985, c.334 (C.58:11B-3), or hazard
31 mitigation and resilience projects pursuant to section 5 of P.L.2023,
32 c.63 (C.58:11B-5a), funded by loans from the "New Jersey
33 Infrastructure Bank," created pursuant to section 4 of P.L.1985,
34 c.334 (C.58:11B-4), or the State, acting by and through the
35 Department of Environmental Protection.

36 (cf: P.L.2021, c.80, s.1)

37
38 2. N.J.S.40A:2-26 is amended to read as follows:

39 40A:2-26. Maturities of all bonds shall be as determined by
40 bond ordinance or by subsequent resolution and within the
41 following limitations:

42 a. All bonds shall mature within the period or average period
43 of usefulness determined in the bond ordinance.

44 b. All bonds shall mature in annual installments, the first of
45 which shall be payable not more than one year from the date of the

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 bonds. No annual installment shall exceed by more than 100
2 percent the amount of the smallest prior installment.

3 c. The first installment of bonds to finance a municipal public
4 utility may be made payable not later than the end of the second
5 year's operation, computed from the estimated date of completion,
6 as fixed in the project report submitted pursuant to this chapter.

7 d. Bonds to finance that part of the cost of a local improvement
8 which is to be assessed on property shall mature in annual
9 installments not exceeding in number the number of annual
10 installments or average thereof fixed in the bond ordinance for the
11 payment of special assessments. The first annual installment of
12 such bonds shall be payable not more than two years from the date
13 of the bonds, and no annual installment shall exceed the amount of
14 the smallest prior installment.

15 e. A governing body which has concluded that the limitations
16 as to maturities or amounts of annual installments will adversely
17 affect the financial position of the local unit, may make written
18 application to the Local Finance Board setting forth its conclusion
19 and the reasons therefor and the desired maturities or the amounts
20 of annual installments for bonds about to be issued. If the Local
21 Finance Board finds **【such】** the conclusion to be well founded, it
22 may, by order, fix the maturities or amounts of annual installments
23 of **【such】** the bonds as desired by the local unit, or fix any **【such】**
24 other maturities or amounts of annual installments which the
25 circumstances warrant. Application to the Local Finance Board
26 shall not be required if the maturities or the amounts of annual
27 installments have been determined by (1) the "New Jersey
28 Infrastructure Bank," created pursuant to section 4 of P.L.1985,
29 c.334 (C.58:11B-4), in connection with a loan made by the trust
30 relating to the financing of one or more environmental
31 infrastructure projects or transportation projects as defined in
32 section 3 of P.L.1985, c.334 (C.58:11B-3) or hazard mitigation and
33 resilience projects pursuant to section 5 of P.L.2023, c.63
34 (C.58:11B-5a), or (2) the State, acting by and through the
35 Department of Environmental Protection, in connection with a loan
36 made by the State, relating to the financing of one or more
37 environmental infrastructure projects as defined in section 3 of
38 P.L.1985, c.334 (C.58:11B-3).

39 f. The governing body, by resolution, may provide for a single
40 and combined issue of bonds not exceeding the aggregate amount of
41 bonds authorized by two or more bond ordinances. The bonds of
42 such issue shall mature within the average period of usefulness
43 which shall be determined in said resolution, taking into
44 consideration the respective amount of bonds authorized by each of
45 the bond ordinances and the period or average period of usefulness
46 therein determined. The provisions of this chapter applicable to the
47 sale and issuance of a single issue of bonds shall apply to the sale
48 and issuance of such combined issue of bonds.

1 g. The governing body, by resolution, may allow the
2 adjustment of, or otherwise delegate to a finance officer the
3 authority to adjust, the maturity schedule of the bonds, up to 24
4 hours prior to the time advertised for the receipt of bids and within
5 24 hours after the award of bids; provided that no maturity schedule
6 adjustment shall exceed 10 percent of the principal for any maturity
7 with the aggregate adjustment to maturity not to exceed 10 percent
8 of the principal for the overall issue. When an adjustment has been
9 made to a maturity schedule previously approved by the Local
10 Finance Board, a copy of the final maturity schedule which meets or
11 complies with the limitations in this subsection shall be filed with
12 the board within 30 days of the sale and shall be conclusively
13 deemed to have been approved by the board.

