

40A:12A-64

LEGISLATIVE HISTORY CHECKLIST

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LAWS OF: 2001 **CHAPTER:** 310
NJSA: 40A:12A-64 (Financing local development projects)
BILL NO: S2727 (Substituted for A4002)

SPONSOR(S): Inverso and Adler

DATE INTRODUCED: November 26, 2001

COMMITTEE: **ASSEMBLY:** ----
SENATE: Budget

AMENDED DURING PASSAGE: No

DATE OF PASSAGE: **ASSEMBLY:** December 17, 2001
SENATE: December 17, 2001

DATE OF APPROVAL: January 3, 2002

FOLLOWING ARE ATTACHED IF AVAILABLE:

FINAL TEXT OF BILL (Original version of bill enacted)

S2727

SPONSORS STATEMENT: (Begins on page 38 of original bill) Yes

COMMITTEE STATEMENT: **ASSEMBLY:** No

SENATE: Yes

FLOOR AMENDMENT STATEMENTS: No

LEGISLATIVE FISCAL ESTIMATE: No

A4002

SPONSORS STATEMENT: (Begins on page 38 of original bill) Yes

Bill and Sponsors Statement identical to S2727

COMMITTEE STATEMENT:	ASSEMBLY:	Yes
	SENATE:	No
FLOOR AMENDMENT STATEMENTS:		No
LEGISLATIVE FISCAL ESTIMATE:		No
VETO MESSAGE:		No
GOVERNOR'S PRESS RELEASE ON SIGNING:		No

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SENATE, No. 2727

STATE OF NEW JERSEY
209th LEGISLATURE

INTRODUCED NOVEMBER 26, 2001

Sponsored by:

Senator PETER A. INVERSO
District 14 (Mercer and Middlesex)
Senator JOHN H. ADLER
District 6 (Camden)

Co-Sponsored by:

Assemblymen Biondi and Bateman

SYNOPSIS

Authorizes use of revenue allocation financing by certain municipalities and the use of additional financing mechanism by municipalities in certain areas.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 12/18/2001)

1 AN ACT expanding the mechanisms available to finance local
2 development projects, supplementing chapter 12A of Title 40A of
3 the New Jersey Statutes and chapter 27D of Title 52 of the Revised
4 Statutes, and amending P.L.1992, c.79.

5

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

8

9 1. Sections 1 through 10 of P.L. , c. (C.) (pending before
10 the Legislature as this bill) shall be known and may be cited as the
11 "Redevelopment Area Bond Financing Law."

12

13 2. (New section) As used in sections 1 through 10 of P.L. , c.
14 (C.) (pending before the Legislature as this bill):

15 "Authority" means the New Jersey Economic Development
16 Authority established pursuant to P.L.1974, c.80 (C.34:1B-1 et seq.),
17 the New Jersey Redevelopment Authority established pursuant to
18 section 4 of P.L.1996, c.62 (C.55:19-23) or other instrumentality
19 created by law by the State with the power to incur debt and issue
20 bonds and other obligations.

21 "Board" means the Local Finance Board established in the Division
22 of Local Government Services in the Department of Community
23 Affairs.

24 "Bonds" mean bonds, notes or other obligations issued by the
25 authority or a municipality to finance or refinance redevelopment
26 projects pursuant to the "Redevelopment Area Bond Financing Law,"
27 sections 1 through 10 of P.L. , c. (C.) (pending before the
28 Legislature as this bill), the "Local Redevelopment and Housing Law",
29 P.L.1992, c.79 (C.40A:12A-1 et seq.), or other applicable law.

30 "Financial agreement" means an agreement that meets the
31 requirements of a financial agreement under P.L.1991, c.431
32 (C.40A:20-1 et seq.).

33 "Municipality" means the municipal governing body or an entity
34 acting on behalf of the municipality if permitted by the federal Internal
35 Revenue Code of 1986, or, if a redevelopment agency or
36 redevelopment entity is established in the municipality pursuant to
37 P.L.1992, c.79 (C.40A:12A-1 et seq.) and the municipality so
38 provides, the redevelopment agency or entity so established.

39 "Redeveloper" means any person, firm, corporation or public body,
40 including the New Jersey Economic Development Authority or the
41 New Jersey Redevelopment Authority to the extent permitted by law,
42 that shall enter into or propose to enter into a contract with a
43 municipality or other redevelopment entity for the redevelopment or

EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and intended to be omitted in the law.

Matter underlined thus is new matter.

1 rehabilitation of an area in need of redevelopment, or an area in need
2 of rehabilitation, or any part thereof, under the provisions of the
3 "Redevelopment Area Bond Financing Law," sections 1 through 10 of
4 P.L. , c. (C.) (pending before the Legislature as this bill), or
5 for any construction or other work forming part of a redevelopment
6 or rehabilitation project.

7 "Redevelopment" means clearance, replanning, development and
8 redevelopment; the conservation and rehabilitation of any structure or
9 improvement, the construction and provision for construction of
10 residential, commercial, industrial, public or other structures and the
11 grant or dedication of spaces as may be appropriate or necessary in the
12 interest of the general welfare for streets, parks, playgrounds, or other
13 public purposes, including recreational and other facilities incidental
14 or appurtenant thereto, and any other related costs and expenses
15 including preliminary planning and development costs and any
16 financing costs and expenses in accordance with a redevelopment plan.

17 "Redevelopment bond financing agreement" means a contract
18 between a municipality and a redeveloper for any work or undertaking
19 for the redevelopment of a redevelopment area, or part thereof, under
20 the provisions of the "Redevelopment Area Bond Financing Law,"
21 sections 1 through 10 of P.L. , c. (C.) (pending before the
22 Legislature as this bill) or the "Local Redevelopment and Housing
23 Law," P.L.1992, c.79 (C.40A:12A-1 et seq.), as the case may be.

24 "Redevelopment area" means an area which has been delineated a
25 "redevelopment area" or "area in need of redevelopment" pursuant to
26 the "Local Redevelopment and Housing Law," P.L.1992, c.79
27 (C.40A:12A-1 et seq.).

28 "Redevelopment project" means any work or undertaking pursuant
29 to a redevelopment plan; such undertaking may include any buildings,
30 land, including demolition, clearance or removal of buildings from
31 land, equipment, facilities, or other real or personal properties which
32 are necessary, convenient, or desirable appurtenances, such as but not
33 limited to streets, sewers, utilities, parks, site preparation, landscaping,
34 and administrative, community, health, recreational, educational, and
35 welfare facilities and any other related costs and expenses including
36 preliminary planning and development costs and any financing costs
37 and expenses.

38 "Special assessment" means an assessment upon the lands or
39 improvements on such lands, or both, in the redevelopment area
40 benefitted by improvements undertaken pursuant to the
41 "Redevelopment Area Bond Financing Law," sections 1 through 10 of
42 P.L. , c. (C.) (pending before the Legislature as this bill), or
43 the "Local Redevelopment and Housing Law," P.L.1992, c.79
44 (C.40A:12A-1 et seq.), and assessed pursuant to chapter 56 of Title
45 40 of the Revised Statutes, R.S. 40:56-1 et seq., except as otherwise
46 provided in subsection b. of section 3 of P.L. , c. (C.) (pending
47 before the Legislature as this bill).

1 3. (New section) a. A municipality that has designated a
2 redevelopment area may provide for tax abatement within that
3 redevelopment area and for payments in lieu of taxes in accordance
4 with the provisions of P.L.1991, c.431 (C.40A:20-1 et seq.) and
5 P.L.1991, c.441 (C.40A:21-1 et seq.); provided, however, that the
6 provisions of section 12 of P.L.1991, c.431 (C.40A:20-12)
7 establishing a minimum or maximum annual service charge and
8 requiring staged increases in annual service charges over the term of
9 the exemption period, and of section 13 of P.L.1991, c.431
10 (C.40A:20-13) permitting the relinquishment of status under that act,
11 shall not apply to redevelopment projects financed with bonds.

12 b. In addition to, or in lieu of, the tax abatement provided for in
13 subsection a. of this section, the municipality may provide by
14 ordinance for one or more special assessments within the
15 redevelopment area in accordance with chapter 56 of Title 40 of the
16 Revised Statutes, R.S.40:56-1 et seq., provided, however, that the
17 provisions of R.S.40:56-35 shall be applied so that if any installment
18 of a special assessment shall remain unpaid for 30 days after the time
19 at which it shall become due, the municipality may provide, by
20 ordinance, either that: (1) the whole assessment or balance due
21 thereon shall become and be immediately due; or, (2) any subsequent
22 installments which would not yet have become due except for the
23 default shall be considered as not in default and that the lien for the
24 installments not yet due shall continue; and provided, further, that the
25 ordinance may require that the assessments be payable in quarterly,
26 semi-annual or yearly installments, with legal interest thereon, over a
27 period of years up to but in no event exceeding the period of years for
28 which the bonds were issued, or for 30 years, whichever shall be less.
29 In levying a special assessment on the lands or improvements, or both,
30 located in the redevelopment area, the municipality may provide that
31 the amount of the special assessment shall be a specific amount, not to
32 exceed the cost of the improvements, paid with respect to property
33 located in the redevelopment area. That specific amount shall, to the
34 extent accepted by the owner of the property benefitted, be deemed
35 the conferred benefit, in lieu of the amount being determined by the
36 procedures otherwise applicable to determining the actual benefit
37 conferred on the property. Special assessments levied pursuant to an
38 ordinance adopted under this subsection shall constitute a municipal
39 lien upon confirmation by the municipal governing body or by the
40 court, under R.S.40:56-33, except that such amount shall constitute
41 a municipal lien effective upon the date accepted in writing by the
42 owner of the property benefitted if prior to the actual confirmation.

43 c. Upon adoption, a copy of the ordinance shall be filed for public
44 inspection in the office of the municipal clerk, and there shall be
45 published in a newspaper, published or circulating in the municipality,
46 a notice stating the fact and the date of adoption and the place where

1 the ordinance is filed and a summary of the contents of the ordinance.
2 The notice shall state that any action or proceeding of any kind or
3 nature in any court questioning the validity or proper authorization of
4 the ordinance or the actions authorized to be taken as set forth in the
5 ordinance shall be commenced within 20 days after the publication of
6 the notice. If no action or proceeding questioning the validity of the
7 ordinance providing for tax abatement, special assessments or other
8 actions authorized by the ordinance shall be commenced or instituted
9 within 20 days after the publication of the notice, the county and the
10 school district and all other municipalities within the county and all
11 residents and taxpayers and owners of property therein shall be forever
12 barred and foreclosed from instituting or commencing any action or
13 proceeding in any court questioning the validity or enforceability of
14 the ordinance or the validity or enforceability of acts authorized under
15 the ordinance, and the ordinance and acts authorized by the ordinance
16 shall be conclusively deemed to be valid and enforceable in accordance
17 with their terms and tenor.

18

19 4. (New section) a. The municipality may issue bonds itself in the
20 manner provided for herein or pursuant to the "Local Redevelopment
21 and Housing Law," P.L.1992, c.79 (C.40A:12A-1 et seq.) or may
22 apply to the authority to issue bonds, which in either case may be
23 secured by payments in lieu of taxes or special assessments or both by
24 the adoption of a resolution of the governing body to that effect.

25 b. A municipality that has designated a redevelopment area may,
26 by resolution of its governing body, if it determines to issue bonds
27 through the authority, enter into contracts with the authority relating
28 to any project or projects for the purpose of financing or refinancing
29 redevelopment, or act as a redeveloper, within a redevelopment area.
30 A resolution so adopted shall contain findings and determinations of
31 the governing body: (1) that the project will result in the
32 redevelopment of the municipality; and, (2) that the contract with the
33 authority is a necessary or important inducement to the undertaking of
34 the project in that the contract makes the financing thereof feasible.
35 The contract or contracts, or the terms of any bonds issued directly by
36 a municipality may provide for the assignment, for the benefit of
37 bondholders, of all or any portion of payments in lieu of taxes , or
38 special assessments, or both. A contract may be made and entered
39 into for a term beginning currently or at some future or contingent
40 date, and with or without consideration, and for a specified or
41 unlimited time, and on any terms and conditions which may be
42 requested by the municipality and, if applicable, as may be agreed to
43 by the authority in conformity with its contracts with the holders of
44 bonds, and shall be valid and binding on the municipality. The
45 municipality is hereby authorized and directed to do and perform any
46 contract so entered into by it and to provide for the discharge of any

1 obligation thereunder in the same manner as other obligations of the
2 municipality.

3 Any contract, and any instrument making or evidencing the same,
4 may be pledged or assigned by the authority, with the consent of the
5 municipality executing the contract, to secure its bonds and thereafter
6 may not be modified except as provided by the terms of the instrument
7 or by the terms of the pledge or assignment.

8 The municipality may include in the terms of a bond or contract a
9 provision that the payments in lieu of taxes or special assessments
10 shall constitute a municipal charge for the purposes of R.S.54:4-66.

11 c. The payments in lieu of taxes or special assessments, or both,
12 may be assigned directly by the municipality or the authority or the
13 trustee for the bonds as payment or security for the bonds.
14 Notwithstanding any law to the contrary, the assignment shall be an
15 absolute assignment of all the municipality's right, title, and interest in
16 the payment in lieu of taxes or special assessments, or both, or portion
17 thereof, along with the rights and remedies provided to the
18 municipality under the agreement including, but not limited to, the
19 right of collection of payments due. Payments in lieu of taxes and
20 special assessments assigned as provided hereunder shall not be
21 included in the general funds of the municipality, nor shall they be
22 subject to any laws regarding the receipt, deposit, investment or
23 appropriation of public funds and shall retain such status
24 notwithstanding enforcement of the payment or assessment by the
25 municipality or assignee as provided herein. The municipality shall be
26 a "person" within the meaning of that term as defined in section 3 of
27 P.L.1974, c.80 (C.34:1B-3); and the purpose described in this section
28 shall be a "project" within the meaning of that term as defined in
29 section 3 of P.L.1974, c.80 (C.34:1B-3).

30 d. Notwithstanding the provisions of subsection g. of section 37 of
31 P.L.1992, c.79 (C.40A:12A-37), the bonds issued pursuant to this
32 section may be issued as non-recourse obligations, and unless
33 otherwise provided for by a separate action of the municipality to
34 guarantee such bonds or otherwise provide for a pledge of the
35 municipality's full faith and credit shall not, except for such action, be
36 considered to be direct and general obligations of the municipality,
37 and, absent such action, the municipality shall not be obligated to levy
38 and collect a tax sufficient in an amount to pay the principal and
39 interest on the bonds when the same become due and payable. The
40 provisions of the "Local Government Supervision Act (1947),"
41 P.L.1947, c.151 (C.52:27BB-1 et seq.) shall not apply to any bonds
42 issued or authorized pursuant to this section and those bonds shall not
43 be considered gross debt of the municipality on any debt statement
44 filed in accordance with the "Local Bond Law," N.J.S.40A:2-1 et seq.,
45 and the provisions of chapter 27 of Title 52 of the Revised Statutes
46 shall not apply to such bonds.

1 e. The proceeds from the sale of bonds and any funds provided by
2 any department of the State, authority created by the State or bi-state
3 authority for the purposes described in the "Redevelopment Area Bond
4 Financing Law," sections 1 through 10 of P.L. , c. (C.)
5 (pending before the Legislature as this bill, shall not require
6 compliance with public bidding laws, including the "Local Public
7 Contracts Law," P.L.1971, c.198 (C.40A:11-1 et seq.), or any other
8 statute where the redeveloper shall undertake the redevelopment
9 project. The use of these funds shall be subject to public
10 accountability and oversight by the municipality or agency providing
11 the funds.

12 f. In order to provide additional security for any loan to a
13 redeveloper or to bonds issued to finance a redevelopment project, the
14 municipality may utilize powers otherwise provided by law, including
15 the "Local Redevelopment and Housing Law," P.L.1992, c.79,
16 (C.40A:12A-1 et seq.), to provide for any extension of the
17 municipality's credit to any redeveloper or its full faith and credit
18 which may include a full faith and credit lease as security for the bonds
19 or any loan to a redeveloper. To the extent that the municipality
20 provides for a full faith and credit guarantee of any loan to a
21 redeveloper or any bonds, but determines not to authorize the issuance
22 of bonds or notes to provide for the funding source thereof, _or
23 otherwise determines to enter into a full faith and credit lease, it may
24 do so by resolution approved by a majority of the full governing body.
25 To the extent that bonds or notes are authorized as provided above,
26 such bonds or notes shall be authorized pursuant to the provisions of
27 the "Local Bond Law," N.J.S.40A:2-1 et seq., and shall be deductible
28 from the gross debt of the municipality until such time as such bonds
29 or notes are actually issued, and only up to the amount actually issued,
30 to fund such guarantee.

31 g. A financial instrument, whether issued by a municipality or an
32 authority, that is secured in whole or in part by payments in lieu of
33 taxes or by special assessments, or both, as provided herein shall be
34 subject to the review and approval of the board. That review and
35 approval shall be made prior to approval of, in the case of a
36 municipality, an introduce ordinance or, in the case of an authority, a
37 resolution. The board shall be entitled to receive from the applicant
38 an amount sufficient to provide for all reasonable professional and
39 other fees and expenses incurred by it for the review, analysis and
40 determination with respect thereto. As part of its review, the board
41 shall specifically solicit comments from the Office of State Planning
42 and the New Jersey Economic Development Authority in addition to
43 comments from the public. As part of the board's review and
44 approval, it shall consider where appropriate one or more of the
45 following: whether the redevelopment project or plan promotes
46 approaches and concepts to reduce congestion; enhance mobility;

1 assist in the redevelopment of our municipalities; and otherwise
2 improve the quality of life of our citizens.

3
4 5. (New section) a. Payments required to be made in accordance
5 with an agreement for payments in lieu of taxes entered into under
6 section 3 of P.L. , c. (C.) (pending before the Legislature
7 as this bill) shall be a continuous lien on the land against which the
8 ordinance is recorded on and after the date of recordation of both the
9 ordinance and the agreement, whether simultaneously or not, or the
10 date of confirmation of the special assessments, whichever is earlier.
11 All subsequent payments in lieu of taxes thereunder, interest, penalties
12 and costs of collection which thereafter fall due or accrue shall be
13 added and relate back to and be a part of the initial lien. Upon
14 recordation of the ordinance and agreement, payments in lieu of taxes
15 shall constitute a municipal lien within the meaning, and for all
16 purposes, of law.

17 b. If bonds are issued, the municipality or the redeveloper may
18 record, either simultaneously or at different times, any ordinance
19 enacted by the municipality relating to the payment in lieu of taxes
20 agreement or special assessments and, either simultaneously with the
21 ordinance or at different times, a copy of the agreement or agreements.
22 The ordinance, when recorded, shall contain a legend at the top of the
23 front page substantially as follows:

24 "THIS ORDINANCE SECURES BONDS OR OTHER
25 OBLIGATIONS ISSUED IN ACCORDANCE WITH THE
26 PROVISIONS OF THE 'REDEVELOPMENT AREA BOND
27 FINANCING LAW' AND THE LIEN HEREOF IN FAVOR OF THE
28 OWNERS OF SUCH BONDS OR OTHER OBLIGATIONS IS A
29 MUNICIPAL LIEN SUPERIOR TO ALL OTHER NON-
30 MUNICIPAL LIENS HEREAFTER RECORDED."

31 c. Notwithstanding any law to the contrary, upon recordation of
32 both the ordinance and any accompanying agreement, the lien thereof
33 shall be perfected for all purposes in accordance with law and the lien
34 shall thereafter be superior to all non-municipal liens thereafter
35 recorded or otherwise arising, without any additional notice,
36 recording, filing, continuation filing or action, until the payment in full
37 of the bonds. The lien thereby established shall apply not only to the
38 bonds initially issued, but also to any refinancing or refunding thereof,
39 as well as to any additional bonds thereafter issued on a parity
40 therewith in accordance with the provisions of the original documents
41 securing the initial bonds; provided, however, that in the event any
42 ordinance or agreement is amended or supplemented in a way which
43 increases the amount of payment in lieu of taxes or special
44 assessments, the lien as to that increase shall be perfected and apply
45 upon the recordation of the amended or supplemented ordinance and
46 agreement (including the above-recited legend). Except as set forth

1 in this section, no amendment or supplement to the ordinance or
2 agreement thereafter recorded shall affect the perfection or priority of
3 the lien established upon original recordation thereof.

4 d. Upon the final payment in full of any bonds secured as provided
5 in this section and section 4 of P.L. , c. (C.), the lien
6 established hereby shall terminate, and the municipality shall record a
7 notice to that effect.

8
9 6. (New section) In lieu of, or in addition to, the provisions of
10 section 5 of P.L. , c. (C.) (pending before the Legislature as
11 this bill), the municipality may provide in the agreement that the
12 payment in lieu of taxes, if any, is to be secured by a mortgage. In that
13 event the mortgage may also be assigned and pledged to the repayment
14 of the bonds authorized herein.

15 The assignment of any mortgage that secures a payment in lieu of
16 taxes, if any, may also be an absolute assignment of all or part of the
17 municipality's right, title, and interest in the mortgage and, to the
18 extent assigned, any moneys realized from the foreclosure of the
19 mortgaged property shall not be included in the general funds of the
20 municipality.

21 After the bonds are paid and no longer deemed to be outstanding,
22 the assignment of the mortgage shall terminate.

23
24 7. (New section) All bonds issued pursuant to the "Redevelopment
25 Area Bond Financing Law," P.L. , c. (C.) (pending before
26 the Legislature as this bill) are hereby declared to be issued by a
27 political subdivision of this State and for an essential public and
28 governmental purpose and the bonds, and the interest thereon and the
29 income therefrom, and all facility charges, funds, revenues and other
30 moneys pledged or available to pay or secure the payment of the
31 bonds, or interest thereon, shall at all times be exempt from taxation
32 except for transfer inheritance and estate taxes.

33
34 8. (New section) The State of New Jersey does hereby pledge to
35 and covenant and agree with the holders of any bonds issued pursuant
36 to the "Redevelopment Area Bond Financing Law," P.L. , c.
37 (C.) (pending before the Legislature as this bill) that the State
38 will not limit or alter the terms of any agreement, ordinance or
39 resolution made in connection with the security for and the issuance
40 and sale of any bonds, so as to in any way impair the rights or
41 remedies of such holders, and will not modify in any way the
42 exemption from taxation provided for in the "Redevelopment Area
43 Bond Financing Law," P.L. , c. (C.) (pending before the
44 Legislature as this bill), until the bonds, together with interest thereon,
45 with interest on any unpaid installments of interest, and all costs and
46 expenses in connection with any action or proceeding by or on behalf

1 of such holders, are fully met and discharged or provided for.

2

3 9. (New section) If any section, subsection, clause or provision of
4 the "Redevelopment Area Bond Financing Law," P.L. , c.
5 (C.) (pending before the Legislature as this bill) shall be adjudged
6 to be unconstitutional or ineffective in whole or in part, to the extent
7 that it is not adjudged unconstitutional or is not ineffective, it shall be
8 valid and effective and no other section, subsection, clause or
9 provision of the "Redevelopment Area Bond Financing Law,"
10 P.L. , c. (C.) (pending before the Legislature as this
11 bill) shall on account thereof be deemed invalid or ineffective, and the
12 inapplicability or invalidity of any section, subsection, clause or
13 provision the "Redevelopment Area Bond Financing Law," of
14 P.L. , c. (C.) (pending before the Legislature as this
15 bill) in any one or more instances or under any one or more
16 circumstances shall not be taken to affect or prejudice in any way its
17 applicability or validity in any other instance or under any other
18 circumstance.

19

20 10. (New section) After issuance, pursuant to the "Redevelopment
21 Area Bond Financing Law," P.L. , c. (C.) (pending before
22 the Legislature as this bill) all bonds shall be conclusively presumed to
23 be fully authorized and issued by all courts and officers of this State,
24 and any person shall be estopped from questioning their sale,
25 execution or delivery.

26

27 11. Sections 11 through 41 of P.L. , c. (C.) (pending
28 before the Legislature as this bill) shall be known and may be cited as
29 the "Revenue Allocation District Financing Act."

30

31 12. (New section) The Legislature finds and declares that:

32 a. There are areas within certain municipalities in this State that
33 deter private capital investment because of the deteriorating condition
34 of the land, buildings and infrastructure within those areas, or that
35 have not experienced private capital investment due to inadequate
36 infrastructure or adverse economic conditions.

37 b. These areas also create an economic burden for the municipality
38 due to the limited tax base and underutilization of resources.

39 c. The scarcity of resources available to municipalities for
40 redevelopment has severely hampered these municipalities' ability to
41 rehabilitate these areas.

42 d. In order to redevelop these areas in a beneficial manner,
43 municipalities should be provided the means to finance certain costs of
44 redevelopment so as to open new avenues for private investment;
45 stimulate commercial, industrial, recreational, cultural, entertainment,
46 civic and educational enterprise; and create favorable conditions for

1 increases in economic activity, property values, employment
2 opportunities and the provision of affordable housing.

3 e. The use of new redevelopment tools as a catalyst for economic
4 revitalization can be maximized if employed in conjunction with the
5 redevelopment planning process established pursuant to P.L.1992,
6 c.79 (C.40A:12A-1 et al.).

7 f. The State should consider, where appropriate, one or more of
8 the following: whether the redevelopment project or plan promotes
9 approaches and concepts to reduce congestion; enhance mobility;
10 assist in the redevelopment of our municipalities; and otherwise
11 improve the quality of life of our citizens.

12 g. It is, therefore, in the public interest to authorize the use of
13 revenue allocation financing by municipalities and the dedication of
14 payments in lieu of taxes toward the retirement of debt incurred in
15 redevelopment, as set forth hereunder, to encourage private
16 investment within areas that are blighted or in need of redevelopment
17 or would otherwise remain unused.

18

19 13. (New section) As used in sections 11 through 41 of P.L. ,
20 c. (C.) (pending before the legislature as this bill):

21 "Area in need of redevelopment" means a redevelopment area as
22 defined pursuant to section 3 of P.L.1992, c.79 (C.40A:12A-3).

23 "Board" means the Local Finance Board established in the Division
24 of Local Government Services in the Department of Community
25 Affairs.

26 "Bonds" means the bonds, notes and bond anticipation notes issued
27 to finance projects pursuant to the "Revenue Allocation District
28 Financing Act," sections 11 through 41 of P.L. , c. (C.)
29 (pending before the Legislature as this bill).

30 "District" means the area or areas within a municipality designated
31 as a revenue allocation district pursuant to the provisions of the
32 "Revenue Allocation District Financing Act," sections 11 through 41
33 of P.L. , c. (C.) (pending before the Legislature as this bill).

34 "District agent" means that entity designated by the municipal
35 governing body pursuant to section 14 of P.L. , c. (C.) (pending
36 before the Legislature as this bill) to administer a revenue allocation
37 plan on behalf of the municipality.

38 "Eligible revenue" means the property tax increment and any other
39 incremental revenues set forth in section 21 of P.L. , c. (C.)
40 (pending before the Legislature as this bill).

41 "Municipality" means the municipal governing body or an entity
42 acting on behalf of the municipality if permitted by the federal Internal
43 Revenue Code of 1986 or, if a redevelopment agency or
44 redevelopment entity is established in a municipality pursuant to
45 P.L.1992, c.79 (C.40A:12A-1 et seq.) and the municipality so
46 provides, the redevelopment agency or entity so established.

1 "Permitted investment obligations" means any securities permitted
2 for purchase by local units of government pursuant to section 8 of
3 P.L.1977, c.396 (C.40A:5-15.1).

4 "Plan" means the final revenue allocation plan developed by a
5 district agent pursuant to section 22 of P.L. , c. (C.) (pending
6 before the Legislature as this bill) and containing, among other
7 elements, the proposed projects, estimated cost of the projects,
8 sources of revenue, and the terms of any obligations, undertakings or
9 commitments to be incurred by the district agent.

10 "Pledged revenues" means those eligible revenues designated in the
11 plan for payment of project costs.

12 "Project" means the purchasing, leasing, condemning or otherwise
13 acquiring of land or other property, or an interest therein, in the
14 district or as necessary or convenient for the acquisition of any
15 right-of-way or other easement to or from the revenue allocation
16 district; the moving and relocation of persons or businesses displaced
17 by the acquisition of land or property; the acquisition, construction,
18 reconstruction or rehabilitation of land or property and the
19 improvements thereon, or the financing thereof, including demolition,
20 clearance, removal, relocation, renovation, alteration, construction,
21 reconstruction, alteration or repair of any land, building, street,
22 highway, alley, utility, mass transit facility, service or other structure,
23 infrastructure or improvement in the district or necessary to effectuate
24 the plan for the district, including infrastructure improvements outside
25 the district, but only those which are integral to the effectuation of the
26 district plan; the acquisition, construction, reconstruction,
27 rehabilitation or installation of public facilities and improvements, or
28 the financing thereof; acquisition, construction, reconstruction or
29 rehabilitation of residential structures, or the conversion to residential
30 use of structures previously designed or used for other purposes, or
31 the financing thereof, nonprofit corporation or other suitable public or
32 private person, firm, corporation or association, and which, to the
33 extent economically feasible, shall constitute housing affordable to
34 persons and families of low and moderate income pursuant to
35 P.L.1985, c.222 (C.52:27D-301 et al.) or rules and regulations
36 adopted pursuant thereto; and all costs associated with any of the
37 foregoing, including the cost of administrative appraisals, legal,
38 financial, economic and environmental analyses, engineering or
39 cleanup, planning, design, architectural, surveying or other
40 professional and technical services necessary to effectuate the
41 purposes of the "Revenue Allocation District Financing Act," sections
42 11 through 41 of P.L. , c. (C.) (pending before the Legislature as
43 this bill).

44 "Project cost" means the cost of the plan or project in all or any
45 part of the district and of all and any property, rights, easements,
46 privileges, agreements and franchises deemed by the district agent to

1 be necessary or useful and convenient therefor or in connection
2 therewith, including interest or discount on bonds; cost of issuance of
3 bonds; engineering and inspection costs; legal expenses; costs of
4 financial and other professional estimates and advice; organization,
5 administrative, operating and other expenses of the district agent prior
6 to and during the planning and implementation of a development, plan
7 or project, including such provision as the district agent may determine
8 for the payment, or security for payment, of principal of or interest on
9 bonds during or after the implementation of any development, plan or
10 project.

11 "Property tax increment" means the amount obtained by:

12 (1) multiplying the general tax rate levied each year by the taxable
13 value of all the property assessed within a district in the same year,
14 excluding any special assessments; and

15 (2) multiplying that product by a fraction having a numerator equal
16 to the taxable value of all the property assessed within the district,
17 minus the property tax increment base, and having a denominator
18 equal to the taxable value of all property assessed within the district.

19 "Property tax increment base" means the aggregate taxable value of
20 all property assessed which is located within a district as of October 1
21 of the year preceding the year in which the district is authorized
22 pursuant to the "Revenue Allocation District Financing Act," sections
23 11 through 41 of P.L. , c. (C.) (pending before the Legislature as
24 this bill).

25 "Redevelopment plan" means a redevelopment plan as the term is
26 defined pursuant to section 3 of P.L.1992, c.79 (C.40A:12A-3).

27 "Revenue increment base" means the amount of any eligible
28 revenues, other than the property tax increment, collected in the
29 calendar year immediately preceding the adoption of the plan.

30 "Taxing entity" means the county, the school district or districts,
31 and the municipality authorized to levy a tax on the taxable property
32 within a municipality.

33

34 14. (New section) The governing body of any municipality may by
35 ordinance establish a district or districts. In the case of a municipality
36 whose redevelopment powers are assigned by law to a regional
37 planning commission, the commission may, by resolution, establish a
38 district or districts in the area within which the commission has
39 jurisdiction.

40 A revenue allocation district shall consist of all lots and streets
41 within the borders of an area within a municipality or within areas of
42 the municipality designated in the plan. The lots and streets shall be
43 contiguous unless the municipality determines that non-contiguous
44 areas of the municipality should comprise one district because those
45 areas are part of a common development project or plan. The total
46 taxable value in all districts designated shall not exceed 15 percent of

1 the total taxable property assessed within the municipality, as
2 determined by the municipal assessor, except that, upon a request by
3 the governing body, the board may approve for inclusion in the district
4 up to 20 percent of the total taxable property assessed in the
5 municipality, as determined by the municipal assessor. The lots and
6 streets to be designated as part of the plan shall be designated as a
7 revenue allocation district as part of a duly adopted redevelopment
8 plan approved by the governing body.

9 The ordinance or resolution, as appropriate, shall be adopted as
10 provided in section 17 of P.L. , c. (C.) (pending before the
11 Legislature as this bill), and shall include or incorporate:

12 a. a map designating the area or areas within the municipality as a
13 district or districts;

14 b. a certification by the municipal assessor that, upon the basis of
15 property assessments as of October 1 of the year preceding the
16 certification, the total taxable property value in all districts designated
17 by the municipality, including the district being proposed in the
18 ordinance, does not exceed 15 or 20 percent, as the case may be, of
19 the total taxable property assessed in the municipality, as provided in
20 the ordinance adopted in accordance with the provisions of this
21 section;

22 c. the designation of a district agent, which may be a county, a
23 county improvement authority, the New Jersey Redevelopment
24 Authority, the New Jersey Economic Development Authority or a
25 municipality; provided, however, that if a district is created in an area
26 under the jurisdiction of a regional planning commission which has
27 been assigned redevelopment powers pursuant to law, that commission
28 shall serve as the district agent in connection with that district;

29 d. a designation of all or any percentage of any eligible revenue or
30 revenues as pledged revenues;

31 e. a statement of whether or not the municipality intends that any
32 of the bonds issued by the district agent , if other than a municipality,
33 be guaranteed by the municipality, or be issued as qualified bonds
34 pursuant to the "Municipal Qualified Bond Act," P.L.1976, c.38
35 (C.40A:3-1 et seq.), or both;

36 f. a proposed preliminary revenue allocation plan, as set forth in
37 section 15 of the P.L. , c. (C.) (pending before the Legislature
38 as this bill);

39 g. documentation that the district has been identified in the
40 appropriate redevelopment plan; and

41 h. Such other conditions or limitations as shall be imposed on the
42 district agent by the governing body.

43

44 15. (New section) The proposed preliminary revenue allocation
45 plan shall include:

46 a. a certification by the municipal tax assessor of the property tax

- 1 increment base of the district;
- 2 b. a statement of the revenues, if any, to be pledged to support
- 3 bonds of the district, the percentage of such revenues to be so
- 4 pledged, and a certification by the chief financial officer of the
- 5 municipality of the revenue increment base for each of the pledged
- 6 revenues other than the property tax revenue base. If the amount of
- 7 any such revenue base cannot be certified, then the chief financial
- 8 officer shall estimate the amount and describe the basis for preparing
- 9 the estimate and the manner in which the revenue increment base will
- 10 be determined after adoption of the plan;
- 11 c. a description of the proposed project or projects, an estimate of
- 12 their cost, a proposed construction schedule, the projected amount of
- 13 bonds to be issued and whether interest on such bonds is exempt from
- 14 taxation for federal income tax purposes and the projected debt service
- 15 on the bonds issued to finance the project;
- 16 d. a description of the development expected or planned within the
- 17 district, including the identification of the developers, if any, other
- 18 than the district agent or the municipality, and their contractual
- 19 relationship, if any, with the district agent or the municipality;
- 20 e. an estimate of the taxable value of the assessed property within
- 21 a district upon completion of the projects;
- 22 f. a projection of the amount of the pledged revenues during the
- 23 period in which any bond will be outstanding;
- 24 g. a statement of whether or not the district agent intends to create
- 25 a reserve for payment of project costs prior to the adoption of the final
- 26 revenue allocation plan;
- 27 h. a statement of whether or not tax abatements or exemptions or
- 28 special assessments are expected to be granted in the district; and
- 29 i. a fiscal impact statement for the taxing entities involved.
- 30
- 31 16. (New section) When an ordinance establishing or amending a
- 32 district has passed first reading, it shall be submitted as an application,
- 33 together with all included and incorporated certificates and documents
- 34 and such additional documentation as the board may by rule prescribe,
- 35 to the board.
- 36 The board shall approve the ordinance if it determines that:
- 37 a. the planned developments are likely to be realized and would not
- 38 likely be accomplished by private enterprise without the creation of the
- 39 district and the revenue allocation financing of the proposed project or
- 40 projects;
- 41 b. the revenue increments and any other pledged revenues will be
- 42 sufficient to pay debt service on bonds issued to effectuate the plan;
- 43 c. the credit of the municipality and its ability to pay the principal
- 44 of and interest on its debts and to provide essential public services will
- 45 not be impaired;
- 46 d. the creation of the district will contribute to the economic

1 development of the municipality;

2 e. the size of the proposed district and the amount of the pledged
3 revenues do not exceed the size and amount necessary to accomplish
4 the purposes of the plan;

5 f. any insufficiency or shortfall in the amount of the revenue or
6 guarantees pledged to pay debt service or bonds issued to effectuate
7 the plan would not pose inappropriate risk or undue financial hardship
8 to the taxpayers of the community;

9 g. there are no other factors which, in the determination of the
10 board, will impair the credit of the municipality or reduce its ability to
11 pay punctually the principal of and interest on its debts and supply
12 other essential public improvements and services; and

13 h. the planned development does one or more of the following:
14 promote approaches and concepts to reduce congestion; enhance
15 mobility; assist in the redevelopment of our municipalities; and
16 otherwise improve the quality of life of our citizens.

17

18 17. (New section) a. The board may make written
19 recommendations as to any aspect of the ordinance and the preliminary
20 revenue allocation plan and any related fiscal matters of the
21 municipality which in the opinion of the board shall be changed in
22 order to effectuate the plan. The board may condition its approval of
23 the ordinance upon the adoption of its recommendations by the
24 municipality.

25 b. The board shall approve, approve with conditions, or disapprove
26 the ordinance within 60 days of its receipt of an application which the
27 board has deemed to be complete. If the board does not act within 60
28 days the ordinance shall be deemed approved. If the board
29 disapproves the ordinance it shall, within 30 days of signifying its
30 disapproval, set forth its reasons in writing. The municipality may
31 amend the ordinance and resubmit it to the board.

32 c. Upon receipt of the approved ordinance from the board, the
33 municipal governing body may adopt the ordinance at a meeting of the
34 governing body by a majority of the authorized membership thereof.

35

36 18. (New section) After adoption of the ordinance establishing a
37 district there shall be no expansion or contraction of the boundaries of
38 the district, the designation of the district agent, or the designation of
39 the pledged revenues without adoption of an amending ordinance
40 approved by the board as provided in section 17 of P.L. , c. (C.)
41 (pending before the Legislature as this bill).

42

43 19. (New section) Whenever a district is expanded as permitted
44 under section 18 of P.L. , c. (C.) (pending before the
45 Legislature as this bill) the property tax increment base for any area
46 added to the district shall be the aggregate taxable value of all

1 property assessed which is located within the added area as of October
2 1 of the year preceding the year in which the area is added, as certified
3 by the municipal assessor. The revenue increment base of all other
4 eligible revenues shall include the amounts of all other eligible
5 revenues from sources within the added area in the calendar year
6 preceding the year in which the area is added, as certified by the chief
7 financial officer of the municipality.

8 Whenever a district is contracted as permitted under section 18 of
9 P.L. , c. (C.) (pending before the Legislature as this bill) the tax
10 increment base and the increment base of all other eligible revenues of
11 the district shall be adjusted as if that area had not been a part of the
12 district at the time when it became part of the district.

13
14 20. (New section) The district agent shall have the following
15 powers and responsibilities to the extent so designated by ordinance:

16 a. to make and enter into contracts or agreements with public
17 agencies, nonprofit corporations or other suitable public or private
18 persons, firms, corporations or associations, and to make loans or
19 grants to, or guarantee the obligations of, any other public agency or
20 corporation, as may be necessary, convenient or incidental to the
21 execution of the plan and the exercise of the district agent's powers
22 under the "Revenue Allocation District Financing Act," sections 11
23 through 41 of P.L. , c. (C.) (pending before the Legislature as
24 this bill);

25 b. to enter into agreements or other transactions with, and accept
26 grants, loans, appropriations or other assistance or cooperation from
27 the United States or any agency thereof, or from the State or a county
28 or municipal governing body or any agency thereof, or any nonprofit
29 corporation or other suitable public or private person, firm,
30 corporation or association in furtherance of the purposes of the
31 "Revenue Allocation District Financing Act," sections 11 through 41
32 of P.L. , c. (C.) (pending before the Legislature as this bill);

33 c. to prepare and administer the plan according to the provisions
34 of the "Revenue Allocation District Financing Act," sections 11
35 through 41 of P.L. , c. (C.) (pending before the Legislature as this
36 bill);

37 d. to hire or consult with private consultants when preparing the
38 plan, or to enter into agreements with public or nonprofit private
39 agencies to prepare and administer the plan;

40 e. to issue bonds or cause bonds to be issued for any purpose of
41 the district authorized by or pursuant to the "Revenue Allocation
42 District Financing Act," sections 11 through 41 of
43 P.L. , c. (C.) (pending before the Legislature as this bill), or to
44 issue refunding bonds for the purpose of paying or retiring bonds
45 previously issued by it, and to issue notes in anticipation of the
46 issuance of bonds as provided in the "Revenue Allocation District

1 Financing Act," sections 11 through 41 of P.L. , c. (C.)
2 (pending before the Legislature as this bill);

3 f. to seek and receive funds from local, State and federal
4 governments and from private sources for the purpose of implementing
5 any authorized development or project or meeting any project cost;
6 and

7 g. to pay project costs, specifically including payments to a private
8 developer, as reimbursement for project costs incurred by a private
9 developer, in accordance with a redevelopment bond financing
10 agreement entered into by the municipality or municipalities and the
11 private developer;

12 h. to include in the terms of any resolution, bond or contract a
13 provision that the payments in lieu of taxes or special assessments shall
14 constitute a municipal charge for the purposes of R.S.54:4-66.

15 Except as provided otherwise herein, nothing herein is intended to
16 limit the powers granted under any other law or regulation to the
17 entity acting as district agent under the "Revenue Allocation District
18 Financing Act," sections 11 through 41 of P.L. , c. (C.) (pending
19 before the Legislature as this bill).

20

21 21. (New section) The plan may include one or more of the
22 following eligible revenues if the municipality is otherwise authorized
23 by law to collect such revenues:

24 a. incremental payments in lieu of taxes, with respect to property
25 located in the district, made pursuant to the "Five-Year Exemption and
26 Abatement Law," P.L.1991, c.441 (C.40A:21-1 et seq.) or the "Long
27 Term Tax Exemption Law," P.L.1991, c.431 (C.40A:20-1 et al.);

28 b. incremental revenues from payroll or wage taxes with respect to
29 activities carried on within the district;

30 c. incremental revenue from lease payments made to the
31 municipality or district agent with respect to property located in the
32 district;

33 d. incremental revenue from payments in lieu of taxes or service
34 charges with respect to property located within the district;

35 e. incremental revenue from parking taxes derived from parking
36 facilities located within the district;

37 f. admissions and sales taxes received from the operation of a
38 public facility which the district agent is authorized by law to retain;

39 g. sales and excise taxes which are derived from activities within
40 the district and which are rebated to or retained by the municipality
41 pursuant to the "New Jersey Urban Enterprise Zones Act," P.L.1983,
42 c.303 (C.52:27H-60 et seq.) or any other law providing for such
43 rebate or retention;

44 h. parking revenue from public parking facilities built as part of a
45 project except for public parking facilities owned by parking
46 authorities pursuant to the "Parking Authority Law," P.L.1948, c.198

1 (C.40:11A-1 et seq.);

2 i. assessments as allowed by law that are levied against properties
3 in a district, if consented to by the governing body of the municipality
4 in which the district is situated;

5 j. the property tax increment.

6 The incremental revenue for the revenues listed in subsections b.,
7 c., d. and e. of this section shall be calculated as the difference
8 between the amount collected in any calendar year from any eligible
9 revenue source included in the plan, less the revenue increment base
10 for that eligible revenue.

11

12 22. (New section) Before pledging any revenues, issuing any
13 bonds, incurring any obligations or guaranteeing the obligations of any
14 other entity with respect to the project costs of any project, the district
15 agent shall adopt a final revenue allocation plan for that project. That
16 plan shall include:

17 a. a description of the project or projects to be financed, including
18 the projected cost and construction schedule;

19 b. a description of any development to be undertaken by any
20 developer in connection with the project, including an estimate of the
21 eligible revenues anticipated from the development;

22 c. a description of the eligible revenues to be pledged to the
23 support of the project, or to the bonds or other obligations to be
24 issued or incurred by the district agent;

25 d. a description of other anticipated projects for the district and
26 the anticipated means of financing those projects;

27 e. a copy of any proposed bond resolution, contract, lease or other
28 agreement to be adopted or authorized by the district agent. Any
29 proposed bond resolution shall include a description of the security
30 features of the bonds, including reserve funds or other security
31 enhancements, if any, such as a municipal guarantee, qualified bond
32 authorization, bond insurance or letter of credit; the maturity schedule
33 for the bonds; the estimated interest rate; the period of capitalized
34 interest, if any; an estimate of the costs of issuance, with identification
35 of bond counsel, financial advisers, underwriters and other
36 professionals engaged to assist in the issuance of bonds; lien priorities
37 among projects, if any; and such other information as the board may
38 require; and

39 f. a certification by the chief financial officer of the property tax
40 increment base, if property tax increment revenue is to be pledged, and
41 of the revenue increment base for each other pledged revenue. If the
42 amount of any such revenue increment base cannot be certified, then
43 the chief financial officer shall estimate the amount and describe the
44 basis for preparing the estimate and the manner in which the revenue
45 increment base will be determined after adoption of the final plan.

1 23. (New section) A final revenue allocation plan shall be
2 submitted to the governing body of the municipality for approval by
3 ordinance. When an ordinance embodying a final revenue allocation
4 plan has been introduced in writing at a meeting of the governing body
5 and approved on first reading, which may be by title, by a majority of
6 the authorized membership thereof, it shall be submitted, together with
7 all included and incorporated certificates and documents and such
8 additional supporting documentation as the board may by rule
9 prescribe, to the board.

10 The board shall approve the plan if it determines that:

11 a. the planned developments are likely to be realized and would not
12 be accomplished by private enterprise without the creation of the
13 district and the financing of the proposed project or projects;

14 b. the pledged revenues will be sufficient to pay debt service on
15 bonds and discharge any obligations undertaken by the district agent
16 to effectuate the plan;

17 c. the credit of the municipality and its ability to pay the principal
18 of and interest on its debts and to provide essential public services will
19 not be impaired;

20 d. any insufficiency or shortfall in the amount of the revenues or
21 guarantees pledged to pay debt service or bonds issued to effectuate
22 the plan would not pose inappropriate risk or undue financial hardship
23 to the taxpayers of the community;

24 e. there are no other factors which, in the determination of the
25 board, will impair the credit of the municipality or reduce its ability to
26 pay punctually the principal of and interest on its debts and supply
27 other essential public improvements and services; and

28 f. the planned development does one or more of the following:
29 promote approaches and concepts to reduce congestion; enhance
30 mobility; assist in the redevelopment of our municipalities; and
31 otherwise improve the quality of life of our citizens.

32
33 24. (New section) a. The board may make written
34 recommendations as to any aspect of the plan and any related fiscal
35 matters of the municipality or the district agent which, in the
36 determination of the board, must be changed in order to effectuate the
37 plan, and the board may condition its approval of the plan upon the
38 adoption of its recommendations.

39 b. The board shall approve, approve with conditions, or
40 disapprove the plan within 60 days of its receipt of an application
41 which the board has deemed to be complete. If the board does not act
42 within 60 days the plan shall be deemed approved. If the board
43 disapproves the plan it shall set forth its reasons in writing within
44 30 days of its disapproval. The governing body, upon
45 recommendation of the district agent, may amend the ordinance and
46 resubmit it to the board.

1 c. Upon receipt of the approved ordinance from the board the
2 municipal governing body may adopt the ordinance at a meeting of the
3 governing body by a majority of the authorized membership thereof.
4 Any changes to the plan as embodied in the ordinance, including the
5 pledge or utilization of eligible revenues subject, however, to any
6 rights of bondholders shall be by amendment of the ordinance adopted
7 and approved by the same method as prescribed in section 17 of
8 P.L. , c. (C.) (pending before the Legislature as this bill) in
9 connection with the proposed preliminary revenue allocation plan
10 included in the ordinance establishing the district.

11

12 25. (New section) If the preliminary revenue allocation plan has
13 designated the property tax increment as a pledged revenue, the
14 property tax increment shall be calculated and paid to the revenue
15 allocation fund or the bond trustee, as appropriate, as provided
16 hereunder.

17 a. Upon the striking of the tax rate in each year following the
18 adoption of the ordinance creating the district, the chief financial
19 officer of the municipality, with assistance provided by the assessor
20 and collector, shall calculate the amount of property tax increment, if
21 any, for each revenue allocation district within the municipality and
22 shall certify to the district agent of each such district a copy of that
23 calculation. Thereafter the chief financial officer shall, within 10 days
24 after each date fixed by statute for the payment of property taxes,
25 cause to be deposited in the revenue allocation fund of the district
26 agent or paid to the trustees as provided in the resolution authorizing
27 the issuance of bonds the percentage of the property tax increments
28 certified in the plan as designated to be so deposited or paid. The
29 calculation of the property tax increment shall be based on the amount
30 to be billed at the quarterly payment date, regardless of whether or not
31 the increment is actually collected from the taxpayers within the
32 district.

33 b. Whenever an added assessment shall occur within a district, the
34 chief financial officer of the municipality shall notify the district agent
35 and thereafter shall, within 10 days of the date fixed by law for
36 payment of property taxes on such added assessment, cause to be paid
37 to the revenue allocation fund or the bond trustee, as appropriate, the
38 property taxes, or a percentage thereof as designated in the plan, billed
39 upon such added assessment, regardless of whether or not the tax or
40 any portion thereof is actually collected.

41 c. Whenever an omitted assessment which if not omitted would
42 have been included in the computation of the tax increment of a
43 district occurs, the chief financial officer of the municipality shall
44 notify the district agent and thereafter shall, within 10 days after the
45 date fixed by statute for payment of taxes upon such omitted
46 assessments, cause to be deposited to the revenue allocation fund or

1 paid to the bond trustees of the district, as appropriate, the proportion
2 of tax upon such omitted assessments designated in the plan for such
3 deposit or payment, regardless of whether or not the tax or any
4 portion thereof is actually collected.

5 d. In no event shall any changes in assessed valuation within a
6 district due to appeals or correction of errors with respect to a tax
7 year subsequent to the creation of the district alter the amount of
8 property tax increment certified pursuant to this section for that tax
9 year.

10 e. In no event shall any changes in assessed valuation within a
11 district due to appeals or correction of errors alter the property tax
12 increment base of the district.

13 f. Whenever a revaluation or general reassessment occurs in a
14 municipality which has designated one or more districts, the property
15 tax increment base for each district shall be adjusted to equal the
16 absolute difference between the taxable value of the property in the
17 district after revaluation or reassessment less the amount of the
18 property tax increment base for the year immediately prior to the
19 revaluation or reassessment divided by the adjusted tax rate. The
20 adjusted tax rate shall be a fraction, the numerator of which is the total
21 tax levy of the municipality before revaluation or reassessment and the
22 denominator of which is the total taxable value of all taxable property
23 in the municipality after revaluation or reassessment.

24
25 26. (New section) If the preliminary revenue allocation plan has
26 designated any eligible revenues, in addition to or other than the
27 property tax increment, as a pledged revenue, the other pledged
28 revenues shall be deposited as provided in this section.

29 a. The collector of any pledged revenues shall certify to the
30 municipal chief financial officer the amount of the eligible revenue
31 collected in the preceding calendar year no later than January 30 of
32 each year and shall pay to the municipality such amount, or the
33 percentage thereof designated in the plan, beginning in the first
34 calendar year after the creation of the district.

35 b. The municipality shall include in its budget the amount certified
36 as collected in the preceding year and shall pay to the district agent for
37 deposit in the revenue allocation financing fund the amount certified
38 in the plan as designated for such payment.

39 c. Payments in lieu of taxes shall be deposited in four equal
40 installments, regardless of the date or dates fixed for such payments by
41 statute, agreement or otherwise.

42
43 27. (New section) The district agent shall submit its operating
44 budget for the district annually to the Director of the Division of Local
45 Government Services in the Department of Community Affairs. If the
46 district agent certifies that the budget is in compliance with a

1 preliminary or final financing plan and all other relevant statutes and
2 rules, the director shall approve the budget within 45 days of receipt.
3 If the director disapproves the budget he shall state the reasons
4 therefor, in writing. The district agent may then make the necessary
5 changes and resubmit the budget for approval. The director may
6 adopt rules and regulations in accordance with the "Administrative
7 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), to ensure the
8 fiscal integrity of districts and effectuate the intent of the "Revenue
9 Allocation District Financing Act," P.L. , c. (C.) (pending before
10 the Legislature as this bill).