14 (cf: P.L.2021, c.80, s.2)

15
16 3. This act shall take effect immediately.

17
18
19 STATEMENT

20
21 This bill amends the local bond law to exempt a local
22 government from appropriating an amount equal to five percent of
23 the amount of obligations for local bond ordinances involving
24 hazard mitigation and resilience projects.

25 The bill also exempts a local government from applying to the
26 local finance board concerning the maturity and amount of annual
27 installment payments related to the financing of local bond
28 ordinances involving hazard mitigation and resilience projects.

29 The bill also makes technical corrections to existing law.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 5859

STATE OF NEW JERSEY

DATED: JUNE 19, 2025

The Assembly Appropriations Committee reports favorably Assembly Bill No. 5859.

As reported, this bill amends the "Local Bond Law" to exempt a local government from appropriating an amount equal to five percent of the amount of obligations for local bond ordinances involving hazard mitigation and resilience projects.

The bill also exempts a local government from applying to the local finance board concerning the maturity and amount of annual installment payments related to the financing of local bond ordinances involving hazard mitigation and resilience projects.

The bill also makes technical corrections to existing law.

FISCAL IMPACT:

The Office of Legislative Services (OLS) concludes that the bill may result in an increase in costs to some counties and municipalities because of higher debt financing costs corresponding to the duration of bonds they may issue. This bill removes the five percent down payment requirement for the issuance of bonds by counties and municipalities for hazard mitigation and resilience projects.

Counties and municipalities that choose to not to make any down payment on the amount of debt authorized will pay higher interest costs over the term of the bonds, as they are financing 100 percent of the capital purpose, not some lower percent. These higher costs will vary among counties and municipalities, depending on the amount of debt authorized and issued, interest rates, the length of the bond term, and other factors.

LEGISLATIVE FISCAL ESTIMATE
ASSEMBLY, No. 5859
STATE OF NEW JERSEY
221st LEGISLATURE

DATED: JUNE 27, 2025

SUMMARY

Synopsis: Eliminates five percent down payment requirement for local bond ordinances involving hazard mitigation and resilience projects.

Type of Impact: Potential increase in county and municipal costs.

Agencies Affected: Counties and municipalities; Department of Community Affairs.

Office of Legislative Services Estimate

Fiscal Impact	<u>Duration of the Term of the Bonds</u>
Potential Local Cost Increase	Indeterminate

- The Office of Legislative Services (OLS) concludes that the bill may result in an increase in costs to some counties and municipalities because of higher debt financing costs corresponding to the duration of bonds they may issue. This bill removes the five percent down payment requirement for the issuance of bonds by counties and municipalities for hazard mitigation and resilience projects.
- Counties and municipalities that choose to not to make any down payment on the amount of debt authorized will pay higher interest costs over the term of the bonds, as they are financing 100 percent of the capital purpose, not some lower percent. These higher costs will vary among counties and municipalities, depending on the amount of debt authorized and issued, interest rates, the length of the bond term, and other factors.

BILL DESCRIPTION

This bill would add hazard mitigation and resilience projects to the list of exceptions to the requirements, provided in existing law, that: (1) a local unit finance a down payment of no less than five percent of the amount of the obligations authorized by a bond ordinance; and (2) a governing body apply to the Local Finance Board concerning the maturity and amount of annual installment payments related to the financing of local bond ordinances.

FISCAL ANALYSIS***EXECUTIVE BRANCH***

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS concludes that the bill may result in an increase in costs to some counties and municipalities because of higher debt financing costs corresponding to the term of the bonds these local governments may issue. This bill removes the five percent down payment requirement for the issuance of bonds by counties and municipalities for hazard mitigation and resilience projects. Current law requires municipalities and counties, under ordinary circumstances, to provide a down payment of at least five percent of the amount of the obligations authorized to be financed through the sale of bonds. Counties and municipalities that choose not to make any down payment on a bond obligation will pay higher interest costs over the term of the bonds because they are issuing a greater amount of debt. These costs will vary among counties and municipalities, depending on the amount of debt authorized and issued, bond interest rates, the length of the bond term, and other factors.