11

12 28. (New section) The district agent shall establish and maintain
13 a special fund called the "(Name of district agent) Revenue Allocation
14 Fund," and herein referred to as "district fund" or "fund."

15 The fund shall be used by the district agent for purposes of the
16 "Revenue Allocation District Financing Act," P.L. , c. (C.)
17 (pending before the Legislature as this bill), including but not limited
18 to:

19 a. paying the project costs;

20 b. paying the principal of and interest on bonds or other obligations
21 issued or guaranteed pursuant to the "Revenue Allocation District
22 Financing Act," P.L. , c. (C.) (pending before the Legislature as
23 this bill);

24 c. prepaying the principal of and interest on the bonds or other
25 obligations;

26 d. paying additional property tax increment revenue, if any, to
27 taxing entities, as provided for in subsections b. and c. of section 29
28 of P.L. , c. (C.) (pending before the Legislature as this bill) or in
29 the final revenue allocation plan; and

30 e. reimbursing the municipality for any payments made by the State
31 pursuant to the "Municipal Qualified Bond Act," P.L.1976, c.38
32 (C.40A:3-1 et seq.) to pay debt service on any qualified bonds issued
33 pursuant to section 35 of P.L. , c. (C.) (pending before the
34 Legislature as this bill).

35

36 29. (New section) a. Prior to the adoption of a final revenue
37 allocation plan, the district agent may draw money from the revenue
38 allocation fund for purposes of paying all project costs incurred in
39 connection with the development of the final revenue allocation plan
40 as provided in the approved operating budget, including a reserve for
41 project costs if such reserve is part of the preliminary plan.

42 b. At the end of each calendar year, any moneys in the fund not
43 pledged to bondholders or otherwise required by the district agent for
44 development of the plan shall be distributed to the appropriate taxing
45 or revenue collecting entities that shall forgo the pledged revenues.
46 The revenues shall be distributed by the district agent in proportion to

1 the taxing effort of each taxing or revenue collecting entity in the year
2 of distribution; except that no revenues deposited in the fund shall be
3 included in the calculation of any adjustment payments payable to an
4 intermunicipal account pursuant to statute.

5 c. After the adoption of the final revenue allocation plan the district
6 agent may decide to distribute to the taxing or revenue collecting
7 entities that shall forgo the revenues pursuant to the "Revenue
8 Allocation District Financing Act," sections 11 through 41 of P.L. ,
9 c. (C.) (pending before the Legislature as this bill) a portion of the
10 revenue increments received by the district agent not pledged to the
11 payment of debt service or necessary to pay project costs. The
12 revenues shall be distributed in proportion to the taxing or revenue
13 collecting effort of each such taxing or revenue collecting entity in the
14 year of distribution.

15 d. Moneys in the fund may be invested in the State of New Jersey
16 Cash Management Fund established pursuant to section 1 of P.L.1977,
17 c.281 (C.52:18A-90.4) or in any securities that a local government is
18 permitted to purchase pursuant to section 8 of P.L.1977, c.396
19 (C.40A:5-15.1).

20
21 30. (New section) Subject to the limitations contained in the
22 "Revenue Allocation District Financing Act," sections 11 through 41
23 of P.L. , c. (C.) (pending before the Legislature as this bill), each
24 district shall remain in existence until obligations for any project in that
25 district cease to be outstanding; provided, however, the district may
26 be terminated if sufficient moneys have been deposited in the revenue
27 allocation fund, which, when invested in obligations of or guaranteed
28 by the United States government, will be sufficient to pay when due
29 the principal of and interest on the bonds at maturity or any
30 redemption date or full payment of any other obligations, and if the
31 board approves the dissolution of the district. The Division of Local
32 Government Services in the Department of Community Affairs may
33 recommend to the municipality the dissolution of a district which has
34 not taken substantial steps to implement the plan, so long as there are
35 no bonded obligations outstanding or contractual obligations to pay
36 any part of project costs.

37
38 31. (New section) a. In calculating the general tax rate levied
39 each year, the aggregate amount of the ratable increments of the
40 revenue allocation districts that have been pledged to bondholders or
41 are otherwise required by the district agent for the development of the
42 plan shall not be considered a part of the total taxable value of land
43 and improvements within the municipality.

44 b. In calculating the net valuation on which school district taxes are
45 apportioned, the aggregate amount of the ratable increments in the
46 revenue allocation district shall be excluded.

1 c. For purposes of this section, "ratable increment" means the
2 taxable value of all property assessed within a revenue allocation
3 district for the tax year, minus the property tax increment base.

4
5 32. (New section) Upon approval of the resolution by the board
6 and adoption of an ordinance approving or adopting: a. the final
7 revenue allocation plan by the municipal governing body, or b. a
8 determination regarding a particular project for which there exist
9 sufficient eligible revenues within the district to pay the principal of
10 and interest on obligations issued to finance such project, the district
11 agent shall have the power to incur indebtedness, borrow money and
12 issue its bonds or notes for purposes of financing a project or funding
13 or refunding its bonds or notes. If the district agent is the municipal
14 governing body, any pledge of revenues or funds and obligations
15 incurred shall be limited to the revenues and property accruing to the
16 municipality as district agent and shall not be deemed to include any
17 other municipal revenue or property unless such revenues are pledged
18 or obligations are incurred pursuant to the "Revenue Allocation
19 District Financing Act," P.L. , c. (C.) (pending before the
20 Legislature as this bill). The district agent may from time to time issue
21 its bonds or notes in such principal amounts as in the opinion of the
22 district agent are necessary to provide sufficient funds for all or any
23 portion of project costs, including the payment, funding or refunding
24 of the principal of or interest or redemption premiums on any bonds
25 or notes issued by it, whether the bonds or notes or interest to be
26 funded or refunded has or has not become due; the establishment or
27 increase of such reserves to secure or to pay the bonds or notes or
28 interest thereon; and all other costs or expenses of the district agent
29 incident to and necessary to carrying out its corporate purposes and
30 powers.

31 Any provisions of law to the contrary notwithstanding, a bond
32 issued pursuant to the "Revenue Allocation District Financing Act,"
33 sections 11 through 41 of P.L. , c. (C.) (pending before the
34 Legislature as this bill) shall be fully negotiable within the meaning and
35 for all purposes of Title 12A of the New Jersey Statutes, and each
36 holder of the bond, or a coupon appurtenant thereto, by accepting the
37 bond or coupon shall be conclusively deemed to have agreed that the
38 bond or coupon is and shall be fully negotiable within the meaning and
39 for the purposes of that title.

40
41 33. (New section) Bonds or notes of the district agent shall be
42 authorized by a resolution or resolutions of the district agent and may
43 be issued in one or more series and shall bear such dates, mature at
44 such times, bear interest at such rates of interest per annum, be in such
45 denominations, be in such form, either coupon or registered, carry
46 such conversion or registration privileges, have such rank or priority,

1 be executed in such manner, be payable from such sources and in such
2 medium of payment at such places within or without the State, and be
3 subject to such terms of redemption, with or without premium, as the
4 resolution or resolutions may provide.

5 Notwithstanding the provisions of any other law to the contrary
6 related to such district agent, bonds or notes of the district agent may
7 be sold at public or private sale at such price and in such manner as the
8 district agent shall determine. Every bond shall mature and be paid not
9 later than 35 years from the date thereof.

10 Bonds or notes may be issued under the provisions of the "Revenue
11 Allocation District Financing Act," sections 11 through 41 of P.L. ,
12 c. (C.) (pending before the Legislature as this bill) without any
13 other proceeding or the occurrence of any other conditions or other
14 things than those proceedings, conditions or things which are
15 specifically required by the "Revenue Allocation District Financing
16 Act," sections 11 through 41 of P.L. , c. (C.) (pending before the
17 Legislature as this bill).

18 Bonds or notes of the district agent issued under the provisions of
19 the "Revenue Allocation District Financing Act," sections 11 through
20 41 of P.L. , c. (C.) (pending before the Legislature as this bill)
21 shall contain a statement to the effect that they are issued pursuant to
22 the "Revenue Allocation District Financing Act," sections 11 through
23 41 of P.L. , c. (C.) (pending before the Legislature as this bill)
24 and entitled to the provisions of the "Revenue Allocation District
25 Financing Act," sections 11 through 41 of P.L. , c. (C.) (pending
26 before the Legislature as this bill).

27

28 34. (New section) Each issue of bonds or notes of the district may,
29 if it is determined by the district agent, be general obligations thereof
30 payable out of any revenues, receipts or funds held by the district
31 agent, subject only to any agreements with the holders of particular
32 bonds or notes pledging any particular revenues or funds, and may be
33 secured by one or more of the following:

34 a. pledge of eligible revenues and any other revenues derived from
35 leases, sales agreements, service contracts or similar contractual
36 arrangements with one or more persons, firms, partnerships or
37 corporations, whether or not the same relate to the project or part
38 thereof financed with the bonds or notes;

39 b. pledge of grants, subsidies, contributions or other payments to
40 be received from the United States of America or any instrumentality
41 thereof, or from any State, county or municipal governmental body or
42 agency;

43 c. a first mortgage on all or any part of the property, real or
44 personal, of the district agent then owned or thereafter to be acquired;
45 or

46 d. pledge of any moneys, funds, accounts, securities and other

1 funds, including the proceeds of the bonds or notes.

2

3 35. (New section) The municipal governing body may provide for
4 the guarantee of any such bonds and may issue general obligation
5 bonds to provide for the funding of such guarantee which shall be
6 authorized pursuant to the provisions of the "Local Bond Law,"
7 N.J.S.40A:2-1 et seq. Such guarantees shall be set forth in the final
8 revenue allocation plan approved pursuant to section 23 of P.L. , c.
9 (C.) (pending before the Legislature as this bill). To the extent that
10 the municipality provides for a full faith and credit guarantee of any
11 loan to a redeveloper or any bonds but determines not to authorize the
12 issuance of bonds or notes to provide for the funding source thereof,
13 it may do so by resolution approved by a majority of the full governing
14 body. To the extent that bonds or notes are authorized as provided
15 above, such bonds or notes shall be authorized pursuant to the
16 provisions of the "Local Bond Law," N.J.S.40A:2-1 et seq., and shall
17 be deductible from the gross debt of the municipality until such time
18 as such bonds or notes are actually issued, and only up to the amount
19 actually issued, to fund such guarantee.

20 The district agent may file an application with the board to qualify
21 an issue of its bonds pursuant to the "Municipal Qualified Bond Act,"
22 P.L.1976, c.38 (C.40A:3-1 et seq.) provided, however, that only
23 municipal qualified bonds issued by a municipality, as defined in the
24 "Municipal Qualified Bond Act," P.L.1976, c.38 (C.40A:3-1 et seq.)
25 shall constitute debt of such municipality and be secured by the full
26 faith and credit of such municipality. Intention to file such an
27 application shall be set forth in the final revenue allocation plan
28 approved pursuant to section 23 of P.L. , c. (C.) (pending before
29 the Legislature as this bill). Bonds may be issued by the district agent
30 as municipal qualified bonds upon the review and approval of the
31 board as provided in the "Municipal Qualified Bond Act," P.L.1976,
32 c.38 (C.40A:3-1 et seq.). In considering the ordinance, the board
33 may require the governing body to adopt resolutions restricting or
34 limiting any future issuance of bonds for any purpose.

35 Upon the issuance of such bonds and certification to the State
36 Treasurer of the name and address of the paying agent, the maturity
37 schedule, interest rates and dates of payment of debt service, the State
38 Treasurer shall withhold municipal qualified revenues payable to the
39 municipality in amounts sufficient to pay debt service on such bonds
40 as the same shall mature and become due. The State Treasurer shall
41 on or before each principal and interest payment date forward such
42 withheld amounts to the paying agent for the sole purpose of paying
43 debt service on such bonds. As such withheld amounts are forwarded
44 to the paying agent, the district agent shall return a like amount of
45 eligible revenues received by the district agent, if any, which may be
46 applied to the payment of municipal operating expenses.

1 Any financial instrument issued by a district agent that is secured in
2 whole or in part by eligible revenues shall be subject to the review and
3 approval of the board. That review and approval shall be made prior
4 to approval of a resolution or agreement authorizing the financing.
5 The board shall be entitled to receive from the applicant an amount
6 sufficient to provide for all reasonable professional and other fees and
7 expenses incurred by it for the review, analysis and determination with
8 respect thereto. As part of its review, the board shall specifically
9 solicit comments from the Office of State Planning in addition to
10 comments from the public. As part of the board's review and
11 approval, it shall consider where appropriate one or more of the
12 following: whether the redevelopment project or plan promotes
13 approaches and concepts to reduce congestion; enhance mobility;
14 assist in the redevelopment of our municipalities; and otherwise
15 improve the quality of life our citizens.

16

17 36. (New section) In any resolution of the district agent
18 authorizing or relating to the issuance of any bonds or notes, the
19 district agent, in order to secure the payment of the bonds or notes and
20 in addition to its other powers, shall have power by provisions in that
21 resolution, which shall constitute covenants by the district agent and
22 contracts with the holders of the bonds or notes, to:

23 a. secure the bonds or notes as provided in section 35 of P.L. ,

24 c. (C.) (pending before the Legislature as this bill);

25 b. covenant against pledging all or any part of its revenues or
26 receipts from its lease, sales arrangement, service contracts or other
27 security instruments, of the revenues or receipts under any of the
28 foregoing or the proceeds thereof, or against mortgaging or leasing all
29 or any part of its real or personal property then owned or thereafter
30 acquired, or against permitting or suffering any of the foregoing;

31 c. covenant with respect to limitations on any right to sell,
32 mortgage, lease or otherwise dispose of any project or any part thereof
33 or any property of any kind;

34 d. covenant as to any bonds and notes to be issued and the
35 limitations thereon and the terms and conditions thereof and as to the
36 custody, application, investment, and disposition of the proceeds
37 thereof;

38 e. covenant as to the issuance of additional bonds or notes or as to
39 limitations on the issuance of additional bonds or notes and on the
40 incurring of other debts by it;

41 f. covenant as to the payment of the principal of or interest on the
42 bonds or notes, or any other obligations, as to the sources and
43 methods of the payment, as to the rank or priority of the bonds, notes
44 or obligations with respect to any lien or security or as to acceleration
45 of the maturity of the bonds, notes or obligations;

46 g. provide for the replacement of lost, stolen, destroyed or

- 1 mutilated bonds or notes;
- 2 h. covenant against extending the time for the payment of bonds or
3 notes or interest thereon;
- 4 i. covenant as to the redemption of bonds or notes and privileges
5 of exchange thereof for other bonds or notes of the district agent;
- 6 j. covenant as to the fixing and collection of rents, fees, rates and
7 other charges, the amount to be raised each year or other period of
8 time by rents, fees, rates and other charges and as to the use and
9 disposition to be made thereof;
- 10 k. covenant to create or authorize the creation of special funds or
11 moneys to be held in pledge or otherwise for construction, operating
12 expenses, tax rebate, payment or redemption of bonds or notes;
13 reserves or other purposes and as to the use, investment, and
14 disposition of the moneys held in these funds;
- 15 l. establish the procedure, if any, by which the terms of any
16 contract or covenant with or for the benefit of the holders of bonds or
17 notes may be amended or abrogated, the amount of bonds or notes the
18 holders of which must consent thereto, and the manner in which the
19 consent may be given;
- 20 m. covenant as to the construction, improvement, operation or
21 maintenance of any project and its other real and personal property,
22 the replacement thereof, the insurance to be carried thereon, and the
23 use and disposition of insurance moneys;
- 24 n. provide for the release of property, leases or other agreements,
25 or revenues and receipts from any pledge or mortgage and to reserve
26 rights and powers in, or the right to dispose of, property which is
27 subject to a pledge or mortgage;
- 28 o. provide for the rights and liabilities, powers and duties arising
29 upon the breach of any covenant, condition or obligation and prescribe
30 the events of default and the terms and conditions upon which any or
31 all of the bonds, notes or other obligations of the district agent shall
32 become or may be declared due and payable before maturity and the
33 terms and conditions upon which the declaration and its consequences
34 may be waived;
- 35 p. vest in a trustee or trustees within or without the State such
36 property rights, powers and duties in trust as the district agent may
37 determine, including the right to foreclose any mortgage, which may
38 include any or all of the rights, powers and duties of any trustee
39 appointed by the holders of any bonds or notes issued pursuant to this
40 section and to limit or abrogate the right of the holders of any bonds
41 or notes of the district agent to appoint a trustee under the "Revenue
42 Allocation District Financing Act," P.L. , c. (C.) (pending before
43 the Legislature as this bill), and to limit the rights, duties and powers
44 of the trustee;
- 45 q. execute all mortgages, leases, sales agreements, service
46 contracts, bills of sale, conveyances, deeds of trust and other

1 instruments necessary or convenient in the exercise of its powers or in
2 the performance of its covenants or duties;

3 r. pay the costs or expenses incident to the enforcement of the
4 bonds or notes or of the provisions of the resolution or of any
5 covenant or agreement of the district agent with the holders of its
6 bonds or notes;

7 s. limit the rights of the holders of any bonds or notes to enforce
8 any pledge or covenant securing bonds or notes; and

9 t. make covenants other than or in addition to the covenants
10 authorized by the "Revenue Allocation District Financing Act," P.L. ,
11 c. (C.) (pending before the Legislature as this bill) of like or
12 different character, and to make such covenants to do or refrain from
13 doing such acts and things as may be necessary, or convenient and
14 desirable, in order to better secure bonds or notes or which, in the
15 absolute discretion of the district agent will tend to make bonds or
16 notes more marketable, notwithstanding that the covenants, acts or
17 things may not be enumerated herein.

18

19 37. (New section) Any pledge of revenues, receipts, moneys,
20 funds, levies, sales agreements, service contracts or other property or
21 instruments made by the district agent shall be valid and binding from
22 the time when the pledge is made. The revenues, receipts, moneys,
23 funds or other property so pledged and thereafter received by the
24 district agent or a subsidiary shall immediately be subject to the lien
25 of the pledge without any physical delivery thereof or further act, and
26 the lien of any pledge shall be valid and binding as against all parties
27 having claims of any kind in tort, contract or otherwise against the
28 district agent irrespective of whether the parties have notice thereof.
29 Neither the resolution nor any other instrument by which a pledge
30 under this section is created need be filed or recorded except in the
31 records of the district agent.

32

33 38. (New section) Neither the directors of the district agent nor
34 any person executing bonds or notes issued pursuant to the "Revenue
35 Allocation District Financing Act," P.L. , c. (C.) (pending before
36 the Legislature as this bill) shall be liable personally on the bonds or
37 notes by reason of the issuance thereof.

38

39 39. (New section) The district agent may establish such reserves,
40 funds or account as may be, in its discretion, necessary or desirable to
41 further the accomplishment of the purposes of the district agent or to
42 comply with the provisions of any agreement made by or any
43 resolution of the district agent.

44 The State and all public officers, governmental units and agencies
45 thereof, all banks, trust companies, savings banks and institutions,
46 building and loan associations, savings and loan associations,

1 investment companies, and other persons carrying on a banking
2 business, all insurance companies, insurance associations and other
3 persons carrying on an insurance business, and all executors,
4 administrators, guardians, trustees and other fiduciaries may legally
5 invest any sinking funds, moneys or other funds belonging to them or
6 within their control in any bonds or notes issued pursuant to the
7 "Revenue Allocation District Financing Act," P.L. , c. (C.)
8 (pending before the Legislature as this bill), and such bonds or notes
9 shall be authorized security for any and all public deposits.

10
11 40. (New section) Bonds, notes or other obligations issued
12 pursuant to the "Revenue Allocation District Financing Act," P.L. ,
13 c. (C.) (pending before the Legislature as this bill) are for an
14 essential public and governmental purpose, and the bonds, notes or
15 other obligations, their transfer and the interest and premium, if any,
16 thereon and the income therefrom, including any profit made on the
17 sale thereof, and all assessments, charges, funds, revenues, income and
18 other moneys pledged or available to pay or secure the payments of
19 the bonds, or interest thereon, shall be exempt from taxation of every
20 kind by the State and the municipality, except transfer inheritance and
21 estate taxes unless exemptions from those taxes have been provided
22 under other laws.

23
24 41. (New section) If any section, part, phrase, or provision of the
25 "Revenue Allocation District Financing Act," P.L. , c. (C.)
26 (pending before the Legislature as this bill) of the application thereof
27 to any person, project or circumstances, be adjudged invalid by any
28 court of competent jurisdiction, such judgment shall be confined in its
29 operation to the section, part, phrase, provision or application directly
30 involved in the controversy in which such judgment shall have been
31 rendered and shall not affect or impair the validity of the remainder of
32 the "Revenue Allocation District Financing Act," P.L. , c. (C.)
33 (pending before the Legislature as this bill) or the application thereof
34 to other persons, projects or circumstances.

35
36 42. Section 29 of P.L.1992, c.79 (C.40A:12A-29) is amended to
37 read as follows:

38 29. a. Bonds and notes issued by a [redevelopment agency or
39 housing authority] redevelopment entity pursuant to this act shall be
40 authorized by resolution of the [housing authority or redevelopment
41 agency] redevelopment entity and may be issued in one or more series
42 and shall be sold in any one of the following manners: (1) at public sale
43 at not less than par after advertisement in a newspaper of general
44 circulation in the municipality or county and in a financial paper
45 published in the city of Philadelphia, Pennsylvania, or the city of New
46 York, New York, one week prior to the sale; (2) at private sale

1 without advertisement at not less than par to a municipality, county,
2 the State or federal government; (3) at public sale to any willing buyer
3 at less than par and at private sale to any willing buyer without
4 advertisement at par or less than par, upon application to and prior
5 approval of the Local Finance Board in the Department of Community
6 Affairs.

7 b. [Bonds issued pursuant to this act by a county or municipality
8 shall be authorized by ordinance adopted in the manner prescribed by
9 the "Local Bond Law" (N.J.S.40A:2-1 et seq.) except as provided in
10 section 32 of P.L.1992, c.79 (C.40A:12A-32)] Deleted by
11 amendment, P.L. , c. (pending before the Legislature as this bill).

12 c. Bonds issued to finance redevelopment projects may be secured
13 by the assets and revenues of such projects. A municipality or
14 redevelopment entity financing redevelopment projects through the
15 issuance of bonds may pledge the property and revenues of those
16 projects, or any of them, for repayment of those bonds, and shall pay
17 such rate of interest thereon as the [municipal] governing body may
18 deem for the best interest of the county, municipality or redevelopment
19 entity, as applicable.

20 d. Bonds issued to finance housing projects may be secured by the
21 assets and revenues of those housing projects or by contractual
22 agreements with the Federal government. A municipality, county, or
23 housing authority financing housing projects through the issuance of
24 bonds may pledge the property and revenues of those projects, or any
25 of them, for the repayment of those bonds, and shall pay such rate of
26 interest thereon as the county or municipal governing body, as the case
27 may be, may deem for the best interest of the county or municipality.

28 e. [Whenever a municipality or county shall, pursuant to this act,
29 issue notes for a period not exceeding five years, the municipality or
30 county may sell the notes at private sale without advertisement at not
31 less than par] Deleted by amendment, P.L. , c. (pending before the
32 Legislature as this bill).

33 (cf: P.L.1992, c.79, s.29)

34

35 43. Section 30 of P.L.1992 c.79 (40A:12A-30) is amended to read
36 as follows:

37 30. a. A [redevelopment agency or housing authority]
38 redevelopment entity shall have the power and is hereby authorized
39 to issue, from time to time, its bonds, bond anticipation notes and
40 other notes and obligations in such principal amounts as in its opinion
41 shall be necessary to provide sufficient funds for achieving any of its
42 corporate purposes, including, but not limited to: the making of
43 mortgage loans, the payment, funding or refunding of the principal of,
44 or interest or redemption premiums on, any bonds, bond anticipation
45 notes and other notes and obligations issued by it whether or not such
46 have become due; the establishment or increase of reserves to secure

1 or to pay such bonds, bond anticipation notes and other notes and
2 obligations or interest thereon; and all costs or expenses incident to
3 and necessary or convenient to carry out its corporate purposes and
4 powers.

5 b. A [redevelopment agency or housing authority] redevelopment
6 entity may issue such bonds, bond anticipation notes or other notes or
7 obligations as it may determine, including bonds, bond anticipation
8 notes or other notes or obligations as to which the principal and
9 interest are payable: (1) exclusively from the income and revenues of
10 the [redevelopment agency or housing authority] redevelopment
11 entity resulting from projects financed with the proceeds of such
12 bonds, bond anticipation notes or other notes or obligations; (2)
13 exclusively from the income and revenues of the [redevelopment
14 agency or housing authority] redevelopment entity resulting from
15 certain projects, whether or not such projects were financed in whole
16 or in part from the proceeds of such bonds, bond anticipation notes or
17 other notes or obligations; or, (3) from its revenues generally. Any
18 bonds, bond anticipation notes or other notes or obligations may be
19 additionally secured by a pledge of any grant, subsidy or contribution
20 from the United States of America or an agency or instrumentality
21 thereof or the State or any agency, instrumentality or political
22 subdivision thereof, or any person, firm or corporation or a pledge of
23 any income or revenues, funds or moneys of the [redevelopment
24 agency or housing authority] redevelopment entity from any source
25 whatsoever.

26 c. Whether or not the bonds, bond anticipation notes and other
27 notes and obligations issued pursuant to this act are of such form and
28 character as to be negotiable instruments under the terms of Title 12A,
29 Commercial Transactions, New Jersey Statutes, such bonds, bond
30 anticipation notes and other notes and obligations and any coupon
31 thereof are hereby made negotiable instruments within the meaning of
32 and for all the purposes of Title 12A, subject only to the provisions of
33 the bonds and notes for registration.

34 d. Bonds, bond anticipation notes and other notes and obligations
35 of a [redevelopment agency or housing authority] redevelopment
36 entity issued under the provisions of this act shall not be in any way
37 a debt or liability of the State or of any political subdivision thereof
38 other than the [redevelopment agency or housing authority]
39 redevelopment entity and shall not create or constitute any
40 indebtedness, liability or obligation of the State or of any political
41 subdivision, nor be or constitute a pledge of the faith and credit of the
42 State or of any political subdivision; but all such bonds, bond
43 anticipation notes and other notes and obligations, unless funded or
44 refunded by bonds, bond anticipation notes or other notes or
45 obligations of the [redevelopment agency or housing authority]

1 redevelopment entity shall be payable from revenues or funds pledged
2 or available for their payment as authorized in this act. Each bond,
3 bond anticipation note or other note or obligation shall contain on its
4 face a statement to the effect that the [redevelopment agency or
5 housing authority] redevelopment entity is obligated to pay the
6 principal thereof or the interest thereon only from the revenues or
7 funds of the [redevelopment agency or housing authority]
8 redevelopment entity, and that neither the State nor any political
9 subdivision thereof is obligated to pay such principal or interest, and
10 that neither the faith and credit nor the taxing power of the State or
11 any political subdivision thereof is pledged to the payment of the
12 principal of or the interest on such bonds, bond anticipation notes or
13 other notes or obligations.

14 e. All expenses incurred in carrying out the provisions of this act
15 shall be payable solely from revenues or funds provided or to be
16 provided under the provisions of this act, and nothing in this act shall
17 be construed to authorize a [redevelopment agency or housing
18 authority] redevelopment entity to incur indebtedness or liability on
19 behalf of or payable by this State or any political subdivision thereof.
20 (cf: P.L.1992, c.79, s.30)

21

22 44. Section 31 of P.L.1992, c.79 (C.40A:12A-31) is amended to
23 read as follows:

24 31. Any bond resolution of a [redevelopment agency or housing
25 authority] redevelopment entity providing for or authorizing the
26 issuance of any bonds may contain provisions, and such [authority]
27 entity, in order to secure the payment of such bonds and in addition to
28 its other powers, shall have power by provision in such bond
29 resolution to covenant and agree with the several holders of such
30 bonds, as to:

31 a. The custody, security, use, expenditure or application of the
32 proceeds of the bonds;

33 b. The construction and completion, or replacement, of any
34 project;

35 c. The use, regulation, operation, maintenance, insurance or
36 disposition of any project, or restrictions on the exercise of the powers
37 of the [authority] entity to dispose, or to limit or regulate the use, of
38 any project;

39 d. Payment of the principal of or interest on the bonds, or any
40 other obligations, and the sources and methods thereof, the rank or
41 priority of bonds or obligations as to any lien or security, or the
42 acceleration of the maturity of bonds or obligations;

43 e. The use and disposition of any moneys of the [redevelopment
44 agency or housing authority] redevelopment entity, including project
45 revenues;

- 1 f. Pledging, setting aside, depositing or trusteeing all or any part
2 of the revenues or other moneys of the [redevelopment agency or
3 housing authority] redevelopment entity to secure the payment of the
4 principal of or interest on the bonds or any other obligations or the
5 payment of expenses of operation or maintenance of any project, and
6 the powers and duties of any trustee with regard thereto;
- 7 g. The setting aside out of the project revenues or other moneys of
8 the [redevelopment agency or housing authority] redevelopment
9 entity of reserves and sinking funds, and the source, custody, security,
10 regulation, application and disposition thereof;
- 11 h. Determination or definition of the project revenues or of the
12 expenses of operation and maintenance of a project;
- 13 i. The rents, rates, fees, or other charges in connection with, or for
14 the use of services of, or otherwise relating to any project, including
15 any parts thereof theretofore constructed or acquired and any parts,
16 extensions, replacements or improvements thereof thereafter
17 constructed or acquired, and the fixing, establishment, collection and
18 enforcement of the same, the amount or amounts of project revenues
19 to be produced thereby, and the disposition and application of the
20 amounts charged or collected;
- 21 j. The assumption or payment or discharge of any indebtedness,
22 liens or other claims relating to any part of any project or any
23 obligations having or which may have a lien on any part of the project
24 revenues;
- 25 k. Limitations on the issuance of additional bonds or any other
26 obligations or on the incurrence of indebtedness of the [redevelopment
27 agency or housing authority] redevelopment entity;
- 28 l. Limitations on the powers of the [redevelopment agency or
29 housing authority] redevelopment entity to construct, acquire or
30 operate any structures, facilities or properties which may compete or
31 tend to compete with any of its projects;
- 32 m. Vesting in a trustee or trustees within or without the State such
33 property, rights, powers and duties in trust as the [redevelopment
34 agency or housing authority] redevelopment entity may determine
35 which may include any or all of the rights, powers and duties of the
36 trustee appointed by the holders of bonds pursuant to this act, and
37 limiting or abrogating the right of such holders to appoint a trustee
38 pursuant to this act or limiting the rights, duties and powers of such
39 trustee;
- 40 n. Payment of the costs or expenses incident to the enforcement of
41 the bonds or of the provisions of the bond resolution or of any
42 covenant or agreement of the [redevelopment agency or housing
43 authority] redevelopment entity with the holders of bonds;
- 44 o. The procedure, if any, by which the terms of any covenant or
45 agreement with, or duty to, the holders of bonds may be amended or

1 abrogated, the amount of bonds the holders of which must consent
2 thereto, and the manner in which such consent may be given or
3 evidenced; or

4 p. Any other matter or course of conduct which, by recital in the
5 bond resolution, is declared to further secure the payment of the
6 principal of or interest on bonds and to be part of any covenant or
7 agreement with the holders of bonds.

8 All provisions of the bond resolution and all covenants and
9 agreements shall constitute valid and legally binding contracts between
10 the [redevelopment agency or housing authority] redevelopment
11 entity and the several holders of the bonds, regardless of the time of
12 issuance of such bonds, and shall be enforceable by any such holder or
13 holders by appropriate action or proceeding in any court of competent
14 jurisdiction, including a proceeding in lieu of prerogative writ.

15 (cf: P.L.1992, c.79, s.31)

16

17 45. Section 32 of P.L.1992, c.79 (C.40A:12A-32) is amended to
18 read as follows:

19 32. a. If the bond resolution of a [redevelopment agency or
20 housing authority] redevelopment entity authorizing or providing for
21 the issuance of a series of its bonds shall provide in substance that the
22 holders of the bonds of such series shall be entitled to the benefits of
23 this section, then if there shall be a default in the payment of principal
24 of or interest on any bonds of such series after the same shall become
25 due, whether at maturity or upon call for redemption, and default shall
26 continue for a period of 30 days, or if the [redevelopment agency or
27 housing authority] redevelopment entity shall fail or refuse to comply
28 with any of the provisions of [this act] P.L.1992, c.79, or shall fail or
29 refuse to carry out and perform the terms of any contract with the
30 holders of the bonds, and failure or refusal shall continue for a period
31 of 30 days after written notice to the [redevelopment agency or
32 housing authority] redevelopment entity of its existence and nature,
33 the holders of 25% in aggregate principal amount of the bonds of such
34 series then outstanding by instrument or instruments filed in the office
35 of the Secretary of State and proved or acknowledged in the same
36 manner as a deed to be recorded, may appoint a trustee to represent
37 the holders of the bonds of such series for the purposes provided in
38 this section.

39 b. The trustee may, and upon written request of the holders of 25%
40 in aggregate principal amount of the bonds of such series then
41 outstanding shall, in his or its own name:

42 (1) By any action or proceeding, enforce all rights of the holders
43 of such bonds, including the right to require the [redevelopment
44 agency or housing authority] redevelopment entity to charge and
45 collect charges adequate to carry out any contract as to, or pledge of,

1 project revenues, and to require the [authority] entity to carry out and
2 perform the terms of any contract with the holders of such bonds or its
3 duties under [this act] P.L.1992, c.79;

4 (2) Bring an action upon all or any part of such bonds or interest
5 coupons or claims appurtenant thereto;

6 (3) By action, require the [redevelopment agency or housing
7 authority] redevelopment entity to account as if it were the trustee of
8 an express trust for the holders of such bonds;

9 (4) By action, enjoin any acts or things which may be unlawful or
10 in violation of the rights of the holders of such bonds; or

11 (5) Declare all such bonds due and payable, whether or not in
12 advance of maturity, upon 30 days' prior notice in writing to the
13 [redevelopment agency or housing authority] redevelopment entity
14 and, if all defaults shall be made good, then with the consent of the
15 holders of 25% of the principal amount of such bonds then
16 outstanding, annul such declaration and its consequences.

17 c. The trustee shall, in addition to the foregoing, possess all of the
18 powers necessary for the exercise of the functions specifically set forth
19 herein or incident to the general representation of the holders of bonds
20 of such series in the enforcement and protection of their rights.

21 d. In any action or proceeding by the trustee, reasonable fees,
22 counsel fees and expenses of the trustee and of the receiver, if any,
23 appointed pursuant to [this act] P.L.1992, c.79, shall, if allowed by
24 the court, constitute taxable costs and disbursements, and all costs and
25 disbursements, allowed by the court, shall be a first charge upon any
26 charges and revenues of the [redevelopment agency or housing
27 authority] redevelopment entity pledged for the payment or security
28 of bonds of such series.

29 (cf: P.L.1992, c.79, s.32)

30

31 46. Section 33 of P.L.1992, c.79 (C.40A:12A-33) is amended to
32 read as follows:

33 33. If the bond resolution of a [redevelopment agency or housing
34 authority] redevelopment entity authorizing or providing for the
35 issuance of a series of its bonds shall provide in substance that the
36 holders of the bonds of such series shall be entitled to the benefits of
37 section 32 of P.L.1992, c.79 (C.40A:12A-32) and shall further provide
38 in substance that a trustee appointed pursuant to that section or having
39 the powers of such a trustee shall have the powers provided by this
40 section, then the trustee, whether or not all of the bonds of such series
41 shall have been declared due and payable, shall be entitled to the
42 appointment of a receiver of the project or projects of the
43 [redevelopment agency or housing authority] redevelopment entity,
44 and such receiver may enter upon and take possession of the project
45 or projects and, subject to any pledge or contract with the holders of

1 bonds of the [redevelopment agency or housing authority]
2 redevelopment entity, shall take possession of all moneys and other
3 property derived from or applicable to the acquisition, construction,
4 operation, maintenance or reconstruction of the project or projects and
5 proceed in a commercially feasible manner with such acquisition,
6 construction, operation, maintenance or reconstruction which the
7 [redevelopment agency or housing authority] redevelopment entity is
8 under any obligation to do, and operate, maintain and reconstruct the
9 project or projects and fix, charge, collect, enforce and receive the
10 charges and all revenues thereafter arising subject to any pledge
11 thereof or contract with the holders of bonds relating thereto and
12 perform the public duties and carry out the contracts and obligations
13 of the [redevelopment agency or housing authority] redevelopment
14 entity in the same manner as the agency or [authority] entity itself
15 might do and under the direction of the court.

16 (cf: P.L.1992, c.79, s.33)

17

18 47. Section 34 of P.L.1992, c.79 (C.40A:12A-34) is amended to
19 read as follows:

20 34. All property of a [redevelopment agency or housing authority]
21 redevelopment entity shall be exempt from levy and sale by virtue of
22 an execution, and no execution or other judicial process shall issue
23 against the same, nor shall any judgment against a [redevelopment
24 agency or housing authority] redevelopment entity be a charge or lien
25 upon its property; provided, that nothing herein contained shall apply
26 to or limit the rights of the holder of any bonds to pursue any available
27 remedy for the enforcement of any pledge or lien given by a
28 [redevelopment agency or housing authority] redevelopment entity.

29 (cf: P.L.1992, c.79, s.34)

30

31 48. This act shall take effect on the 60th day following enactment.

32

33

34

STATEMENT

35

36 This bill broadens the mechanisms available to finance the up-front
37 costs of certain local development projects.

38 Sections 1 through 10 of the bill are designated as the
39 "Redevelopment Area Bond Financing Law." These provisions allow
40 a municipality that has designated a redevelopment area pursuant to
41 the "Local Redevelopment and Housing Law" (N.J.S.A.40A:12A-1 et
42 seq.) to, either directly or through application to the New Jersey
43 Economic Development Authority or similar public instrumentality of
44 the State, issue bonds that would be secured by (1) payments in lieu
45 of taxes under a tax abatement agreement, (2) special assessments on
46 property benefitting from the improvements provided, or (3) both.

1 Sections 11 through 41 of the bill are designated as the "Revenue
2 Allocation District Financing Act." These provisions authorize a
3 municipality to establish one or more areas as a "revenue allocation
4 district" and to designate a district agent to implement a development
5 plan for the district. The ordinance creating the district would be
6 submitted to the Local Finance Board, and must be approved by the
7 board. After the creation of the district, the district agent could issue
8 bonds or notes to finance the development of specific projects or to
9 finance the infrastructure (for example, roads, sewers, bridges)
10 necessary to facilitate development within the district.

11 Prior to issuing any bonds or notes, the district would be required
12 to adopt a final revenue allocation plan which describes the project to
13 be developed and the incremental municipal taxes and other revenues
14 intended to be pledged to payment of the bonds. The district may
15 pledge all or a percentage of any eligible revenues identified in this bill.
16 The plan must be approved by the municipality and the Local Finance
17 Board. The revenues which may be pledged include the taxes
18 attributable to the increase in the taxable value of property in the
19 district.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 2727

STATE OF NEW JERSEY

DATED: DECEMBER 13, 2001

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 2727.

This bill broadens the mechanisms available to finance the up-front costs of certain local development projects.

Sections 1 through 10 of the bill are designated as the "Redevelopment Area Bond Financing Law." These provisions allow a municipality that has designated a redevelopment area pursuant to the "Local Redevelopment and Housing Law" (N.J.S.A.40A:12A-1 et seq.) to, either directly or through application to the New Jersey Economic Development Authority or similar public instrumentality of the State, issue bonds that would be secured by (1) payments in lieu of taxes under a tax abatement agreement, (2) special assessments on property benefitting from the improvements provided, or (3) both.

Sections 11 through 41 of the bill are designated as the "Revenue Allocation District Financing Act." These provisions authorize a municipality to establish one or more areas as a "revenue allocation district" and to designate a district agent to implement a development plan for the district. The ordinance creating the district would be submitted to the Local Finance Board, and must be approved by the board. After the creation of the district, the district agent could issue bonds or notes to finance the development of specific projects or to finance the infrastructure (for example, roads, sewers, bridges) necessary to facilitate development within the district.

Prior to issuing any bonds or notes, the district would be required to adopt a final revenue allocation plan describing the project to be developed and the incremental municipal taxes and other revenues intended to be pledged to payment of the bonds. The district may pledge all or a percentage of any eligible revenues identified in this bill. The plan must be approved by the municipality and the Local Finance Board. The revenues that may be pledged include taxes attributable to the increase in the taxable value of property in the district.

FISCAL IMPACT

This bill has not been certified as having a fiscal impact.

ASSEMBLY, No. 4002

STATE OF NEW JERSEY 209th LEGISLATURE

INTRODUCED DECEMBER 6, 2001

Sponsored by:

Assemblyman PETER J. BIONDI

District 16 (Morris and Somerset)

Assemblyman CHRISTOPHER "KIP" BATEMAN

District 16 (Morris and Somerset)

SYNOPSIS

Authorizes use of revenue allocation financing by certain municipalities and the use of additional financing mechanism by municipalities in certain areas.

CURRENT VERSION OF TEXT

As introduced.



A4002 BIONDI, BATEMAN

2

1 AN ACT expanding the mechanisms available to finance local
2 development projects, supplementing chapter 12A of Title 40A of
3 the New Jersey Statutes and chapter 27D of Title 52 of the Revised
4 Statutes, and amending P.L.1992, c.79.

5

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

8

9 1. Sections 1 through 10 of P.L. , c. (C.) (pending before
10 the Legislature as this bill) shall be known and may be cited as the
11 "Redevelopment Area Bond Financing Law."

12

13 2. (New section) As used in sections 1 through 10 of P.L. , c.
14 (C.) (pending before the Legislature as this bill):

15 "Authority" means the New Jersey Economic Development
16 Authority established pursuant to P.L.1974, c.80 (C.34:1B-1 et seq.),
17 the New Jersey Redevelopment Authority established pursuant to
18 section 4 of P.L.1996, c.62 (C.55:19-23) or other instrumentality
19 created by law by the State with the power to incur debt and issue
20 bonds and other obligations.

21 "Board" means the Local Finance Board established in the Division
22 of Local Government Services in the Department of Community
23 Affairs.

24 "Bonds" mean bonds, notes or other obligations issued by the
25 authority or a municipality to finance or refinance redevelopment
26 projects pursuant to the "Redevelopment Area Bond Financing Law,"
27 sections 1 through 10 of P.L. , c. (C.) (pending before the
28 Legislature as this bill), the "Local Redevelopment and Housing Law",
29 P.L.1992, c.79 (C.40A:12A-1 et seq.), or other applicable law.

30 "Financial agreement" means an agreement that meets the
31 requirements of a financial agreement under P.L.1991, c.431
32 (C.40A:20-1 et seq.).

33 "Municipality" means the municipal governing body or an entity
34 acting on behalf of the municipality if permitted by the federal Internal
35 Revenue Code of 1986, or, if a redevelopment agency or
36 redevelopment entity is established in the municipality pursuant to
37 P.L.1992, c.79 (C.40A:12A-1 et seq.) and the municipality so
38 provides, the redevelopment agency or entity so established.

39 "Redeveloper" means any person, firm, corporation or public body,
40 including the New Jersey Economic Development Authority or the
41 New Jersey Redevelopment Authority to the extent permitted by law,
42 that shall enter into or propose to enter into a contract with a
43 municipality or other redevelopment entity for the redevelopment or

EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and intended to be omitted in the law.

Matter underlined thus is new matter.

1 rehabilitation of an area in need of redevelopment, or an area in need
2 of rehabilitation, or any part thereof, under the provisions of the
3 "Redevelopment Area Bond Financing Law," sections 1 through 10 of
4 P.L. , c. (C.) (pending before the Legislature as this bill), or
5 for any construction or other work forming part of a redevelopment
6 or rehabilitation project.

7 "Redevelopment" means clearance, replanning, development and
8 redevelopment; the conservation and rehabilitation of any structure or
9 improvement, the construction and provision for construction of
10 residential, commercial, industrial, public or other structures and the
11 grant or dedication of spaces as may be appropriate or necessary in the
12 interest of the general welfare for streets, parks, playgrounds, or other
13 public purposes, including recreational and other facilities incidental
14 or appurtenant thereto, and any other related costs and expenses
15 including preliminary planning and development costs and any
16 financing costs and expenses in accordance with a redevelopment plan.

17 "Redevelopment bond financing agreement" means a contract
18 between a municipality and a redeveloper for any work or undertaking
19 for the redevelopment of a redevelopment area, or part thereof, under
20 the provisions of the "Redevelopment Area Bond Financing Law,"
21 sections 1 through 10 of P.L. , c. (C.) (pending before the
22 Legislature as this bill) or the "Local Redevelopment and Housing
23 Law," P.L.1992, c. 79 (C.40A:12A-1 et seq.), as the case may be.

24 "Redevelopment area" means an area which has been delineated a
25 "redevelopment area" or "area in need of redevelopment" pursuant to
26 the "Local Redevelopment and Housing Law," P.L.1992, c.79
27 (C.40A:12A-1 et seq.).

28 "Redevelopment project" means any work or undertaking pursuant
29 to a redevelopment plan; such undertaking may include any buildings,
30 land, including demolition, clearance or removal of buildings from
31 land, equipment, facilities, or other real or personal properties which
32 are necessary, convenient, or desirable appurtenances, such as but not
33 limited to streets, sewers, utilities, parks, site preparation, landscaping,
34 and administrative, community, health, recreational, educational, and
35 welfare facilities and any other related costs and expenses including
36 preliminary planning and development costs and any financing costs
37 and expenses.

38 "Special assessment" means an assessment upon the lands or
39 improvements on such lands, or both, in the redevelopment area
40 benefitted by improvements undertaken pursuant to the
41 "Redevelopment Area Bond Financing Law," sections 1 through 10 of
42 P.L. , c. (C.) (pending before the Legislature as this bill), or
43 the "Local Redevelopment and Housing Law," P.L.1992, c.79
44 (C.40A:12A-1 et seq.), and assessed pursuant to chapter 56 of Title
45 40 of the Revised Statutes, R.S. 40:56-1 et seq., except as otherwise
46 provided in subsection b. of section 3 of P.L. , c. (C.) (pending

1 before the Legislature as this bill).

2

3 3. (New section) a. A municipality that has designated a
4 redevelopment area may provide for tax abatement within that
5 redevelopment area and for payments in lieu of taxes in accordance
6 with the provisions of P.L.1991, c.431 (C.40A:20-1 et seq.) and
7 P.L.1991, c.441 (C.40A:21-1 et seq.); provided, however, that the
8 provisions of section 12 of P.L.1991, c.431 (C.40A:20-12)
9 establishing a minimum or maximum annual service charge and
10 requiring staged increases in annual service charges over the term of
11 the exemption period, and of section 13 of P.L.1991, c.431
12 (C.40A:20-13) permitting the relinquishment of status under that act,
13 shall not apply to redevelopment projects financed with bonds.

14 b. In addition to, or in lieu of, the tax abatement provided for in
15 subsection a. of this section, the municipality may provide by
16 ordinance for one or more special assessments within the
17 redevelopment area in accordance with chapter 56 of Title 40 of the
18 Revised Statutes, R.S.40:56-1 et seq., provided, however, that the
19 provisions of R.S.40:56-35 shall be applied so that if any installment
20 of a special assessment shall remain unpaid for 30 days after the time
21 at which it shall become due, the municipality may provide, by
22 ordinance, either that: (1) the whole assessment or balance due
23 thereon shall become and be immediately due; or, (2) any subsequent
24 installments which would not yet have become due except for the
25 default shall be considered as not in default and that the lien for the
26 installments not yet due shall continue; and provided, further, that the
27 ordinance may require that the assessments be payable in quarterly,
28 semi-annual or yearly installments, with legal interest thereon, over a
29 period of years up to but in no event exceeding the period of years for
30 which the bonds were issued, or for 30 years, whichever shall be less.
31 In levying a special assessment on the lands or improvements, or both,
32 located in the redevelopment area, the municipality may provide that
33 the amount of the special assessment shall be a specific amount, not to
34 exceed the cost of the improvements, paid with respect to property
35 located in the redevelopment area. That specific amount shall, to the
36 extent accepted by the owner of the property benefitted, be deemed
37 the conferred benefit, in lieu of the amount being determined by the
38 procedures otherwise applicable to determining the actual benefit
39 conferred on the property. Special assessments levied pursuant to an
40 ordinance adopted under this subsection shall constitute a municipal
41 lien upon confirmation by the municipal governing body or by the
42 court, under R.S.40:56-33, except that such amount shall constitute
43 a municipal lien effective upon the date accepted in writing by the
44 owner of the property benefitted if prior to the actual confirmation.

45 c. Upon adoption, a copy of the ordinance shall be filed for public
46 inspection in the office of the municipal clerk, and there shall be

1 published in a newspaper, published or circulating in the municipality,
2 a notice stating the fact and the date of adoption and the place where
3 the ordinance is filed and a summary of the contents of the ordinance.
4 The notice shall state that any action or proceeding of any kind or
5 nature in any court questioning the validity or proper authorization of
6 the ordinance or the actions authorized to be taken as set forth in the
7 ordinance shall be commenced within 20 days after the publication of
8 the notice. If no action or proceeding questioning the validity of the
9 ordinance providing for tax abatement, special assessments or other
10 actions authorized by the ordinance shall be commenced or instituted
11 within 20 days after the publication of the notice, the county and the
12 school district and all other municipalities within the county and all
13 residents and taxpayers and owners of property therein shall be forever
14 barred and foreclosed from instituting or commencing any action or
15 proceeding in any court questioning the validity or enforceability of
16 the ordinance or the validity or enforceability of acts authorized under
17 the ordinance, and the ordinance and acts authorized by the ordinance
18 shall be conclusively deemed to be valid and enforceable in accordance
19 with their terms and tenor.

20

21 4. (New section) a. The municipality may issue bonds itself in the
22 manner provided for herein or pursuant to the "Local Redevelopment
23 and Housing Law," P.L.1992, c.79 (C.40A:12A-1 et seq.) or may
24 apply to the authority to issue bonds, which in either case may be
25 secured by payments in lieu of taxes or special assessments or both by
26 the adoption of a resolution of the governing body to that effect.

27 b. A municipality that has designated a redevelopment area may,
28 by resolution of its governing body, if it determines to issue bonds
29 through the authority, enter into contracts with the authority relating
30 to any project or projects for the purpose of financing or refinancing
31 redevelopment, or act as a redeveloper, within a redevelopment area.
32 A resolution so adopted shall contain findings and determinations of
33 the governing body: (1) that the project will result in the
34 redevelopment of the municipality; and, (2) that the contract with the
35 authority is a necessary or important inducement to the undertaking of
36 the project in that the contract makes the financing thereof feasible.
37 The contract or contracts, or the terms of any bonds issued directly by
38 a municipality may provide for the assignment, for the benefit of
39 bondholders, of all or any portion of payments in lieu of taxes , or
40 special assessments, or both. A contract may be made and entered
41 into for a term beginning currently or at some future or contingent
42 date, and with or without consideration, and for a specified or
43 unlimited time, and on any terms and conditions which may be
44 requested by the municipality and, if applicable, as may be agreed to
45 by the authority in conformity with its contracts with the holders of
46 bonds, and shall be valid and binding on the municipality. The

1 municipality is hereby authorized and directed to do and perform any
2 contract so entered into by it and to provide for the discharge of any
3 obligation thereunder in the same manner as other obligations of the
4 municipality.

5 Any contract, and any instrument making or evidencing the same,
6 may be pledged or assigned by the authority, with the consent of the
7 municipality executing the contract, to secure its bonds and thereafter
8 may not be modified except as provided by the terms of the instrument
9 or by the terms of the pledge or assignment.

10 The municipality may include in the terms of a bond or contract a
11 provision that the payments in lieu of taxes or special assessments
12 shall constitute a municipal charge for the purposes of R.S.54:4-66.

13 c. The payments in lieu of taxes or special assessments, or both,
14 may be assigned directly by the municipality or the authority or the
15 trustee for the bonds as payment or security for the bonds.
16 Notwithstanding any law to the contrary, the assignment shall be an
17 absolute assignment of all the municipality's right, title, and interest in
18 the payment in lieu of taxes or special assessments, or both, or portion
19 thereof, along with the rights and remedies provided to the
20 municipality under the agreement including, but not limited to, the
21 right of collection of payments due. Payments in lieu of taxes and
22 special assessments assigned as provided hereunder shall not be
23 included in the general funds of the municipality, nor shall they be
24 subject to any laws regarding the receipt, deposit, investment or
25 appropriation of public funds and shall retain such status
26 notwithstanding enforcement of the payment or assessment by the
27 municipality or assignee as provided herein. The municipality shall be
28 a "person" within the meaning of that term as defined in section 3 of
29 P.L.1974, c.80 (C.34:1B-3); and the purpose described in this section
30 shall be a "project" within the meaning of that term as defined in
31 section 3 of P.L.1974, c.80 (C.34:1B-3).