The down payment currently required by law may be appropriated in the county or municipal budget (via the Current Fund or Capital Improvement Fund), from State or federal grant funds, or an emergency appropriation. A down payment is not required for most county and municipal obligations when bonds are issued, with Local Finance Board approval, pursuant to N.J.S.40A:2-7, projects funded by State grants (i.e. Transportation Trust Fund monies), and projects funded by loans made to counties and municipalities pursuant to the New Jersey Environmental Infrastructure Trust.

The OLS further finds that the bill may result in a small reduction in the administrative costs of the local units, as a result of the application exemption, and the Local Finance Board in the Department of Community Affairs, as a result of the reduction in applications due to the exemption.

Section: Local Government

*Analyst: Grace Ahlin
Assistant 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.).

Governor Murphy Takes Action on Legislation

Posted on - 12/19/2025

TRENTON – Today, Governor Murphy signed the following bills into law, with the Governor's recommendation following concurrences by the legislature:

S-1447/A-4053 (Singleton/Lopez, Speight) - Transfers New Jersey Historic Trust from Department of State to DCA and makes certain changes related to trustees and powers

S-2038/A-3581 (Gopal, Cryan/Carter, Quijano) - Requires public institution of higher education to post certain information on institution's website

S-3153/A-4543 (Ruiz, Cryan/Haider, Speight, Sumter) - Prohibits DCF from using federal benefits received by a child in out of home placement to reimburse State for cost of child's care, except under certain circumstances

S-4400/A-5547 (Johnson, Turner/Verrelli) - Extends hours that minor employed by national sports association, league, or team may work under certain circumstances

S-4472/A-5859 (Lagana, Wimberly/Abdelaziz, Tully, Collazos-Gill) - Eliminates five percent down payment requirement for local bond ordinances involving hazard mitigation and resilience projects

S-4524/A-5862 (Turner, Testa/Bailey, Miller, Freiman) - Appropriates \$34 million from constitutionally dedicated CBT revenues to State Agriculture Development Committee for county planning incentive grants for farmland preservation purposes

S-4531/A-5861 (Burzichelli, Testa/Egan, Katz, Donlon) - Appropriates \$52,798,268 from constitutionally dedicated CBT revenues and other farmland preservation funds to State Agriculture Development Committee for farmland preservation purposes

S-4551/A-5865 (Beach, Space/Bagolie, Calabrese, Spearman) - Appropriates \$3,750,990 from constitutionally dedicated CBT revenues to State Agriculture Development Committee for grants to certain nonprofit organizations for farmland preservation purposes

S-4566/A-5863 (Cruz-Perez/Hutchison, Park, Bailey) - Appropriates \$500,000 from constitutionally dedicated CBT revenues to State Agriculture Development Committee for municipal planning incentive grants for farmland preservation purposes

S-4569/A-5864 (Smith, Singleton/Drulis, Reynolds-Jackson, Moen) - Appropriates \$13,640,000 to DEP from constitutionally dedicated CBT revenues for grants to certain nonprofit entities for open space acquisition, park development, and planning projects, and for certain administrative expenses

SJR-100/AJR-150 (Singleton/Venezia, Sumter) - Designates July of each year as "Cleft and Craniofacial Awareness and Prevention Month" in NJ

A-3802wGR/S-3061 (Reynolds-Jackson, Wimberly, Freiman/Burgess, Pennacchio) - Differentiates certain legal services from traditional insurance products

A-4331wGR/S-3227 (Speight, Atkins, Bagolie/McKnight, Turner) - Establishes licensure for cosmetic retail services

A-4712wGR/S-3504 (Tucker, Marengo/Cryan, Vitale, Johnson) - Establishes Office of Veteran Advocate and ombudsman for DMVA; appropriates funds

A-5130wGR/S-4128 (Schnall, Karabinchak, Calabrese/Moriarty, Wimberly) - Requires enforcing agency to conduct inspection of construction in specified time window

A-5264wGR/S-4100 (Karabinchak, Haider, Spearman/McKeon, Greenstein) - Requires establishment of automated platform to expedite construction code approval of applications to install residential solar energy systems

A-5309wGR/S-4147 (Simmons, Freiman, Donlon/Burzichelli, McKnight) - Permits up to three credits of continuing medical education on menopause to be used by nurses and physicians for license renewal

A-5854wGR/S-4614 (Azzariti/Schepisi, Sarlo) - Allows certain motor vehicle franchisors to sell, lease, or assign vehicles to employees