32 d. Notwithstanding the provisions of subsection g. of section 37 of
33 P.L.1992, c.79 (C.40A:12A-37), the bonds issued pursuant to this
34 section may be issued as non-recourse obligations, and unless
35 otherwise provided for by a separate action of the municipality to
36 guarantee such bonds or otherwise provide for a pledge of the
37 municipality's full faith and credit shall not, except for such action, be
38 considered to be direct and general obligations of the municipality,
39 and, absent such action, the municipality shall not be obligated to levy
40 and collect a tax sufficient in an amount to pay the principal and
41 interest on the bonds when the same become due and payable. The
42 provisions of the "Local Government Supervision Act (1947),"
43 P.L.1947, c.151 (C.52:27BB-1 et seq.) shall not apply to any bonds
44 issued or authorized pursuant to this section and those bonds shall not
45 be considered gross debt of the municipality on any debt statement
46 filed in accordance with the "Local Bond Law," N.J.S.40A:2-1 et seq.,

1 and the provisions of chapter 27 of Title 52 of the Revised Statutes
2 shall not apply to such bonds.

3 e. The proceeds from the sale of bonds and any funds provided by
4 any department of the State, authority created by the State or bi-state
5 authority for the purposes described in the "Redevelopment Area Bond
6 Financing Law," sections 1 through 10 of P.L. , c. (C.)
7 (pending before the Legislature as this bill, shall not require
8 compliance with public bidding laws, including the "Local Public
9 Contracts Law," P.L.1971, c.198 (C.40A:11-1 et seq.), or any other
10 statute where the redeveloper shall undertake the redevelopment
11 project. The use of these funds shall be subject to public
12 accountability and oversight by the municipality or agency providing
13 the funds.

14 f. In order to provide additional security for any loan to a
15 redeveloper or to bonds issued to finance a redevelopment project, the
16 municipality may utilize powers otherwise provided by law, including
17 the "Local Redevelopment and Housing Law," P.L.1992, c.79,
18 (C.40A:12A-1 et seq.), to provide for any extension of the
19 municipality's credit to any redeveloper or its full faith and credit
20 which may include a full faith and credit lease as security for the bonds
21 or any loan to a redeveloper. To the extent that the municipality
22 provides for a full faith and credit guarantee of any loan to a
23 redeveloper or any bonds, but determines not to authorize the issuance
24 of bonds or notes to provide for the funding source thereof, _or
25 otherwise determines to enter into a full faith and credit lease, it may
26 do so by resolution approved by a majority of the full governing body.
27 To the extent that bonds or notes are authorized as provided above,
28 such bonds or notes shall be authorized pursuant to the provisions of
29 the "Local Bond Law," N.J.S.40A:2-1 et seq., and shall be deductible
30 from the gross debt of the municipality until such time as such bonds
31 or notes are actually issued, and only up to the amount actually issued,
32 to fund such guarantee.

33 g. A financial instrument, whether issued by a municipality or an
34 authority, that is secured in whole or in part by payments in lieu of
35 taxes or by special assessments, or both, as provided herein shall be
36 subject to the review and approval of the board. That review and
37 approval shall be made prior to approval of, in the case of a
38 municipality, an introduce ordinance or, in the case of an authority, a
39 resolution. The board shall be entitled to receive from the applicant
40 an amount sufficient to provide for all reasonable professional and
41 other fees and expenses incurred by it for the review, analysis and
42 determination with respect thereto. As part of its review, the board
43 shall specifically solicit comments from the Office of State Planning
44 and the New Jersey Economic Development Authority in addition to
45 comments from the public. As part of the board's review and
46 approval, it shall consider where appropriate one or more of the

1 following: whether the redevelopment project or plan promotes
2 approaches and concepts to reduce congestion; enhance mobility;
3 assist in the redevelopment of our municipalities; and otherwise
4 improve the quality of life of our citizens.

5
6 5. (New section) a. Payments required to be made in accordance
7 with an agreement for payments in lieu of taxes entered into under
8 section 3 of P.L. , c. (C.) (pending before the Legislature
9 as this bill) shall be a continuous lien on the land against which the
10 ordinance is recorded on and after the date of recordation of both the
11 ordinance and the agreement, whether simultaneously or not, or the
12 date of confirmation of the special assessments, whichever is earlier.
13 All subsequent payments in lieu of taxes thereunder, interest, penalties
14 and costs of collection which thereafter fall due or accrue shall be
15 added and relate back to and be a part of the initial lien. Upon
16 recordation of the ordinance and agreement, payments in lieu of taxes
17 shall constitute a municipal lien within the meaning, and for all
18 purposes, of law.

19 b. If bonds are issued, the municipality or the redeveloper may
20 record, either simultaneously or at different times, any ordinance
21 enacted by the municipality relating to the payment in lieu of taxes
22 agreement or special assessments and, either simultaneously with the
23 ordinance or at different times, a copy of the agreement or agreements.
24 The ordinance, when recorded, shall contain a legend at the top of the
25 front page substantially as follows:

26 "THIS ORDINANCE SECURES BONDS OR OTHER
27 OBLIGATIONS ISSUED IN ACCORDANCE WITH THE
28 PROVISIONS OF THE 'REDEVELOPMENT AREA BOND
29 FINANCING LAW' AND THE LIEN HEREOF IN FAVOR OF THE
30 OWNERS OF SUCH BONDS OR OTHER OBLIGATIONS IS A
31 MUNICIPAL LIEN SUPERIOR TO ALL OTHER NON-
32 MUNICIPAL LIENS HEREAFTER RECORDED."

33 c. Notwithstanding any law to the contrary, upon recordation of
34 both the ordinance and any accompanying agreement, the lien thereof
35 shall be perfected for all purposes in accordance with law and the lien
36 shall thereafter be superior to all non-municipal liens thereafter
37 recorded or otherwise arising, without any additional notice,
38 recording, filing, continuation filing or action, until the payment in full
39 of the bonds. The lien thereby established shall apply not only to the
40 bonds initially issued, but also to any refinancing or refunding thereof,
41 as well as to any additional bonds thereafter issued on a parity
42 therewith in accordance with the provisions of the original documents
43 securing the initial bonds; provided, however, that in the event any
44 ordinance or agreement is amended or supplemented in a way which
45 increases the amount of payment in lieu of taxes or special
46 assessments, the lien as to that increase shall be perfected and apply

1 upon the recordation of the amended or supplemented ordinance and
2 agreement (including the above-recited legend). Except as set forth
3 in this section, no amendment or supplement to the ordinance or
4 agreement thereafter recorded shall affect the perfection or priority of
5 the lien established upon original recordation thereof.

6 d. Upon the final payment in full of any bonds secured as provided
7 in this section and section 4 of P.L. , c. (C.), the lien
8 established hereby shall terminate, and the municipality shall record a
9 notice to that effect.

10
11 6. (New section) In lieu of, or in addition to, the provisions of
12 section 5 of P.L. , c. (C.) (pending before the Legislature as
13 this bill), the municipality may provide in the agreement that the
14 payment in lieu of taxes, if any, is to be secured by a mortgage. In that
15 event the mortgage may also be assigned and pledged to the repayment
16 of the bonds authorized herein.

17 The assignment of any mortgage that secures a payment in lieu of
18 taxes, if any, may also be an absolute assignment of all or part of the
19 municipality's right, title, and interest in the mortgage and, to the
20 extent assigned, any moneys realized from the foreclosure of the
21 mortgaged property shall not be included in the general funds of the
22 municipality.

23 After the bonds are paid and no longer deemed to be outstanding,
24 the assignment of the mortgage shall terminate.

25
26 7. (New section) All bonds issued pursuant to the "Redevelopment
27 Area Bond Financing Law," P.L. , c. (C.) (pending before
28 the Legislature as this bill) are hereby declared to be issued by a
29 political subdivision of this State and for an essential public and
30 governmental purpose and the bonds, and the interest thereon and the
31 income therefrom, and all facility charges, funds, revenues and other
32 moneys pledged or available to pay or secure the payment of the
33 bonds, or interest thereon, shall at all times be exempt from taxation
34 except for transfer inheritance and estate taxes.

35
36 8. (New section) The State of New Jersey does hereby pledge to
37 and covenant and agree with the holders of any bonds issued pursuant
38 to the "Redevelopment Area Bond Financing Law," P.L. , c.
39 (C.) (pending before the Legislature as this bill) that the State
40 will not limit or alter the terms of any agreement, ordinance or
41 resolution made in connection with the security for and the issuance
42 and sale of any bonds, so as to in any way impair the rights or
43 remedies of such holders, and will not modify in any way the
44 exemption from taxation provided for in the "Redevelopment Area
45 Bond Financing Law," P.L. , c. (C.) (pending before the
46 Legislature as this bill), until the bonds, together with interest thereon,

1 with interest on any unpaid installments of interest, and all costs and
2 expenses in connection with any action or proceeding by or on behalf
3 of such holders, are fully met and discharged or provided for.

4
5 9. (New section) If any section, subsection, clause or provision of
6 the "Redevelopment Area Bond Financing Law," P.L. , c.
7 (C.) (pending before the Legislature as this bill) shall be adjudged
8 to be unconstitutional or ineffective in whole or in part, to the extent
9 that it is not adjudged unconstitutional or is not ineffective, it shall be
10 valid and effective and no other section, subsection, clause or
11 provision of the "Redevelopment Area Bond Financing Law,"
12 P.L. , c. (C.) (pending before the Legislature as this
13 bill) shall on account thereof be deemed invalid or ineffective, and the
14 inapplicability or invalidity of any section, subsection, clause or
15 provision the "Redevelopment Area Bond Financing Law," of
16 P.L. , c. (C.) (pending before the Legislature as this
17 bill) in any one or more instances or under any one or more
18 circumstances shall not be taken to affect or prejudice in any way its
19 applicability or validity in any other instance or under any other
20 circumstance.

21
22 10. (New section) After issuance, pursuant to the "Redevelopment
23 Area Bond Financing Law," P.L. , c. (C.) (pending before
24 the Legislature as this bill) all bonds shall be conclusively presumed to
25 be fully authorized and issued by all courts and officers of this State,
26 and any person shall be estopped from questioning their sale,
27 execution or delivery.

28
29 11. Sections 11 through 41 of P.L. , c. (C.) (pending
30 before the Legislature as this bill) shall be known and may be cited as
31 the "Revenue Allocation District Financing Act."

32
33 12. (New section) The Legislature finds and declares that:

34 a. There are areas within certain municipalities in this State that
35 deter private capital investment because of the deteriorating condition
36 of the land, buildings and infrastructure within those areas, or that
37 have not experienced private capital investment due to inadequate
38 infrastructure or adverse economic conditions.

39 b. These areas also create an economic burden for the municipality
40 due to the limited tax base and underutilization of resources.

41 c. The scarcity of resources available to municipalities for
42 redevelopment has severely hampered these municipalities' ability to
43 rehabilitate these areas.

44 d. In order to redevelop these areas in a beneficial manner,
45 municipalities should be provided the means to finance certain costs of
46 redevelopment so as to open new avenues for private investment;

1 stimulate commercial, industrial, recreational, cultural, entertainment,
2 civic and educational enterprise; and create favorable conditions for
3 increases in economic activity, property values, employment
4 opportunities and the provision of affordable housing.

5 e. The use of new redevelopment tools as a catalyst for economic
6 revitalization can be maximized if employed in conjunction with the
7 redevelopment planning process established pursuant to P.L.1992,
8 c.79 (C.40A:12A-1 et al.).

9 f. The State should consider, where appropriate, one or more of
10 the following: whether the redevelopment project or plan promotes
11 approaches and concepts to reduce congestion; enhance mobility;
12 assist in the redevelopment of our municipalities; and otherwise
13 improve the quality of life of our citizens.

14 g. It is, therefore, in the public interest to authorize the use of
15 revenue allocation financing by municipalities and the dedication of
16 payments in lieu of taxes toward the retirement of debt incurred in
17 redevelopment, as set forth hereunder, to encourage private
18 investment within areas that are blighted or in need of redevelopment
19 or would otherwise remain unused.

20
21 13. (New section) As used in sections 11 through 41 of P.L. ,
22 c. (C.) (pending before the legislature as this bill):

23 "Area in need of redevelopment" means a redevelopment area as
24 defined pursuant to section 3 of P.L.1992, c.79 (C.40A:12A-3).

25 "Board" means the Local Finance Board established in the Division
26 of Local Government Services in the Department of Community
27 Affairs.

28 "Bonds" means the bonds, notes and bond anticipation notes issued
29 to finance projects pursuant to the "Revenue Allocation District
30 Financing Act," sections 11 through 41 of P.L. , c. (C.)
31 (pending before the Legislature as this bill).

32 "District" means the area or areas within a municipality designated
33 as a revenue allocation district pursuant to the provisions of the
34 "Revenue Allocation District Financing Act," sections 11 through 41
35 of P.L. , c. (C.) (pending before the Legislature as this bill).

36 "District agent" means that entity designated by the municipal
37 governing body pursuant to section 14 of P.L. , c. (C.) (pending
38 before the Legislature as this bill) to administer a revenue allocation
39 plan on behalf of the municipality.

40 "Eligible revenue" means the property tax increment and any other
41 incremental revenues set forth in section 21 of P.L. , c. (C.)
42 (pending before the Legislature as this bill).

43 "Municipality" means the municipal governing body or an entity
44 acting on behalf of the municipality if permitted by the federal Internal
45 Revenue Code of 1986 or, if a redevelopment agency or
46 redevelopment entity is established in a municipality pursuant to

1 P.L.1992, c.79 (C.40A:12A-1 et seq.) and the municipality so
2 provides, the redevelopment agency or entity so established.

3 "Permitted investment obligations" means any securities permitted
4 for purchase by local units of government pursuant to section 8 of
5 P.L.1977, c.396 (C.40A:5-15.1).

6 "Plan" means the final revenue allocation plan developed by a
7 district agent pursuant to section 22 of P.L. , c. (C.) (pending
8 before the Legislature as this bill) and containing, among other
9 elements, the proposed projects, estimated cost of the projects,
10 sources of revenue, and the terms of any obligations, undertakings or
11 commitments to be incurred by the district agent.

12 "Pledged revenues" means those eligible revenues designated in the
13 plan for payment of project costs.

14 "Project" means the purchasing, leasing, condemning or otherwise
15 acquiring of land or other property, or an interest therein, in the
16 district or as necessary or convenient for the acquisition of any
17 right-of-way or other easement to or from the revenue allocation
18 district; the moving and relocation of persons or businesses displaced
19 by the acquisition of land or property; the acquisition, construction,
20 reconstruction or rehabilitation of land or property and the
21 improvements thereon, or the financing thereof, including demolition,
22 clearance, removal, relocation, renovation, alteration, construction,
23 reconstruction, alteration or repair of any land, building, street,
24 highway, alley, utility, mass transit facility, service or other structure,
25 infrastructure or improvement in the district or necessary to effectuate
26 the plan for the district, including infrastructure improvements outside
27 the district, but only those which are integral to the effectuation of the
28 district plan; the acquisition, construction, reconstruction,
29 rehabilitation or installation of public facilities and improvements, or
30 the financing thereof; acquisition, construction, reconstruction or
31 rehabilitation of residential structures, or the conversion to residential
32 use of structures previously designed or used for other purposes, or
33 the financing thereof, nonprofit corporation or other suitable public or
34 private person, firm, corporation or association, and which, to the
35 extent economically feasible, shall constitute housing affordable to
36 persons and families of low and moderate income pursuant to
37 P.L.1985, c.222 (C.52:27D-301 et al.) or rules and regulations
38 adopted pursuant thereto; and all costs associated with any of the
39 foregoing, including the cost of administrative appraisals, legal,
40 financial, economic and environmental analyses, engineering or
41 cleanup, planning, design, architectural, surveying or other
42 professional and technical services necessary to effectuate the
43 purposes of the "Revenue Allocation District Financing Act," sections
44 11 through 41 of P.L. , c. (C.) (pending before the Legislature as
45 this bill).

46 "Project cost" means the cost of the plan or project in all or any

1 part of the district and of all and any property, rights, easements,
2 privileges, agreements and franchises deemed by the district agent to
3 be necessary or useful and convenient therefor or in connection
4 therewith, including interest or discount on bonds; cost of issuance of
5 bonds; engineering and inspection costs; legal expenses; costs of
6 financial and other professional estimates and advice; organization,
7 administrative, operating and other expenses of the district agent prior
8 to and during the planning and implementation of a development, plan
9 or project, including such provision as the district agent may determine
10 for the payment, or security for payment, of principal of or interest on
11 bonds during or after the implementation of any development, plan or
12 project.

13 "Property tax increment" means the amount obtained by:

14 (1) multiplying the general tax rate levied each year by the taxable
15 value of all the property assessed within a district in the same year,
16 excluding any special assessments; and

17 (2) multiplying that product by a fraction having a numerator equal
18 to the taxable value of all the property assessed within the district,
19 minus the property tax increment base, and having a denominator
20 equal to the taxable value of all property assessed within the district.

21 "Property tax increment base" means the aggregate taxable value of
22 all property assessed which is located within a district as of October 1
23 of the year preceding the year in which the district is authorized
24 pursuant to the "Revenue Allocation District Financing Act," sections
25 11 through 41 of P.L. , c. (C.) (pending before the Legislature as
26 this bill).

27 "Redevelopment plan" means a redevelopment plan as the term is
28 defined pursuant to section 3 of P.L.1992, c.79 (C.40A:12A-3).

29 "Revenue increment base" means the amount of any eligible
30 revenues, other than the property tax increment, collected in the
31 calendar year immediately preceding the adoption of the plan.

32 "Taxing entity" means the county, the school district or districts,
33 and the municipality authorized to levy a tax on the taxable property
34 within a municipality.

35

36 14. (New section) The governing body of any municipality may by
37 ordinance establish a district or districts. In the case of a municipality
38 whose redevelopment powers are assigned by law to a regional
39 planning commission, the commission may, by resolution, establish a
40 district or districts in the area within which the commission has
41 jurisdiction.

42 A revenue allocation district shall consist of all lots and streets
43 within the borders of an area within a municipality or within areas of
44 the municipality designated in the plan. The lots and streets shall be
45 contiguous unless the municipality determines that non-contiguous
46 areas of the municipality should comprise one district because those

1 areas are part of a common development project or plan. The total
2 taxable value in all districts designated shall not exceed 15 percent of
3 the total taxable property assessed within the municipality, as
4 determined by the municipal assessor, except that, upon a request by
5 the governing body, the board may approve for inclusion in the district
6 up to 20 percent of the total taxable property assessed in the
7 municipality, as determined by the municipal assessor. The lots and
8 streets to be designated as part of the plan shall be designated as a
9 revenue allocation district as part of a duly adopted redevelopment
10 plan approved by the governing body.

11 The ordinance or resolution, as appropriate, shall be adopted as
12 provided in section 17 of P.L. , c. (C.) (pending before the
13 Legislature as this bill), and shall include or incorporate:

14 a. a map designating the area or areas within the municipality as a
15 district or districts;

16 b. a certification by the municipal assessor that, upon the basis of
17 property assessments as of October 1 of the year preceding the
18 certification, the total taxable property value in all districts designated
19 by the municipality, including the district being proposed in the
20 ordinance, does not exceed 15 or 20 percent, as the case may be, of
21 the total taxable property assessed in the municipality, as provided in
22 the ordinance adopted in accordance with the provisions of this
23 section;

24 c. the designation of a district agent, which may be a county, a
25 county improvement authority, the New Jersey Redevelopment
26 Authority, the New Jersey Economic Development Authority or a
27 municipality; provided, however, that if a district is created in an area
28 under the jurisdiction of a regional planning commission which has
29 been assigned redevelopment powers pursuant to law, that commission
30 shall serve as the district agent in connection with that district;

31 d. a designation of all or any percentage of any eligible revenue or
32 revenues as pledged revenues;

33 e. a statement of whether or not the municipality intends that any
34 of the bonds issued by the district agent , if other than a municipality,
35 be guaranteed by the municipality, or be issued as qualified bonds
36 pursuant to the "Municipal Qualified Bond Act," P.L.1976, c.38
37 (C.40A:3-1 et seq.), or both;

38 f. a proposed preliminary revenue allocation plan, as set forth in
39 section 15 of the P.L. , c. (C.) (pending before the Legislature
40 as this bill);

41 g. documentation that the district has been identified in the
42 appropriate redevelopment plan; and

43 h. Such other conditions or limitations as shall be imposed on the
44 district agent by the governing body.

45

46 15. (New section) The proposed preliminary revenue allocation

1 plan shall include:

2 a. a certification by the municipal tax assessor of the property tax
3 increment base of the district;

4 b. a statement of the revenues, if any, to be pledged to support
5 bonds of the district, the percentage of such revenues to be so
6 pledged, and a certification by the chief financial officer of the
7 municipality of the revenue increment base for each of the pledged
8 revenues other than the property tax revenue base. If the amount of
9 any such revenue base cannot be certified, then the chief financial
10 officer shall estimate the amount and describe the basis for preparing
11 the estimate and the manner in which the revenue increment base will
12 be determined after adoption of the plan;

13 c. a description of the proposed project or projects, an estimate of
14 their cost, a proposed construction schedule, the projected amount of
15 bonds to be issued and whether interest on such bonds is exempt from
16 taxation for federal income tax purposes and the projected debt service
17 on the bonds issued to finance the project;

18 d. a description of the development expected or planned within the
19 district, including the identification of the developers, if any, other
20 than the district agent or the municipality, and their contractual
21 relationship, if any, with the district agent or the municipality;

22 e. an estimate of the taxable value of the assessed property within
23 a district upon completion of the projects;

24 f. a projection of the amount of the pledged revenues during the
25 period in which any bond will be outstanding;

26 g. a statement of whether or not the district agent intends to create
27 a reserve for payment of project costs prior to the adoption of the final
28 revenue allocation plan;

29 h. a statement of whether or not tax abatements or exemptions or
30 special assessments are expected to be granted in the district; and

31 i. a fiscal impact statement for the taxing entities involved.

32

33 16. (New section) When an ordinance establishing or amending a
34 district has passed first reading, it shall be submitted as an application,
35 together with all included and incorporated certificates and documents
36 and such additional documentation as the board may by rule prescribe,
37 to the board.

38 The board shall approve the ordinance if it determines that:

39 a. the planned developments are likely to be realized and would not
40 likely be accomplished by private enterprise without the creation of the
41 district and the revenue allocation financing of the proposed project or
42 projects;

43 b. the revenue increments and any other pledged revenues will be
44 sufficient to pay debt service on bonds issued to effectuate the plan;

45 c. the credit of the municipality and its ability to pay the principal
46 of and interest on its debts and to provide essential public services will

1 not be impaired;

2 d. the creation of the district will contribute to the economic
3 development of the municipality;

4 e. the size of the proposed district and the amount of the pledged
5 revenues do not exceed the size and amount necessary to accomplish
6 the purposes of the plan;

7 f. any insufficiency or shortfall in the amount of the revenue or
8 guarantees pledged to pay debt service or bonds issued to effectuate
9 the plan would not pose inappropriate risk or undue financial hardship
10 to the taxpayers of the community;

11 g. there are no other factors which, in the determination of the
12 board, will impair the credit of the municipality or reduce its ability to
13 pay punctually the principal of and interest on its debts and supply
14 other essential public improvements and services; and

15 h. the planned development does one or more of the following:
16 promote approaches and concepts to reduce congestion; enhance
17 mobility; assist in the redevelopment of our municipalities; and
18 otherwise improve the quality of life of our citizens.

19

20 17. (New section) a. The board may make written
21 recommendations as to any aspect of the ordinance and the preliminary
22 revenue allocation plan and any related fiscal matters of the
23 municipality which in the opinion of the board shall be changed in
24 order to effectuate the plan. The board may condition its approval of
25 the ordinance upon the adoption of its recommendations by the
26 municipality.

27 b. The board shall approve, approve with conditions, or disapprove
28 the ordinance within 60 days of its receipt of an application which the
29 board has deemed to be complete. If the board does not act within 60
30 days the ordinance shall be deemed approved. If the board
31 disapproves the ordinance it shall, within 30 days of signifying its
32 disapproval, set forth its reasons in writing. The municipality may
33 amend the ordinance and resubmit it to the board.

34 c. Upon receipt of the approved ordinance from the board, the
35 municipal governing body may adopt the ordinance at a meeting of the
36 governing body by a majority of the authorized membership thereof.

37

38 18. (New section) After adoption of the ordinance establishing a
39 district there shall be no expansion or contraction of the boundaries of
40 the district, the designation of the district agent, or the designation of
41 the pledged revenues without adoption of an amending ordinance
42 approved by the board as provided in section 17 of P.L. , c. (C.)
43 (pending before the Legislature as this bill).

44

45 19. (New section) Whenever a district is expanded as permitted
46 under section 18 of P.L. , c. (C.) (pending before the

1 Legislature as this bill) the property tax increment base for any area
2 added to the district shall be the aggregate taxable value of all
3 property assessed which is located within the added area as of October
4 1 of the year preceding the year in which the area is added, as certified
5 by the municipal assessor. The revenue increment base of all other
6 eligible revenues shall include the amounts of all other eligible
7 revenues from sources within the added area in the calendar year
8 preceding the year in which the area is added, as certified by the chief
9 financial officer of the municipality.

10 Whenever a district is contracted as permitted under section 18 of
11 P.L. , c. (C.) (pending before the Legislature as this bill) the tax
12 increment base and the increment base of all other eligible revenues of
13 the district shall be adjusted as if that area had not been a part of the
14 district at the time when it became part of the district.

15

16 20. (New section) The district agent shall have the following
17 powers and responsibilities to the extent so designated by ordinance:

18 a. to make and enter into contracts or agreements with public
19 agencies, nonprofit corporations or other suitable public or private
20 persons, firms, corporations or associations, and to make loans or
21 grants to, or guarantee the obligations of, any other public agency or
22 corporation, as may be necessary, convenient or incidental to the
23 execution of the plan and the exercise of the district agent's powers
24 under the "Revenue Allocation District Financing Act," sections 11
25 through 41 of P.L. , c. (C.) (pending before the Legislature as
26 this bill);

27 b. to enter into agreements or other transactions with, and accept
28 grants, loans, appropriations or other assistance or cooperation from
29 the United States or any agency thereof, or from the State or a county
30 or municipal governing body or any agency thereof, or any nonprofit
31 corporation or other suitable public or private person, firm,
32 corporation or association in furtherance of the purposes of the
33 "Revenue Allocation District Financing Act," sections 11 through 41
34 of P.L. , c. (C.) (pending before the Legislature as this bill);

35 c. to prepare and administer the plan according to the provisions
36 of the "Revenue Allocation District Financing Act," sections 11
37 through 41 of P.L. , c. (C.) (pending before the Legislature as this
38 bill);

39 d. to hire or consult with private consultants when preparing the
40 plan, or to enter into agreements with public or nonprofit private
41 agencies to prepare and administer the plan;

42 e. to issue bonds or cause bonds to be issued for any purpose of
43 the district authorized by or pursuant to the "Revenue Allocation
44 District Financing Act," sections 11 through 41 of
45 P.L. , c. (C.) (pending before the Legislature as this bill), or to
46 issue refunding bonds for the purpose of paying or retiring bonds

1 previously issued by it, and to issue notes in anticipation of the
2 issuance of bonds as provided in the "Revenue Allocation District
3 Financing Act," sections 11 through 41 of P.L. , c. (C.)
4 (pending before the Legislature as this bill);

5 f. to seek and receive funds from local, State and federal
6 governments and from private sources for the purpose of implementing
7 any authorized development or project or meeting any project cost;
8 and

9 g. to pay project costs, specifically including payments to a private
10 developer, as reimbursement for project costs incurred by a private
11 developer, in accordance with a redevelopment bond financing
12 agreement entered into by the municipality or municipalities and the
13 private developer;

14 h. to include in the terms of any resolution, bond or contract a
15 provision that the payments in lieu of taxes or special assessments shall
16 constitute a municipal charge for the purposes of R.S.54:4-66.

17 Except as provided otherwise herein, nothing herein is intended to
18 limit the powers granted under any other law or regulation to the
19 entity acting as district agent under the "Revenue Allocation District
20 Financing Act," sections 11 through 41 of P.L. , c. (C.) (pending
21 before the Legislature as this bill).

22
23 21. (New section) The plan may include one or more of the
24 following eligible revenues if the municipality is otherwise authorized
25 by law to collect such revenues:

26 a. incremental payments in lieu of taxes, with respect to property
27 located in the district, made pursuant to the "Five-Year Exemption and
28 Abatement Law," P.L.1991, c.441 (C.40A:21-1 et seq.) or the "Long
29 Term Tax Exemption Law," P.L.1991, c.431 (C.40A:20-1 et al.);

30 b. incremental revenues from payroll or wage taxes with respect to
31 activities carried on within the district;

32 c. incremental revenue from lease payments made to the
33 municipality or district agent with respect to property located in the
34 district;

35 d. incremental revenue from payments in lieu of taxes or service
36 charges with respect to property located within the district;

37 e. incremental revenue from parking taxes derived from parking
38 facilities located within the district;

39 f. admissions and sales taxes received from the operation of a
40 public facility which the district agent is authorized by law to retain;

41 g. sales and excise taxes which are derived from activities within
42 the district and which are rebated to or retained by the municipality
43 pursuant to the "New Jersey Urban Enterprise Zones Act," P.L.1983,
44 c.303 (C.52:27H-60 et seq.) or any other law providing for such
45 rebate or retention;

46 h. parking revenue from public parking facilities built as part of a

1 project except for public parking facilities owned by parking
2 authorities pursuant to the "Parking Authority Law," P.L.1948, c.198
3 (C.40:11A-1 et seq.);

4 i. assessments as allowed by law that are levied against properties
5 in a district, if consented to by the governing body of the municipality
6 in which the district is situated;

7 j. the property tax increment.

8 The incremental revenue for the revenues listed in subsections b.,
9 c., d. and e. of this section shall be calculated as the difference
10 between the amount collected in any calendar year from any eligible
11 revenue source included in the plan, less the revenue increment base
12 for that eligible revenue.

13

14 22. (New section) Before pledging any revenues, issuing any
15 bonds, incurring any obligations or guaranteeing the obligations of any
16 other entity with respect to the project costs of any project, the district
17 agent shall adopt a final revenue allocation plan for that project. That
18 plan shall include:

19 a. a description of the project or projects to be financed, including
20 the projected cost and construction schedule;

21 b. a description of any development to be undertaken by any
22 developer in connection with the project, including an estimate of the
23 eligible revenues anticipated from the development;

24 c. a description of the eligible revenues to be pledged to the
25 support of the project, or to the bonds or other obligations to be
26 issued or incurred by the district agent;

27 d. a description of other anticipated projects for the district and
28 the anticipated means of financing those projects;

29 e. a copy of any proposed bond resolution, contract, lease or other
30 agreement to be adopted or authorized by the district agent. Any
31 proposed bond resolution shall include a description of the security
32 features of the bonds, including reserve funds or other security
33 enhancements, if any, such as a municipal guarantee, qualified bond
34 authorization, bond insurance or letter of credit; the maturity schedule
35 for the bonds; the estimated interest rate; the period of capitalized
36 interest, if any; an estimate of the costs of issuance, with identification
37 of bond counsel, financial advisers, underwriters and other
38 professionals engaged to assist in the issuance of bonds; lien priorities
39 among projects, if any; and such other information as the board may
40 require; and

41 f. a certification by the chief financial officer of the property tax
42 increment base, if property tax increment revenue is to be pledged, and
43 of the revenue increment base for each other pledged revenue. If the
44 amount of any such revenue increment base cannot be certified, then
45 the chief financial officer shall estimate the amount and describe the
46 basis for preparing the estimate and the manner in which the revenue

1 increment base will be determined after adoption of the final plan.

2

3 23. (New section) A final revenue allocation plan shall be
4 submitted to the governing body of the municipality for approval by
5 ordinance. When an ordinance embodying a final revenue allocation
6 plan has been introduced in writing at a meeting of the governing body
7 and approved on first reading, which may be by title, by a majority of
8 the authorized membership thereof, it shall be submitted, together with
9 all included and incorporated certificates and documents and such
10 additional supporting documentation as the board may by rule
11 prescribe, to the board.

12 The board shall approve the plan if it determines that:

13 a. the planned developments are likely to be realized and would not
14 be accomplished by private enterprise without the creation of the
15 district and the financing of the proposed project or projects;

16 b. the pledged revenues will be sufficient to pay debt service on
17 bonds and discharge any obligations undertaken by the district agent
18 to effectuate the plan;

19 c. the credit of the municipality and its ability to pay the principal
20 of and interest on its debts and to provide essential public services will
21 not be impaired;

22 d. any insufficiency or shortfall in the amount of the revenues or
23 guarantees pledged to pay debt service or bonds issued to effectuate
24 the plan would not pose inappropriate risk or undue financial hardship
25 to the taxpayers of the community;

26 e. there are no other factors which, in the determination of the
27 board, will impair the credit of the municipality or reduce its ability to
28 pay punctually the principal of and interest on its debts and supply
29 other essential public improvements and services; and

30 f. the planned development does one or more of the following:
31 promote approaches and concepts to reduce congestion; enhance
32 mobility; assist in the redevelopment of our municipalities; and
33 otherwise improve the quality of life of our citizens.

34

35 24. (New section) a. The board may make written
36 recommendations as to any aspect of the plan and any related fiscal
37 matters of the municipality or the district agent which, in the
38 determination of the board, must be changed in order to effectuate the
39 plan, and the board may condition its approval of the plan upon the
40 adoption of its recommendations.

41 b. The board shall approve, approve with conditions, or
42 disapprove the plan within 60 days of its receipt of an application
43 which the board has deemed to be complete. If the board does not act
44 within 60 days the plan shall be deemed approved. If the board
45 disapproves the plan it shall set forth its reasons in writing within
46 30 days of its disapproval. The governing body, upon

1 recommendation of the district agent, may amend the ordinance and
2 resubmit it to the board.

3 c. Upon receipt of the approved ordinance from the board the
4 municipal governing body may adopt the ordinance at a meeting of the
5 governing body by a majority of the authorized membership thereof.
6 Any changes to the plan as embodied in the ordinance, including the
7 pledge or utilization of eligible revenues subject, however, to any
8 rights of bondholders shall be by amendment of the ordinance adopted
9 and approved by the same method as prescribed in section 17 of
10 P.L. , c. (C.) (pending before the Legislature as this bill) in
11 connection with the proposed preliminary revenue allocation plan
12 included in the ordinance establishing the district.

13

14 25. (New section) If the preliminary revenue allocation plan has
15 designated the property tax increment as a pledged revenue, the
16 property tax increment shall be calculated and paid to the revenue
17 allocation fund or the bond trustee, as appropriate, as provided
18 hereunder.

19 a. Upon the striking of the tax rate in each year following the
20 adoption of the ordinance creating the district, the chief financial
21 officer of the municipality, with assistance provided by the assessor
22 and collector, shall calculate the amount of property tax increment, if
23 any, for each revenue allocation district within the municipality and
24 shall certify to the district agent of each such district a copy of that
25 calculation. Thereafter the chief financial officer shall, within 10 days
26 after each date fixed by statute for the payment of property taxes,
27 cause to be deposited in the revenue allocation fund of the district
28 agent or paid to the trustees as provided in the resolution authorizing
29 the issuance of bonds the percentage of the property tax increments
30 certified in the plan as designated to be so deposited or paid. The
31 calculation of the property tax increment shall be based on the amount
32 to be billed at the quarterly payment date, regardless of whether or not
33 the increment is actually collected from the taxpayers within the
34 district.

35 b. Whenever an added assessment shall occur within a district, the
36 chief financial officer of the municipality shall notify the district agent
37 and thereafter shall, within 10 days of the date fixed by law for
38 payment of property taxes on such added assessment, cause to be paid
39 to the revenue allocation fund or the bond trustee, as appropriate, the
40 property taxes, or a percentage thereof as designated in the plan, billed
41 upon such added assessment, regardless of whether or not the tax or
42 any portion thereof is actually collected.

43 c. Whenever an omitted assessment which if not omitted would
44 have been included in the computation of the tax increment of a
45 district occurs, the chief financial officer of the municipality shall
46 notify the district agent and thereafter shall, within 10 days after the

1 date fixed by statute for payment of taxes upon such omitted
2 assessments, cause to be deposited to the revenue allocation fund or
3 paid to the bond trustees of the district, as appropriate, the proportion
4 of tax upon such omitted assessments designated in the plan for such
5 deposit or payment, regardless of whether or not the tax or any
6 portion thereof is actually collected.

7 d. In no event shall any changes in assessed valuation within a
8 district due to appeals or correction of errors with respect to a tax
9 year subsequent to the creation of the district alter the amount of
10 property tax increment certified pursuant to this section for that tax
11 year.

12 e. In no event shall any changes in assessed valuation within a
13 district due to appeals or correction of errors alter the property tax
14 increment base of the district.

15 f. Whenever a revaluation or general reassessment occurs in a
16 municipality which has designated one or more districts, the property
17 tax increment base for each district shall be adjusted to equal the
18 absolute difference between the taxable value of the property in the
19 district after revaluation or reassessment less the amount of the
20 property tax increment base for the year immediately prior to the
21 revaluation or reassessment divided by the adjusted tax rate. The
22 adjusted tax rate shall be a fraction, the numerator of which is the total
23 tax levy of the municipality before revaluation or reassessment and the
24 denominator of which is the total taxable value of all taxable property
25 in the municipality after revaluation or reassessment.

26

27 26. (New section) If the preliminary revenue allocation plan has
28 designated any eligible revenues, in addition to or other than the
29 property tax increment, as a pledged revenue, the other pledged
30 revenues shall be deposited as provided in this section.

31 a. The collector of any pledged revenues shall certify to the
32 municipal chief financial officer the amount of the eligible revenue
33 collected in the preceding calendar year no later than January 30 of
34 each year and shall pay to the municipality such amount, or the
35 percentage thereof designated in the plan, beginning in the first
36 calendar year after the creation of the district.

37 b. The municipality shall include in its budget the amount certified
38 as collected in the preceding year and shall pay to the district agent for
39 deposit in the revenue allocation financing fund the amount certified
40 in the plan as designated for such payment.

41 c. Payments in lieu of taxes shall be deposited in four equal
42 installments, regardless of the date or dates fixed for such payments by
43 statute, agreement or otherwise.

44

45 27. (New section) The district agent shall submit its operating
46 budget for the district annually to the Director of the Division of Local

1 Government Services in the Department of Community Affairs. If the
2 district agent certifies that the budget is in compliance with a
3 preliminary or final financing plan and all other relevant statutes and
4 rules, the director shall approve the budget within 45 days of receipt.
5 If the director disapproves the budget he shall state the reasons
6 therefor, in writing. The district agent may then make the necessary
7 changes and resubmit the budget for approval. The director may
8 adopt rules and regulations in accordance with the "Administrative
9 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), to ensure the
10 fiscal integrity of districts and effectuate the intent of the "Revenue
11 Allocation District Financing Act," P.L. , c. (C.) (pending before
12 the Legislature as this bill).

13

14 28. (New section) The district agent shall establish and maintain
15 a special fund called the "(Name of district agent) Revenue Allocation
16 Fund," and herein referred to as "district fund" or "fund."

17 The fund shall be used by the district agent for purposes of the
18 "Revenue Allocation District Financing Act," P.L. , c. (C.)
19 (pending before the Legislature as this bill), including but not limited
20 to:

21 a. paying the project costs;

22 b. paying the principal of and interest on bonds or other obligations
23 issued or guaranteed pursuant to the "Revenue Allocation District
24 Financing Act," P.L. , c. (C.) (pending before the Legislature as
25 this bill);

26 c. prepaying the principal of and interest on the bonds or other
27 obligations;

28 d. paying additional property tax increment revenue, if any, to
29 taxing entities, as provided for in subsections b. and c. of section 29
30 of P.L. , c. (C.) (pending before the Legislature as this bill) or in
31 the final revenue allocation plan; and

32 e. reimbursing the municipality for any payments made by the State
33 pursuant to the "Municipal Qualified Bond Act," P.L.1976, c.38
34 (C.40A:3-1 et seq.) to pay debt service on any qualified bonds issued
35 pursuant to section 35 of P.L. , c. (C.) (pending before the
36 Legislature as this bill).

37

38 29. (New section) a. Prior to the adoption of a final revenue
39 allocation plan, the district agent may draw money from the revenue
40 allocation fund for purposes of paying all project costs incurred in
41 connection with the development of the final revenue allocation plan
42 as provided in the approved operating budget, including a reserve for
43 project costs if such reserve is part of the preliminary plan.

44 b. At the end of each calendar year, any moneys in the fund not
45 pledged to bondholders or otherwise required by the district agent for
46 development of the plan shall be distributed to the appropriate taxing

1 or revenue collecting entities that shall forgo the pledged revenues.
2 The revenues shall be distributed by the district agent in proportion to
3 the taxing effort of each taxing or revenue collecting entity in the year
4 of distribution; except that no revenues deposited in the fund shall be
5 included in the calculation of any adjustment payments payable to an
6 intermunicipal account pursuant to statute.

7 c. After the adoption of the final revenue allocation plan the district
8 agent may decide to distribute to the taxing or revenue collecting
9 entities that shall forgo the revenues pursuant to the "Revenue
10 Allocation District Financing Act," sections 11 through 41 of P.L. ,
11 c. (C.) (pending before the Legislature as this bill) a portion of the
12 revenue increments received by the district agent not pledged to the
13 payment of debt service or necessary to pay project costs. The
14 revenues shall be distributed in proportion to the taxing or revenue
15 collecting effort of each such taxing or revenue collecting entity in the
16 year of distribution.

17 d. Moneys in the fund may be invested in the State of New Jersey
18 Cash Management Fund established pursuant to section 1 of P.L.1977,
19 c.281 (C.52:18A-90.4) or in any securities that a local government is
20 permitted to purchase pursuant to section 8 of P.L.1977, c.396
21 (C.40A:5-15.1).

22

23 30. (New section) Subject to the limitations contained in the
24 "Revenue Allocation District Financing Act," sections 11 through 41
25 of P.L. , c. (C.) (pending before the Legislature as this bill), each
26 district shall remain in existence until obligations for any project in that
27 district cease to be outstanding; provided, however, the district may
28 be terminated if sufficient moneys have been deposited in the revenue
29 allocation fund, which, when invested in obligations of or guaranteed
30 by the United States government, will be sufficient to pay when due
31 the principal of and interest on the bonds at maturity or any
32 redemption date or full payment of any other obligations, and if the
33 board approves the dissolution of the district. The Division of Local
34 Government Services in the Department of Community Affairs may
35 recommend to the municipality the dissolution of a district which has
36 not taken substantial steps to implement the plan, so long as there are
37 no bonded obligations outstanding or contractual obligations to pay
38 any part of project costs.

39

40 31. (New section) a. In calculating the general tax rate levied
41 each year, the aggregate amount of the ratable increments of the
42 revenue allocation districts that have been pledged to bondholders or
43 are otherwise required by the district agent for the development of the
44 plan shall not be considered a part of the total taxable value of land
45 and improvements within the municipality.

46 b. In calculating the net valuation on which school district taxes are

1 apportioned, the aggregate amount of the ratable increments in the
2 revenue allocation district shall be excluded.

3 c. For purposes of this section, "ratable increment" means the
4 taxable value of all property assessed within a revenue allocation
5 district for the tax year, minus the property tax increment base.

6
7 32. (New section) Upon approval of the resolution by the board
8 and adoption of an ordinance approving or adopting: a. the final
9 revenue allocation plan by the municipal governing body, or b. a
10 determination regarding a particular project for which there exist
11 sufficient eligible revenues within the district to pay the principal of
12 and interest on obligations issued to finance such project, the district
13 agent shall have the power to incur indebtedness, borrow money and
14 issue its bonds or notes for purposes of financing a project or funding
15 or refunding its bonds or notes. If the district agent is the municipal
16 governing body, any pledge of revenues or funds and obligations
17 incurred shall be limited to the revenues and property accruing to the
18 municipality as district agent and shall not be deemed to include any
19 other municipal revenue or property unless such revenues are pledged
20 or obligations are incurred pursuant to the "Revenue Allocation
21 District Financing Act," P.L. , c. (C.) (pending before the
22 Legislature as this bill). The district agent may from time to time issue
23 its bonds or notes in such principal amounts as in the opinion of the
24 district agent are necessary to provide sufficient funds for all or any
25 portion of project costs, including the payment, funding or refunding
26 of the principal of or interest or redemption premiums on any bonds
27 or notes issued by it, whether the bonds or notes or interest to be
28 funded or refunded has or has not become due; the establishment or
29 increase of such reserves to secure or to pay the bonds or notes or
30 interest thereon; and all other costs or expenses of the district agent
31 incident to and necessary to carrying out its corporate purposes and
32 powers.

33 Any provisions of law to the contrary notwithstanding, a bond
34 issued pursuant to the "Revenue Allocation District Financing Act,"
35 sections 11 through 41 of P.L. , c. (C.) (pending before the
36 Legislature as this bill) shall be fully negotiable within the meaning and
37 for all purposes of Title 12A of the New Jersey Statutes, and each
38 holder of the bond, or a coupon appurtenant thereto, by accepting the
39 bond or coupon shall be conclusively deemed to have agreed that the
40 bond or coupon is and shall be fully negotiable within the meaning and
41 for the purposes of that title.

42
43 33. (New section) Bonds or notes of the district agent shall be
44 authorized by a resolution or resolutions of the district agent and may
45 be issued in one or more series and shall bear such dates, mature at
46 such times, bear interest at such rates of interest per annum, be in such

1 denominations, be in such form, either coupon or registered, carry
2 such conversion or registration privileges, have such rank or priority,
3 be executed in such manner, be payable from such sources and in such
4 medium of payment at such places within or without the State, and be
5 subject to such terms of redemption, with or without premium, as the
6 resolution or resolutions may provide.

7 Notwithstanding the provisions of any other law to the contrary
8 related to such district agent, bonds or notes of the district agent may
9 be sold at public or private sale at such price and in such manner as the
10 district agent shall determine. Every bond shall mature and be paid not
11 later than 35 years from the date thereof.

12 Bonds or notes may be issued under the provisions of the "Revenue
13 Allocation District Financing Act," sections 11 through 41 of P.L. ,
14 c. (C.) (pending before the Legislature as this bill) without any
15 other proceeding or the occurrence of any other conditions or other
16 things than those proceedings, conditions or things which are
17 specifically required by the "Revenue Allocation District Financing
18 Act," sections 11 through 41 of P.L. , c. (C.) (pending before the
19 Legislature as this bill).

20 Bonds or notes of the district agent issued under the provisions of
21 the "Revenue Allocation District Financing Act," sections 11 through
22 41 of P.L. , c. (C.) (pending before the Legislature as this bill)
23 shall contain a statement to the effect that they are issued pursuant to
24 the "Revenue Allocation District Financing Act," sections 11 through
25 41 of P.L. , c. (C.) (pending before the Legislature as this bill)
26 and entitled to the provisions of the "Revenue Allocation District
27 Financing Act," sections 11 through 41 of P.L. , c. (C.) (pending
28 before the Legislature as this bill).

29
30 34. (New section) Each issue of bonds or notes of the district may,
31 if it is determined by the district agent, be general obligations thereof
32 payable out of any revenues, receipts or funds held by the district
33 agent, subject only to any agreements with the holders of particular
34 bonds or notes pledging any particular revenues or funds, and may be
35 secured by one or more of the following:

36 a. pledge of eligible revenues and any other revenues derived from
37 leases, sales agreements, service contracts or similar contractual
38 arrangements with one or more persons, firms, partnerships or
39 corporations, whether or not the same relate to the project or part
40 thereof financed with the bonds or notes;

41 b. pledge of grants, subsidies, contributions or other payments to
42 be received from the United States of America or any instrumentality
43 thereof, or from any State, county or municipal governmental body or
44 agency;

45 c. a first mortgage on all or any part of the property, real or
46 personal, of the district agent then owned or thereafter to be acquired;

1 or

2 d. pledge of any moneys, funds, accounts, securities and other
3 funds, including the proceeds of the bonds or notes.

4

5 35. (New section) The municipal governing body may provide for
6 the guarantee of any such bonds and may issue general obligation
7 bonds to provide for the funding of such guarantee which shall be
8 authorized pursuant to the provisions of the "Local Bond Law,"
9 N.J.S.40A:2-1 et seq. Such guarantees shall be set forth in the final
10 revenue allocation plan approved pursuant to section 23 of P.L. , c.
11 (C.) (pending before the Legislature as this bill). To the extent that
12 the municipality provides for a full faith and credit guarantee of any
13 loan to a redeveloper or any bonds but determines not to authorize the
14 issuance of bonds or notes to provide for the funding source thereof,
15 it may do so by resolution approved by a majority of the full governing
16 body. To the extent that bonds or notes are authorized as provided
17 above, such bonds or notes shall be authorized pursuant to the
18 provisions of the "Local Bond Law," N.J.S.40A:2-1 et seq., and shall
19 be deductible from the gross debt of the municipality until such time
20 as such bonds or notes are actually issued, and only up to the amount
21 actually issued, to fund such guarantee.

22 The district agent may file an application with the board to qualify
23 an issue of its bonds pursuant to the "Municipal Qualified Bond Act,"
24 P.L.1976, c.38 (C.40A:3-1 et seq.) provided, however, that only
25 municipal qualified bonds issued by a municipality, as defined in the
26 "Municipal Qualified Bond Act," P.L.1976, c.38 (C.40A:3-1 et seq.)
27 shall constitute debt of such municipality and be secured by the full
28 faith and credit of such municipality. Intention to file such an
29 application shall be set forth in the final revenue allocation plan
30 approved pursuant to section 23 of P.L. , c. (C.) (pending before
31 the Legislature as this bill). Bonds may be issued by the district agent
32 as municipal qualified bonds upon the review and approval of the
33 board as provided in the "Municipal Qualified Bond Act," P.L.1976,
34 c.38 (C.40A:3-1 et seq.). In considering the ordinance, the board
35 may require the governing body to adopt resolutions restricting or
36 limiting any future issuance of bonds for any purpose.

37 Upon the issuance of such bonds and certification to the State
38 Treasurer of the name and address of the paying agent, the maturity
39 schedule, interest rates and dates of payment of debt service, the State
40 Treasurer shall withhold municipal qualified revenues payable to the
41 municipality in amounts sufficient to pay debt service on such bonds
42 as the same shall mature and become due. The State Treasurer shall
43 on or before each principal and interest payment date forward such
44 withheld amounts to the paying agent for the sole purpose of paying
45 debt service on such bonds. As such withheld amounts are forwarded
46 to the paying agent, the district agent shall return a like amount of

1 eligible revenues received by the district agent, if any, which may be
2 applied to the payment of municipal operating expenses.

3 Any financial instrument issued by a district agent that is secured in
4 whole or in part by eligible revenues shall be subject to the review and
5 approval of the board. That review and approval shall be made prior
6 to approval of a resolution or agreement authorizing the financing.
7 The board shall be entitled to receive from the applicant an amount
8 sufficient to provide for all reasonable professional and other fees and
9 expenses incurred by it for the review, analysis and determination with
10 respect thereto. As part of its review, the board shall specifically
11 solicit comments from the Office of State Planning in addition to
12 comments from the public. As part of the board's review and
13 approval, it shall consider where appropriate one or more of the
14 following: whether the redevelopment project or plan promotes
15 approaches and concepts to reduce congestion; enhance mobility;
16 assist in the redevelopment of our municipalities; and otherwise
17 improve the quality of life our citizens.

18

19 36. (New section) In any resolution of the district agent
20 authorizing or relating to the issuance of any bonds or notes, the
21 district agent, in order to secure the payment of the bonds or notes and
22 in addition to its other powers, shall have power by provisions in that
23 resolution, which shall constitute covenants by the district agent and
24 contracts with the holders of the bonds or notes, to:

25 a. secure the bonds or notes as provided in section 35 of P.L. ,

26 c. (C.) (pending before the Legislature as this bill);

27 b. covenant against pledging all or any part of its revenues or
28 receipts from its lease, sales arrangement, service contracts or other
29 security instruments, of the revenues or receipts under any of the
30 foregoing or the proceeds thereof, or against mortgaging or leasing all
31 or any part of its real or personal property then owned or thereafter
32 acquired, or against permitting or suffering any of the foregoing;

33 c. covenant with respect to limitations on any right to sell,
34 mortgage, lease or otherwise dispose of any project or any part thereof
35 or any property of any kind;

36 d. covenant as to any bonds and notes to be issued and the
37 limitations thereon and the terms and conditions thereof and as to the
38 custody, application, investment, and disposition of the proceeds
39 thereof;

40 e. covenant as to the issuance of additional bonds or notes or as to
41 limitations on the issuance of additional bonds or notes and on the
42 incurring of other debts by it;

43 f. covenant as to the payment of the principal of or interest on the
44 bonds or notes, or any other obligations, as to the sources and
45 methods of the payment, as to the rank or priority of the bonds, notes
46 or obligations with respect to any lien or security or as to acceleration

- 1 of the maturity of the bonds, notes or obligations;
- 2 g. provide for the replacement of lost, stolen, destroyed or
3 mutilated bonds or notes;
- 4 h. covenant against extending the time for the payment of bonds or
5 notes or interest thereon;
- 6 i. covenant as to the redemption of bonds or notes and privileges
7 of exchange thereof for other bonds or notes of the district agent;
- 8 j. covenant as to the fixing and collection of rents, fees, rates and
9 other charges, the amount to be raised each year or other period of
10 time by rents, fees, rates and other charges and as to the use and
11 disposition to be made thereof;
- 12 k. covenant to create or authorize the creation of special funds or
13 moneys to be held in pledge or otherwise for construction, operating
14 expenses, tax rebate, payment or redemption of bonds or notes;
15 reserves or other purposes and as to the use, investment, and
16 disposition of the moneys held in these funds;
- 17 l. establish the procedure, if any, by which the terms of any
18 contract or covenant with or for the benefit of the holders of bonds or
19 notes may be amended or abrogated, the amount of bonds or notes the
20 holders of which must consent thereto, and the manner in which the
21 consent may be given;
- 22 m. covenant as to the construction, improvement, operation or
23 maintenance of any project and its other real and personal property,
24 the replacement thereof, the insurance to be carried thereon, and the
25 use and disposition of insurance moneys;
- 26 n. provide for the release of property, leases or other agreements,
27 or revenues and receipts from any pledge or mortgage and to reserve
28 rights and powers in, or the right to dispose of, property which is
29 subject to a pledge or mortgage;
- 30 o. provide for the rights and liabilities, powers and duties arising
31 upon the breach of any covenant, condition or obligation and prescribe
32 the events of default and the terms and conditions upon which any or
33 all of the bonds, notes or other obligations of the district agent shall
34 become or may be declared due and payable before maturity and the
35 terms and conditions upon which the declaration and its consequences
36 may be waived;
- 37 p. vest in a trustee or trustees within or without the State such
38 property rights, powers and duties in trust as the district agent may
39 determine, including the right to foreclose any mortgage, which may
40 include any or all of the rights, powers and duties of any trustee
41 appointed by the holders of any bonds or notes issued pursuant to this
42 section and to limit or abrogate the right of the holders of any bonds
43 or notes of the district agent to appoint a trustee under the "Revenue
44 Allocation District Financing Act," P.L. , c. (C.) (pending before
45 the Legislature as this bill), and to limit the rights, duties and powers
46 of the trustee;

1 q. execute all mortgages, leases, sales agreements, service
2 contracts, bills of sale, conveyances, deeds of trust and other
3 instruments necessary or convenient in the exercise of its powers or in
4 the performance of its covenants or duties;

5 r. pay the costs or expenses incident to the enforcement of the
6 bonds or notes or of the provisions of the resolution or of any
7 covenant or agreement of the district agent with the holders of its
8 bonds or notes;

9 s. limit the rights of the holders of any bonds or notes to enforce
10 any pledge or covenant securing bonds or notes; and

11 t. make covenants other than or in addition to the covenants
12 authorized by the "Revenue Allocation District Financing Act," P.L. ,
13 c. (C.) (pending before the Legislature as this bill) of like or
14 different character, and to make such covenants to do or refrain from
15 doing such acts and things as may be necessary, or convenient and
16 desirable, in order to better secure bonds or notes or which, in the
17 absolute discretion of the district agent will tend to make bonds or
18 notes more marketable, notwithstanding that the covenants, acts or
19 things may not be enumerated herein.

20
21 37. (New section) Any pledge of revenues, receipts, moneys,
22 funds, levies, sales agreements, service contracts or other property or
23 instruments made by the district agent shall be valid and binding from
24 the time when the pledge is made. The revenues, receipts, moneys,
25 funds or other property so pledged and thereafter received by the
26 district agent or a subsidiary shall immediately be subject to the lien
27 of the pledge without any physical delivery thereof or further act, and
28 the lien of any pledge shall be valid and binding as against all parties
29 having claims of any kind in tort, contract or otherwise against the
30 district agent irrespective of whether the parties have notice thereof.
31 Neither the resolution nor any other instrument by which a pledge
32 under this section is created need be filed or recorded except in the
33 records of the district agent.

34
35 38. (New section) Neither the directors of the district agent nor
36 any person executing bonds or notes issued pursuant to the "Revenue
37 Allocation District Financing Act," P.L. , c. (C.) (pending before
38 the Legislature as this bill) shall be liable personally on the bonds or
39 notes by reason of the issuance thereof.

40
41 39. (New section) The district agent may establish such reserves,
42 funds or account as may be, in its discretion, necessary or desirable to
43 further the accomplishment of the purposes of the district agent or to
44 comply with the provisions of any agreement made by or any
45 resolution of the district agent.

46 The State and all public officers, governmental units and agencies

1 thereof, all banks, trust companies, savings banks and institutions,
2 building and loan associations, savings and loan associations,
3 investment companies, and other persons carrying on a banking
4 business, all insurance companies, insurance associations and other
5 persons carrying on an insurance business, and all executors,
6 administrators, guardians, trustees and other fiduciaries may legally
7 invest any sinking funds, moneys or other funds belonging to them or
8 within their control in any bonds or notes issued pursuant to the
9 "Revenue Allocation District Financing Act," P.L. , c. (C.)
10 (pending before the Legislature as this bill), and such bonds or notes
11 shall be authorized security for any and all public deposits.

12

13 40. (New section) Bonds, notes or other obligations issued
14 pursuant to the "Revenue Allocation District Financing Act," P.L. ,
15 c. (C.) (pending before the Legislature as this bill) are for an
16 essential public and governmental purpose, and the bonds, notes or
17 other obligations, their transfer and the interest and premium, if any,
18 thereon and the income therefrom, including any profit made on the
19 sale thereof, and all assessments, charges, funds, revenues, income and
20 other moneys pledged or available to pay or secure the payments of
21 the bonds, or interest thereon, shall be exempt from taxation of every
22 kind by the State and the municipality, except transfer inheritance and
23 estate taxes unless exemptions from those taxes have been provided
24 under other laws.

25

26 41. (New section) If any section, part, phrase, or provision of the
27 "Revenue Allocation District Financing Act," P.L. , c. (C.)
28 (pending before the Legislature as this bill) of the application thereof
29 to any person, project or circumstances, be adjudged invalid by any
30 court of competent jurisdiction, such judgment shall be confined in its
31 operation to the section, part, phrase, provision or application directly
32 involved in the controversy in which such judgment shall have been
33 rendered and shall not affect or impair the validity of the remainder of
34 the "Revenue Allocation District Financing Act," P.L. , c. (C.)
35 (pending before the Legislature as this bill) or the application thereof
36 to other persons, projects or circumstances.

37

38 42. Section 29 of P.L.1992, c.79 (C.40A:12A-29) is amended to
39 read as follows:

40 29. a. Bonds and notes issued by a [redevelopment agency or
41 housing authority] redevelopment entity pursuant to this act shall be
42 authorized by resolution of the [housing authority or redevelopment
43 agency] redevelopment entity and may be issued in one or more series
44 and shall be sold in any one of the following manners: (1) at public sale
45 at not less than par after advertisement in a newspaper of general
46 circulation in the municipality or county and in a financial paper

1 published in the city of Philadelphia, Pennsylvania, or the city of New
2 York, New York, one week prior to the sale; (2) at private sale
3 without advertisement at not less than par to a municipality, county,
4 the State or federal government; (3) at public sale to any willing buyer
5 at less than par and at private sale to any willing buyer without
6 advertisement at par or less than par, upon application to and prior
7 approval of the Local Finance Board in the Department of Community
8 Affairs.

9 b. [Bonds issued pursuant to this act by a county or municipality
10 shall be authorized by ordinance adopted in the manner prescribed by
11 the "Local Bond Law" (N.J.S.40A:2-1 et seq.) except as provided in
12 section 32 of P.L.1992, c.79 (C.40A:12A-32)] Deleted by
13 amendment, P.L. , c. (pending before the Legislature as this bill).

14 c. Bonds issued to finance redevelopment projects may be secured
15 by the assets and revenues of such projects. A municipality or
16 redevelopment entity financing redevelopment projects through the
17 issuance of bonds may pledge the property and revenues of those
18 projects, or any of them, for repayment of those bonds, and shall pay
19 such rate of interest thereon as the [municipal]governing body may
20 deem for the best interest of the county, municipality or redevelopment
21 entity, as applicable.

22 d. Bonds issued to finance housing projects may be secured by the
23 assets and revenues of those housing projects or by contractual
24 agreements with the Federal government. A municipality, county, or
25 housing authority financing housing projects through the issuance of
26 bonds may pledge the property and revenues of those projects, or any
27 of them, for the repayment of those bonds, and shall pay such rate of
28 interest thereon as the county or municipal governing body, as the case
29 may be, may deem for the best interest of the county or municipality.

30 e. [Whenever a municipality or county shall, pursuant to this act,
31 issue notes for a period not exceeding five years, the municipality or
32 county may sell the notes at private sale without advertisement at not
33 less than par] Deleted by amendment, P.L. , c. (pending before the
34 Legislature as this bill).

35 (cf: P.L.1992, c.79, s.29)

36

37 43. Section 30 of P.L.1992 c.79 (40A:12A-30) is amended to read
38 as follows:

39 30. a. A [redevelopment agency or housing authority]
40 redevelopment entity shall have the power and is hereby authorized
41 to issue, from time to time, its bonds, bond anticipation notes and
42 other notes and obligations in such principal amounts as in its opinion
43 shall be necessary to provide sufficient funds for achieving any of its
44 corporate purposes, including, but not limited to: the making of
45 mortgage loans, the payment, funding or refunding of the principal of,
46 or interest or redemption premiums on, any bonds, bond anticipation

1 notes and other notes and obligations issued by it whether or not such
2 have become due; the establishment or increase of reserves to secure
3 or to pay such bonds, bond anticipation notes and other notes and
4 obligations or interest thereon; and all costs or expenses incident to
5 and necessary or convenient to carry out its corporate purposes and
6 powers.

7 b. A [redevelopment agency or housing authority] redevelopment
8 entity may issue such bonds, bond anticipation notes or other notes or
9 obligations as it may determine, including bonds, bond anticipation
10 notes or other notes or obligations as to which the principal and
11 interest are payable: (1) exclusively from the income and revenues of
12 the [redevelopment agency or housing authority] redevelopment
13 entity resulting from projects financed with the proceeds of such
14 bonds, bond anticipation notes or other notes or obligations; (2)
15 exclusively from the income and revenues of the [redevelopment
16 agency or housing authority] redevelopment entity resulting from
17 certain projects, whether or not such projects were financed in whole
18 or in part from the proceeds of such bonds, bond anticipation notes or
19 other notes or obligations; or, (3) from its revenues generally. Any
20 bonds, bond anticipation notes or other notes or obligations may be
21 additionally secured by a pledge of any grant, subsidy or contribution
22 from the United States of America or an agency or instrumentality
23 thereof or the State or any agency, instrumentality or political
24 subdivision thereof, or any person, firm or corporation or a pledge of
25 any income or revenues, funds or moneys of the [redevelopment
26 agency or housing authority] redevelopment entity from any source
27 whatsoever.

28 c. Whether or not the bonds, bond anticipation notes and other
29 notes and obligations issued pursuant to this act are of such form and
30 character as to be negotiable instruments under the terms of Title 12A,
31 Commercial Transactions, New Jersey Statutes, such bonds, bond
32 anticipation notes and other notes and obligations and any coupon
33 thereof are hereby made negotiable instruments within the meaning of
34 and for all the purposes of Title 12A, subject only to the provisions of
35 the bonds and notes for registration.

36 d. Bonds, bond anticipation notes and other notes and obligations
37 of a [redevelopment agency or housing authority] redevelopment
38 entity issued under the provisions of this act shall not be in any way
39 a debt or liability of the State or of any political subdivision thereof
40 other than the [redevelopment agency or housing authority]
41 redevelopment entity and shall not create or constitute any
42 indebtedness, liability or obligation of the State or of any political
43 subdivision, nor be or constitute a pledge of the faith and credit of the
44 State or of any political subdivision; but all such bonds, bond
45 anticipation notes and other notes and obligations, unless funded or
46 refunded by bonds, bond anticipation notes or other notes or

1 obligations of the [redevelopment agency or housing authority]
2 redevelopment entity shall be payable from revenues or funds pledged
3 or available for their payment as authorized in this act. Each bond,
4 bond anticipation note or other note or obligation shall contain on its
5 face a statement to the effect that the [redevelopment agency or
6 housing authority] redevelopment entity is obligated to pay the
7 principal thereof or the interest thereon only from the revenues or
8 funds of the [redevelopment agency or housing authority]
9 redevelopment entity, and that neither the State nor any political
10 subdivision thereof is obligated to pay such principal or interest, and
11 that neither the faith and credit nor the taxing power of the State or
12 any political subdivision thereof is pledged to the payment of the
13 principal of or the interest on such bonds, bond anticipation notes or
14 other notes or obligations.

15 e. All expenses incurred in carrying out the provisions of this act
16 shall be payable solely from revenues or funds provided or to be
17 provided under the provisions of this act, and nothing in this act shall
18 be construed to authorize a [redevelopment agency or housing
19 authority] redevelopment entity to incur indebtedness or liability on
20 behalf of or payable by this State or any political subdivision thereof.
21 (cf: P.L.1992, c.79, s.30)

22

23 44. Section 31 of P.L.1992, c.79 (C.40A:12A-31) is amended to
24 read as follows:

25 31. Any bond resolution of a [redevelopment agency or housing
26 authority] redevelopment entity providing for or authorizing the
27 issuance of any bonds may contain provisions, and such [authority]
28 entity, in order to secure the payment of such bonds and in addition to
29 its other powers, shall have power by provision in such bond
30 resolution to covenant and agree with the several holders of such
31 bonds, as to:

32 a. The custody, security, use, expenditure or application of the
33 proceeds of the bonds;

34 b. The construction and completion, or replacement, of any
35 project;

36 c. The use, regulation, operation, maintenance, insurance or
37 disposition of any project, or restrictions on the exercise of the powers
38 of the [authority] entity to dispose, or to limit or regulate the use, of
39 any project;

40 d. Payment of the principal of or interest on the bonds, or any
41 other obligations, and the sources and methods thereof, the rank or
42 priority of bonds or obligations as to any lien or security, or the
43 acceleration of the maturity of bonds or obligations;

44 e. The use and disposition of any moneys of the [redevelopment
45 agency or housing authority] redevelopment entity, including project

- 1 revenues;
- 2 f. Pledging, setting aside, depositing or trusteeing all or any part
3 of the revenues or other moneys of the [redevelopment agency or
4 housing authority] redevelopment entity to secure the payment of the
5 principal of or interest on the bonds or any other obligations or the
6 payment of expenses of operation or maintenance of any project, and
7 the powers and duties of any trustee with regard thereto;
- 8 g. The setting aside out of the project revenues or other moneys of
9 the [redevelopment agency or housing authority] redevelopment
10 entity of reserves and sinking funds, and the source, custody, security,
11 regulation, application and disposition thereof;
- 12 h. Determination or definition of the project revenues or of the
13 expenses of operation and maintenance of a project;
- 14 i. The rents, rates, fees, or other charges in connection with, or for
15 the use of services of, or otherwise relating to any project, including
16 any parts thereof theretofore constructed or acquired and any parts,
17 extensions, replacements or improvements thereof thereafter
18 constructed or acquired, and the fixing, establishment, collection and
19 enforcement of the same, the amount or amounts of project revenues
20 to be produced thereby, and the disposition and application of the
21 amounts charged or collected;
- 22 j. The assumption or payment or discharge of any indebtedness,
23 liens or other claims relating to any part of any project or any
24 obligations having or which may have a lien on any part of the project
25 revenues;
- 26 k. Limitations on the issuance of additional bonds or any other
27 obligations or on the incurrence of indebtedness of the [redevelopment
28 agency or housing authority] redevelopment entity;
- 29 l. Limitations on the powers of the [redevelopment agency or
30 housing authority] redevelopment entity to construct, acquire or
31 operate any structures, facilities or properties which may compete or
32 tend to compete with any of its projects;
- 33 m. Vesting in a trustee or trustees within or without the State such
34 property, rights, powers and duties in trust as the [redevelopment
35 agency or housing authority] redevelopment entity may determine
36 which may include any or all of the rights, powers and duties of the
37 trustee appointed by the holders of bonds pursuant to this act, and
38 limiting or abrogating the right of such holders to appoint a trustee
39 pursuant to this act or limiting the rights, duties and powers of such
40 trustee;
- 41 n. Payment of the costs or expenses incident to the enforcement of
42 the bonds or of the provisions of the bond resolution or of any
43 covenant or agreement of the [redevelopment agency or housing
44 authority] redevelopment entity with the holders of bonds;
- 45 o. The procedure, if any, by which the terms of any covenant or

1 agreement with, or duty to, the holders of bonds may be amended or
2 abrogated, the amount of bonds the holders of which must consent
3 thereto, and the manner in which such consent may be given or
4 evidenced; or

5 p. Any other matter or course of conduct which, by recital in the
6 bond resolution, is declared to further secure the payment of the
7 principal of or interest on bonds and to be part of any covenant or
8 agreement with the holders of bonds.

9 All provisions of the bond resolution and all covenants and
10 agreements shall constitute valid and legally binding contracts between
11 the [redevelopment agency or housing authority] redevelopment
12 entity and the several holders of the bonds, regardless of the time of
13 issuance of such bonds, and shall be enforceable by any such holder or
14 holders by appropriate action or proceeding in any court of competent
15 jurisdiction, including a proceeding in lieu of prerogative writ.

16 (cf: P.L.1992, c.79, s.31)

17

18 45. Section 32 of P.L.1992, c.79 (C.40A:12A-32) is amended to
19 read as follows:

20 32. a. If the bond resolution of a [redevelopment agency or
21 housing authority] redevelopment entity authorizing or providing for
22 the issuance of a series of its bonds shall provide in substance that the
23 holders of the bonds of such series shall be entitled to the benefits of
24 this section, then if there shall be a default in the payment of principal
25 of or interest on any bonds of such series after the same shall become
26 due, whether at maturity or upon call for redemption, and default shall
27 continue for a period of 30 days, or if the [redevelopment agency or
28 housing authority] redevelopment entity shall fail or refuse to comply
29 with any of the provisions of [this act] P.L.1992, c.79, or shall fail or
30 refuse to carry out and perform the terms of any contract with the
31 holders of the bonds, and failure or refusal shall continue for a period
32 of 30 days after written notice to the [redevelopment agency or
33 housing authority] redevelopment entity of its existence and nature,
34 the holders of 25% in aggregate principal amount of the bonds of such
35 series then outstanding by instrument or instruments filed in the office
36 of the Secretary of State and proved or acknowledged in the same
37 manner as a deed to be recorded, may appoint a trustee to represent
38 the holders of the bonds of such series for the purposes provided in
39 this section.

40 b. The trustee may, and upon written request of the holders of 25%
41 in aggregate principal amount of the bonds of such series then
42 outstanding shall, in his or its own name:

43 (1) By any action or proceeding, enforce all rights of the holders
44 of such bonds, including the right to require the [redevelopment
45 agency or housing authority] redevelopment entity to charge and

1 collect charges adequate to carry out any contract as to, or pledge of,
2 project revenues, and to require the [authority] entity to carry out and
3 perform the terms of any contract with the holders of such bonds or its
4 duties under [this act] P.L.1992, c.79;

5 (2) Bring an action upon all or any part of such bonds or interest
6 coupons or claims appurtenant thereto;

7 (3) By action, require the [redevelopment agency or housing
8 authority] redevelopment entity to account as if it were the trustee of
9 an express trust for the holders of such bonds;

10 (4) By action, enjoin any acts or things which may be unlawful or
11 in violation of the rights of the holders of such bonds; or

12 (5) Declare all such bonds due and payable, whether or not in
13 advance of maturity, upon 30 days' prior notice in writing to the
14 [redevelopment agency or housing authority] redevelopment entity
15 and, if all defaults shall be made good, then with the consent of the
16 holders of 25% of the principal amount of such bonds then
17 outstanding, annul such declaration and its consequences.

18 c. The trustee shall, in addition to the foregoing, possess all of the
19 powers necessary for the exercise of the functions specifically set forth
20 herein or incident to the general representation of the holders of bonds
21 of such series in the enforcement and protection of their rights.

22 d. In any action or proceeding by the trustee, reasonable fees,
23 counsel fees and expenses of the trustee and of the receiver, if any,
24 appointed pursuant to [this act] P.L.1992, c.79, shall, if allowed by
25 the court, constitute taxable costs and disbursements, and all costs and
26 disbursements, allowed by the court, shall be a first charge upon any
27 charges and revenues of the [redevelopment agency or housing
28 authority] redevelopment entity pledged for the payment or security
29 of bonds of such series.

30 (cf: P.L.1992, c.79, s.32)

31

32 46. Section 33 of P.L.1992, c.79 (C.40A:12A-33) is amended to
33 read as follows:

34 33. If the bond resolution of a [redevelopment agency or housing
35 authority] redevelopment entity authorizing or providing for the
36 issuance of a series of its bonds shall provide in substance that the
37 holders of the bonds of such series shall be entitled to the benefits of
38 section 32 of P.L.1992, c.79 (C.40A:12A-32) and shall further provide
39 in substance that a trustee appointed pursuant to that section or having
40 the powers of such a trustee shall have the powers provided by this
41 section, then the trustee, whether or not all of the bonds of such series
42 shall have been declared due and payable, shall be entitled to the
43 appointment of a receiver of the project or projects of the
44 [redevelopment agency or housing authority] redevelopment entity,
45 and such receiver may enter upon and take possession of the project

1 or projects and, subject to any pledge or contract with the holders of
2 bonds of the [redevelopment agency or housing authority]
3 redevelopment entity, shall take possession of all moneys and other
4 property derived from or applicable to the acquisition, construction,
5 operation, maintenance or reconstruction of the project or projects and
6 proceed in a commercially feasible manner with such acquisition,
7 construction, operation, maintenance or reconstruction which the
8 [redevelopment agency or housing authority] redevelopment entity is
9 under any obligation to do, and operate, maintain and reconstruct the
10 project or projects and fix, charge, collect, enforce and receive the
11 charges and all revenues thereafter arising subject to any pledge
12 thereof or contract with the holders of bonds relating thereto and
13 perform the public duties and carry out the contracts and obligations
14 of the [redevelopment agency or housing authority] redevelopment
15 entity in the same manner as the agency or [authority] entity itself
16 might do and under the direction of the court.

17 (cf: P.L.1992, c.79, s.33)

18

19 47. Section 34 of P.L.1992, c.79 (C.40A:12A-34) is amended to
20 read as follows:

21 34. All property of a [redevelopment agency or housing authority]
22 redevelopment entity shall be exempt from levy and sale by virtue of
23 an execution, and no execution or other judicial process shall issue
24 against the same, nor shall any judgment against a [redevelopment
25 agency or housing authority] redevelopment entity be a charge or lien
26 upon its property; provided, that nothing herein contained shall apply
27 to or limit the rights of the holder of any bonds to pursue any available
28 remedy for the enforcement of any pledge or lien given by a
29 [redevelopment agency or housing authority] redevelopment entity.

30 (cf: P.L.1992, c.79, s.34)

31

32 48. This act shall take effect on the 60th day following enactment.

33

34

35

STATEMENT

36

37 This bill broadens the mechanisms available to finance the up-front
38 costs of certain local development projects.

39 Sections 1 through 10 of the bill are designated as the
40 "Redevelopment Area Bond Financing Law." These provisions allow
41 a municipality that has designated a redevelopment area pursuant to
42 the "Local Redevelopment and Housing Law" (N.J.S.A.40A:12A-1 et
43 seq.) to, either directly or through application to the New Jersey
44 Economic Development Authority or similar public instrumentality of
45 the State, issue bonds that would be secured by (1) payments in lieu
46 of taxes under a tax abatement agreement, (2) special assessments on

1 property benefitting from the improvements provided, or (3) both.

2 Sections 11 through 41 of the bill are designated as the "Revenue
3 Allocation District Financing Act." These provisions authorize a
4 municipality to establish one or more areas as a "revenue allocation
5 district" and to designate a district agent to implement a development
6 plan for the district. The ordinance creating the district would be
7 submitted to the Local Finance Board, and must be approved by the
8 board. After the creation of the district, the district agent could issue
9 bonds or notes to finance the development of specific projects or to
10 finance the infrastructure (for example, roads, sewers, bridges)
11 necessary to facilitate development within the district.

12 Prior to issuing any bonds or notes, the district would be required
13 to adopt a final revenue allocation plan which describes the project to
14 be developed and the incremental municipal taxes and other revenues
15 intended to be pledged to payment of the bonds. The district may
16 pledge all or a percentage of any eligible revenues identified in this bill.
17 The plan must be approved by the municipality and the Local Finance
18 Board. The revenues which may be pledged include the taxes
19 attributable to the increase in the taxable value of property in the
20 district.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 4002

STATE OF NEW JERSEY

DATED: DECEMBER 13, 2001

The Assembly Appropriations Committee reports favorably Assembly Bill No. 4002.

Assembly Bill No. 4002 broadens the mechanisms available to finance the up-front costs of certain local development projects.

Redevelopment Area Bond Financing Law. Sections 1 through 10 of the bill are designated as the "Redevelopment Area Bond Financing Law." These provisions allow a municipality that has designated a redevelopment area pursuant to the "Local Redevelopment and Housing Law" (N.J.S.A.40A:12A-1 et seq.) to, either directly or through application to the New Jersey Economic Development Authority or similar public instrumentality of the State, issue bonds that would be secured by (1) payments in lieu of taxes under a tax abatement agreement, (2) special assessments on property benefitting from the improvements provided, or (3) both.

Revenue Allocation District Financing Act. Sections 11 through 41 of the bill are designated as the "Revenue Allocation District Financing Act." These provisions authorize a municipality to establish one or more areas as a "revenue allocation district" and to designate a district agent to implement a development plan for the district. The ordinance creating the district would be submitted to the Local Finance Board, and must be approved by the board. After the creation of the district, the district agent could issue bonds or notes to finance the development of specific projects or to finance the infrastructure (for example, roads, sewers, bridges) necessary to facilitate development within the district.

Prior to issuing any bonds or notes, the district would be required to adopt a final revenue allocation plan which describes the project to be developed and the incremental municipal taxes and other revenues intended to be pledged to payment of the bonds. The district may pledge all or a percentage of any eligible revenues identified in this bill. The plan must be approved by the municipality and the Local Finance Board. The revenues which may be pledged include the taxes attributable to the increase in the taxable value of property in the district.

FISCAL IMPACT:

This bill has not been certified as having a fiscal impact. It affects the permitted uses of local revenues, but has no impact on State revenues or expenditures.

§§1-10 -
C.40A:12A-64
to 40A:12A-73
§§11-41 -
C.52:27D-459
to 52:27D-489
§48 - Note to §§1-47

P.L. 2001, CHAPTER 310, *approved January 3, 2002*
Senate, No. 2727

1 **AN ACT** expanding the mechanisms available to finance local
2 development projects, supplementing chapter 12A of Title 40A of
3 the New Jersey Statutes and chapter 27D of Title 52 of the Revised
4 Statutes, and amending P.L.1992, c.79.

5

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

8

9 1. Sections 1 through 10 of P.L. , c. (C.) (pending before
10 the Legislature as this bill) shall be known and may be cited as the
11 "Redevelopment Area Bond Financing Law."

12

13 2. (New section) As used in sections 1 through 10 of P.L. , c.
14 (C.) (pending before the Legislature as this bill):

15 "Authority" means the New Jersey Economic Development
16 Authority established pursuant to P.L.1974, c.80 (C.34:1B-1 et seq.),
17 the New Jersey Redevelopment Authority established pursuant to
18 section 4 of P.L.1996, c.62 (C.55:19-23) or other instrumentality
19 created by law by the State with the power to incur debt and issue
20 bonds and other obligations.

21 "Board" means the Local Finance Board established in the Division
22 of Local Government Services in the Department of Community
23 Affairs.

24 "Bonds" mean bonds, notes or other obligations issued by the
25 authority or a municipality to finance or refinance redevelopment
26 projects pursuant to the "Redevelopment Area Bond Financing Law,"
27 sections 1 through 10 of P.L. , c. (C.) (pending before the
28 Legislature as this bill), the "Local Redevelopment and Housing Law",
29 P.L.1992, c.79 (C.40A:12A-1 et seq.), or other applicable law.

30 "Financial agreement" means an agreement that meets the
31 requirements of a financial agreement under P.L.1991, c.431
32 (C.40A:20-1 et seq.).

33 "Municipality" means the municipal governing body or an entity
34 acting on behalf of the municipality if permitted by the federal Internal
35 Revenue Code of 1986, or, if a redevelopment agency or
36 redevelopment entity is established in the municipality pursuant to

EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and intended to be omitted in the law.

Matter underlined thus is new matter.

1 P.L.1992, c.79 (C.40A:12A-1 et seq.) and the municipality so
2 provides, the redevelopment agency or entity so established.

3 "Redeveloper" means any person, firm, corporation or public body,
4 including the New Jersey Economic Development Authority or the
5 New Jersey Redevelopment Authority to the extent permitted by law,
6 that shall enter into or propose to enter into a contract with a
7 municipality or other redevelopment entity for the redevelopment or
8 rehabilitation of an area in need of redevelopment, or an area in need
9 of rehabilitation, or any part thereof, under the provisions of the
10 "Redevelopment Area Bond Financing Law," sections 1 through 10 of
11 P.L. , c. (C.) (pending before the Legislature as this bill), or
12 for any construction or other work forming part of a redevelopment
13 or rehabilitation project.

14 "Redevelopment" means clearance, replanning, development and
15 redevelopment; the conservation and rehabilitation of any structure or
16 improvement, the construction and provision for construction of
17 residential, commercial, industrial, public or other structures and the
18 grant or dedication of spaces as may be appropriate or necessary in the
19 interest of the general welfare for streets, parks, playgrounds, or other
20 public purposes, including recreational and other facilities incidental
21 or appurtenant thereto, and any other related costs and expenses
22 including preliminary planning and development costs and any
23 financing costs and expenses in accordance with a redevelopment plan.

24 "Redevelopment bond financing agreement" means a contract
25 between a municipality and a redeveloper for any work or undertaking
26 for the redevelopment of a redevelopment area, or part thereof, under
27 the provisions of the "Redevelopment Area Bond Financing Law,"
28 sections 1 through 10 of P.L. , c. (C.) (pending before the
29 Legislature as this bill) or the "Local Redevelopment and Housing
30 Law," P.L.1992, c.79 (C.40A:12A-1 et seq.), as the case may be.

31 "Redevelopment area" means an area which has been delineated a
32 "redevelopment area" or "area in need of redevelopment" pursuant to
33 the "Local Redevelopment and Housing Law," P.L.1992, c.79
34 (C.40A:12A-1 et seq.).

35 "Redevelopment project" means any work or undertaking pursuant
36 to a redevelopment plan; such undertaking may include any buildings,
37 land, including demolition, clearance or removal of buildings from
38 land, equipment, facilities, or other real or personal properties which
39 are necessary, convenient, or desirable appurtenances, such as but not
40 limited to streets, sewers, utilities, parks, site preparation, landscaping,
41 and administrative, community, health, recreational, educational, and
42 welfare facilities and any other related costs and expenses including
43 preliminary planning and development costs and any financing costs
44 and expenses.

45 "Special assessment" means an assessment upon the lands or
46 improvements on such lands, or both, in the redevelopment area
47 benefitted by improvements undertaken pursuant to the

1 "Redevelopment Area Bond Financing Law," sections 1 through 10 of
2 P.L. , c. (C.) (pending before the Legislature as this bill), or
3 the "Local Redevelopment and Housing Law," P.L.1992, c.79
4 (C.40A:12A-1 et seq.), and assessed pursuant to chapter 56 of Title
5 40 of the Revised Statutes, R.S. 40:56-1 et seq., except as otherwise
6 provided in subsection b. of section 3 of P.L. , c. (C.) (pending
7 before the Legislature as this bill).

8

9 3. (New section) a. A municipality that has designated a
10 redevelopment area may provide for tax abatement within that
11 redevelopment area and for payments in lieu of taxes in accordance
12 with the provisions of P.L.1991, c.431 (C.40A:20-1 et seq.) and
13 P.L.1991, c.441 (C.40A:21-1 et seq.); provided, however, that the
14 provisions of section 12 of P.L.1991, c.431 (C.40A:20-12)
15 establishing a minimum or maximum annual service charge and
16 requiring staged increases in annual service charges over the term of
17 the exemption period, and of section 13 of P.L.1991, c.431
18 (C.40A:20-13) permitting the relinquishment of status under that act,
19 shall not apply to redevelopment projects financed with bonds.

20 b. In addition to, or in lieu of, the tax abatement provided for in
21 subsection a. of this section, the municipality may provide by
22 ordinance for one or more special assessments within the
23 redevelopment area in accordance with chapter 56 of Title 40 of the
24 Revised Statutes, R.S.40:56-1 et seq., provided, however, that the
25 provisions of R.S.40:56-35 shall be applied so that if any installment
26 of a special assessment shall remain unpaid for 30 days after the time
27 at which it shall become due, the municipality may provide, by
28 ordinance, either that: (1) the whole assessment or balance due
29 thereon shall become and be immediately due; or, (2) any subsequent
30 installments which would not yet have become due except for the
31 default shall be considered as not in default and that the lien for the
32 installments not yet due shall continue; and provided, further, that the
33 ordinance may require that the assessments be payable in quarterly,
34 semi-annual or yearly installments, with legal interest thereon, over a
35 period of years up to but in no event exceeding the period of years for
36 which the bonds were issued, or for 30 years, whichever shall be less.
37 In levying a special assessment on the lands or improvements, or both,
38 located in the redevelopment area, the municipality may provide that
39 the amount of the special assessment shall be a specific amount, not to
40 exceed the cost of the improvements, paid with respect to property
41 located in the redevelopment area. That specific amount shall, to the
42 extent accepted by the owner of the property benefitted, be deemed
43 the conferred benefit, in lieu of the amount being determined by the
44 procedures otherwise applicable to determining the actual benefit
45 conferred on the property. Special assessments levied pursuant to an
46 ordinance adopted under this subsection shall constitute a municipal

1 lien upon confirmation by the municipal governing body or by the
2 court, under R.S.40:56-33, except that such amount shall constitute
3 a municipal lien effective upon the date accepted in writing by the
4 owner of the property benefitted if prior to the actual confirmation.

5 c. Upon adoption, a copy of the ordinance shall be filed for public
6 inspection in the office of the municipal clerk, and there shall be
7 published in a newspaper, published or circulating in the municipality,
8 a notice stating the fact and the date of adoption and the place where
9 the ordinance is filed and a summary of the contents of the ordinance.
10 The notice shall state that any action or proceeding of any kind or
11 nature in any court questioning the validity or proper authorization of
12 the ordinance or the actions authorized to be taken as set forth in the
13 ordinance shall be commenced within 20 days after the publication of
14 the notice. If no action or proceeding questioning the validity of the
15 ordinance providing for tax abatement, special assessments or other
16 actions authorized by the ordinance shall be commenced or instituted
17 within 20 days after the publication of the notice, the county and the
18 school district and all other municipalities within the county and all
19 residents and taxpayers and owners of property therein shall be forever
20 barred and foreclosed from instituting or commencing any action or
21 proceeding in any court questioning the validity or enforceability of
22 the ordinance or the validity or enforceability of acts authorized under
23 the ordinance, and the ordinance and acts authorized by the ordinance
24 shall be conclusively deemed to be valid and enforceable in accordance
25 with their terms and tenor.

26

27 4. (New section) a. The municipality may issue bonds itself in the
28 manner provided for herein or pursuant to the "Local Redevelopment
29 and Housing Law," P.L.1992, c.79 (C.40A:12A-1 et seq.) or may
30 apply to the authority to issue bonds, which in either case may be
31 secured by payments in lieu of taxes or special assessments or both by
32 the adoption of a resolution of the governing body to that effect.

33 b. A municipality that has designated a redevelopment area may,
34 by resolution of its governing body, if it determines to issue bonds
35 through the authority, enter into contracts with the authority relating
36 to any project or projects for the purpose of financing or refinancing
37 redevelopment, or act as a redeveloper, within a redevelopment area.
38 A resolution so adopted shall contain findings and determinations of
39 the governing body: (1) that the project will result in the
40 redevelopment of the municipality; and, (2) that the contract with the
41 authority is a necessary or important inducement to the undertaking of
42 the project in that the contract makes the financing thereof feasible.
43 The contract or contracts, or the terms of any bonds issued directly by
44 a municipality may provide for the assignment, for the benefit of
45 bondholders, of all or any portion of payments in lieu of taxes , or
46 special assessments, or both. A contract may be made and entered

1 into for a term beginning currently or at some future or contingent
2 date, and with or without consideration, and for a specified or
3 unlimited time, and on any terms and conditions which may be
4 requested by the municipality and, if applicable, as may be agreed to
5 by the authority in conformity with its contracts with the holders of
6 bonds, and shall be valid and binding on the municipality. The
7 municipality is hereby authorized and directed to do and perform any
8 contract so entered into by it and to provide for the discharge of any
9 obligation thereunder in the same manner as other obligations of the
10 municipality.

11 Any contract, and any instrument making or evidencing the same,
12 may be pledged or assigned by the authority, with the consent of the
13 municipality executing the contract, to secure its bonds and thereafter
14 may not be modified except as provided by the terms of the instrument
15 or by the terms of the pledge or assignment.

16 The municipality may include in the terms of a bond or contract a
17 provision that the payments in lieu of taxes or special assessments
18 shall constitute a municipal charge for the purposes of R.S.54:4-66.

19 c. The payments in lieu of taxes or special assessments, or both,
20 may be assigned directly by the municipality or the authority or the
21 trustee for the bonds as payment or security for the bonds.
22 Notwithstanding any law to the contrary, the assignment shall be an
23 absolute assignment of all the municipality's right, title, and interest in
24 the payment in lieu of taxes or special assessments, or both, or portion
25 thereof, along with the rights and remedies provided to the
26 municipality under the agreement including, but not limited to, the
27 right of collection of payments due. Payments in lieu of taxes and
28 special assessments assigned as provided hereunder shall not be
29 included in the general funds of the municipality, nor shall they be
30 subject to any laws regarding the receipt, deposit, investment or
31 appropriation of public funds and shall retain such status
32 notwithstanding enforcement of the payment or assessment by the
33 municipality or assignee as provided herein. The municipality shall be
34 a "person" within the meaning of that term as defined in section 3 of
35 P.L.1974, c.80 (C.34:1B-3); and the purpose described in this section
36 shall be a "project" within the meaning of that term as defined in
37 section 3 of P.L.1974, c.80 (C.34:1B-3).

38 d. Notwithstanding the provisions of subsection g. of section 37 of
39 P.L.1992, c.79 (C.40A:12A-37), the bonds issued pursuant to this
40 section may be issued as non-recourse obligations, and unless
41 otherwise provided for by a separate action of the municipality to
42 guarantee such bonds or otherwise provide for a pledge of the
43 municipality's full faith and credit shall not, except for such action, be
44 considered to be direct and general obligations of the municipality,
45 and, absent such action, the municipality shall not be obligated to levy
46 and collect a tax sufficient in an amount to pay the principal and

1 interest on the bonds when the same become due and payable. The
2 provisions of the "Local Government Supervision Act (1947),"
3 P.L.1947, c.151 (C.52:27BB-1 et seq.) shall not apply to any bonds
4 issued or authorized pursuant to this section and those bonds shall not
5 be considered gross debt of the municipality on any debt statement
6 filed in accordance with the "Local Bond Law," N.J.S.40A:2-1 et seq.,
7 and the provisions of chapter 27 of Title 52 of the Revised Statutes
8 shall not apply to such bonds.

9 e. The proceeds from the sale of bonds and any funds provided by
10 any department of the State, authority created by the State or bi-state
11 authority for the purposes described in the "Redevelopment Area Bond
12 Financing Law," sections 1 through 10 of P.L. , c. (C.)
13 (pending before the Legislature as this bill, shall not require
14 compliance with public bidding laws, including the "Local Public
15 Contracts Law," P.L.1971, c.198 (C.40A:11-1 et seq.), or any other
16 statute where the redeveloper shall undertake the redevelopment
17 project. The use of these funds shall be subject to public
18 accountability and oversight by the municipality or agency providing
19 the funds.

20 f. In order to provide additional security for any loan to a
21 redeveloper or to bonds issued to finance a redevelopment project, the
22 municipality may utilize powers otherwise provided by law, including
23 the "Local Redevelopment and Housing Law," P.L.1992, c.79,
24 (C.40A:12A-1 et seq.), to provide for any extension of the
25 municipality's credit to any redeveloper or its full faith and credit
26 which may include a full faith and credit lease as security for the bonds
27 or any loan to a redeveloper. To the extent that the municipality
28 provides for a full faith and credit guarantee of any loan to a
29 redeveloper or any bonds, but determines not to authorize the issuance
30 of bonds or notes to provide for the funding source thereof, _or
31 otherwise determines to enter into a full faith and credit lease, it may
32 do so by resolution approved by a majority of the full governing body.
33 To the extent that bonds or notes are authorized as provided above,
34 such bonds or notes shall be authorized pursuant to the provisions of
35 the "Local Bond Law," N.J.S.40A:2-1 et seq., and shall be deductible
36 from the gross debt of the municipality until such time as such bonds
37 or notes are actually issued, and only up to the amount actually issued,
38 to fund such guarantee.

39 g. A financial instrument, whether issued by a municipality or an
40 authority, that is secured in whole or in part by payments in lieu of
41 taxes or by special assessments, or both, as provided herein shall be
42 subject to the review and approval of the board. That review and
43 approval shall be made prior to approval of, in the case of a
44 municipality, an introduce ordinance or, in the case of an authority, a
45 resolution. The board shall be entitled to receive from the applicant
46 an amount sufficient to provide for all reasonable professional and

1 other fees and expenses incurred by it for the review, analysis and
2 determination with respect thereto. As part of its review, the board
3 shall specifically solicit comments from the Office of State Planning
4 and the New Jersey Economic Development Authority in addition to
5 comments from the public. As part of the board's review and
6 approval, it shall consider where appropriate one or more of the
7 following: whether the redevelopment project or plan promotes
8 approaches and concepts to reduce congestion; enhance mobility;
9 assist in the redevelopment of our municipalities; and otherwise
10 improve the quality of life of our citizens.

11

12 5. (New section) a. Payments required to be made in accordance
13 with an agreement for payments in lieu of taxes entered into under
14 section 3 of P.L. , c. (C.) (pending before the Legislature
15 as this bill) shall be a continuous lien on the land against which the
16 ordinance is recorded on and after the date of recordation of both the
17 ordinance and the agreement, whether simultaneously or not, or the
18 date of confirmation of the special assessments, whichever is earlier.
19 All subsequent payments in lieu of taxes thereunder, interest, penalties
20 and costs of collection which thereafter fall due or accrue shall be
21 added and relate back to and be a part of the initial lien. Upon
22 recordation of the ordinance and agreement, payments in lieu of taxes
23 shall constitute a municipal lien within the meaning, and for all
24 purposes, of law.

25 b. If bonds are issued, the municipality or the redeveloper may
26 record, either simultaneously or at different times, any ordinance
27 enacted by the municipality relating to the payment in lieu of taxes
28 agreement or special assessments and, either simultaneously with the
29 ordinance or at different times, a copy of the agreement or agreements.
30 The ordinance, when recorded, shall contain a legend at the top of the
31 front page substantially as follows:

32 "THIS ORDINANCE SECURES BONDS OR OTHER
33 OBLIGATIONS ISSUED IN ACCORDANCE WITH THE
34 PROVISIONS OF THE 'REDEVELOPMENT AREA BOND
35 FINANCING LAW' AND THE LIEN HEREOF IN FAVOR OF THE
36 OWNERS OF SUCH BONDS OR OTHER OBLIGATIONS IS A
37 MUNICIPAL LIEN SUPERIOR TO ALL OTHER NON-
38 MUNICIPAL LIENS HEREAFTER RECORDED."

39 c. Notwithstanding any law to the contrary, upon recordation of
40 both the ordinance and any accompanying agreement, the lien thereof
41 shall be perfected for all purposes in accordance with law and the lien
42 shall thereafter be superior to all non-municipal liens thereafter
43 recorded or otherwise arising, without any additional notice,
44 recording, filing, continuation filing or action, until the payment in full
45 of the bonds. The lien thereby established shall apply not only to the
46 bonds initially issued, but also to any refinancing or refunding thereof,

1 as well as to any additional bonds thereafter issued on a parity
2 therewith in accordance with the provisions of the original documents
3 securing the initial bonds; provided, however, that in the event any
4 ordinance or agreement is amended or supplemented in a way which
5 increases the amount of payment in lieu of taxes or special
6 assessments, the lien as to that increase shall be perfected and apply
7 upon the recordation of the amended or supplemented ordinance and
8 agreement (including the above-recited legend). Except as set forth
9 in this section, no amendment or supplement to the ordinance or
10 agreement thereafter recorded shall affect the perfection or priority of
11 the lien established upon original recordation thereof.

12 d. Upon the final payment in full of any bonds secured as provided
13 in this section and section 4 of P.L. , c. (C.), the lien
14 established hereby shall terminate, and the municipality shall record a
15 notice to that effect.

16

17 6. (New section) In lieu of, or in addition to, the provisions of
18 section 5 of P.L. , c. (C.) (pending before the Legislature as
19 this bill), the municipality may provide in the agreement that the
20 payment in lieu of taxes, if any, is to be secured by a mortgage. In that
21 event the mortgage may also be assigned and pledged to the repayment
22 of the bonds authorized herein.

23 The assignment of any mortgage that secures a payment in lieu of
24 taxes, if any, may also be an absolute assignment of all or part of the
25 municipality's right, title, and interest in the mortgage and, to the
26 extent assigned, any moneys realized from the foreclosure of the
27 mortgaged property shall not be included in the general funds of the
28 municipality.

29 After the bonds are paid and no longer deemed to be outstanding,
30 the assignment of the mortgage shall terminate.

31

32 7. (New section) All bonds issued pursuant to the "Redevelopment
33 Area Bond Financing Law," P.L. , c. (C.) (pending before
34 the Legislature as this bill) are hereby declared to be issued by a
35 political subdivision of this State and for an essential public and
36 governmental purpose and the bonds, and the interest thereon and the
37 income therefrom, and all facility charges, funds, revenues and other
38 moneys pledged or available to pay or secure the payment of the
39 bonds, or interest thereon, shall at all times be exempt from taxation
40 except for transfer inheritance and estate taxes.

41

42 8. (New section) The State of New Jersey does hereby pledge to
43 and covenant and agree with the holders of any bonds issued pursuant
44 to the "Redevelopment Area Bond Financing Law," P.L. , c.
45 (C.) (pending before the Legislature as this bill) that the State
46 will not limit or alter the terms of any agreement, ordinance or

1 resolution made in connection with the security for and the issuance
2 and sale of any bonds, so as to in any way impair the rights or
3 remedies of such holders, and will not modify in any way the
4 exemption from taxation provided for in the "Redevelopment Area
5 Bond Financing Law," P.L. , c. (C.) (pending before the
6 Legislature as this bill), until the bonds, together with interest thereon,
7 with interest on any unpaid installments of interest, and all costs and
8 expenses in connection with any action or proceeding by or on behalf
9 of such holders, are fully met and discharged or provided for.

10
11 9. (New section) If any section, subsection, clause or provision of
12 the "Redevelopment Area Bond Financing Law," P.L. , c.
13 (C.) (pending before the Legislature as this bill) shall be adjudged
14 to be unconstitutional or ineffective in whole or in part, to the extent
15 that it is not adjudged unconstitutional or is not ineffective, it shall be
16 valid and effective and no other section, subsection, clause or
17 provision of the "Redevelopment Area Bond Financing Law,"
18 P.L. , c. (C.) (pending before the Legislature as this
19 bill) shall on account thereof be deemed invalid or ineffective, and the
20 inapplicability or invalidity of any section, subsection, clause or
21 provision the "Redevelopment Area Bond Financing Law," of
22 P.L. , c. (C.) (pending before the Legislature as this
23 bill) in any one or more instances or under any one or more
24 circumstances shall not be taken to affect or prejudice in any way its
25 applicability or validity in any other instance or under any other
26 circumstance.

27
28 10. (New section) After issuance, pursuant to the "Redevelopment
29 Area Bond Financing Law," P.L. , c. (C.) (pending before
30 the Legislature as this bill) all bonds shall be conclusively presumed to
31 be fully authorized and issued by all courts and officers of this State,
32 and any person shall be estopped from questioning their sale,
33 execution or delivery.

34
35 11. Sections 11 through 41 of P.L. , c. (C.) (pending
36 before the Legislature as this bill) shall be known and may be cited as
37 the "Revenue Allocation District Financing Act."

38
39 12. (New section) The Legislature finds and declares that:

40 a. There are areas within certain municipalities in this State that
41 deter private capital investment because of the deteriorating condition
42 of the land, buildings and infrastructure within those areas, or that
43 have not experienced private capital investment due to inadequate
44 infrastructure or adverse economic conditions.

45 b. These areas also create an economic burden for the municipality
46 due to the limited tax base and underutilization of resources.

1 c. The scarcity of resources available to municipalities for
2 redevelopment has severely hampered these municipalities' ability to
3 rehabilitate these areas.

4 d. In order to redevelop these areas in a beneficial manner,
5 municipalities should be provided the means to finance certain costs of
6 redevelopment so as to open new avenues for private investment;
7 stimulate commercial, industrial, recreational, cultural, entertainment,
8 civic and educational enterprise; and create favorable conditions for
9 increases in economic activity, property values, employment
10 opportunities and the provision of affordable housing.

11 e. The use of new redevelopment tools as a catalyst for economic
12 revitalization can be maximized if employed in conjunction with the
13 redevelopment planning process established pursuant to P.L.1992,
14 c.79 (C.40A:12A-1 et al.).

15 f. The State should consider, where appropriate, one or more of
16 the following: whether the redevelopment project or plan promotes
17 approaches and concepts to reduce congestion; enhance mobility;
18 assist in the redevelopment of our municipalities; and otherwise
19 improve the quality of life of our citizens.

20 g. It is, therefore, in the public interest to authorize the use of
21 revenue allocation financing by municipalities and the dedication of
22 payments in lieu of taxes toward the retirement of debt incurred in
23 redevelopment, as set forth hereunder, to encourage private
24 investment within areas that are blighted or in need of redevelopment
25 or would otherwise remain unused.

26

27 13. (New section) As used in sections 11 through 41 of P.L. ,
28 c. (C.) (pending before the legislature as this bill):

29 "Area in need of redevelopment" means a redevelopment area as
30 defined pursuant to section 3 of P.L.1992, c.79 (C.40A:12A-3).

31 "Board" means the Local Finance Board established in the Division
32 of Local Government Services in the Department of Community
33 Affairs.

34 "Bonds" means the bonds, notes and bond anticipation notes issued
35 to finance projects pursuant to the "Revenue Allocation District
36 Financing Act," sections 11 through 41 of P.L. , c. (C.)
37 (pending before the Legislature as this bill).

38 "District" means the area or areas within a municipality designated
39 as a revenue allocation district pursuant to the provisions of the
40 "Revenue Allocation District Financing Act," sections 11 through 41
41 of P.L. , c. (C.) (pending before the Legislature as this bill).

42 "District agent" means that entity designated by the municipal
43 governing body pursuant to section 14 of P.L. , c. (C.) (pending
44 before the Legislature as this bill) to administer a revenue allocation
45 plan on behalf of the municipality.

46 "Eligible revenue" means the property tax increment and any other

1 incremental revenues set forth in section 21 of P.L. , c. (C.)
2 (pending before the Legislature as this bill).

3 "Municipality" means the municipal governing body or an entity
4 acting on behalf of the municipality if permitted by the federal Internal
5 Revenue Code of 1986 or, if a redevelopment agency or
6 redevelopment entity is established in a municipality pursuant to
7 P.L.1992, c.79 (C.40A:12A-1 et seq.) and the municipality so
8 provides, the redevelopment agency or entity so established.

9 "Permitted investment obligations" means any securities permitted
10 for purchase by local units of government pursuant to section 8 of
11 P.L.1977, c.396 (C.40A:5-15.1).

12 "Plan" means the final revenue allocation plan developed by a
13 district agent pursuant to section 22 of P.L. , c. (C.) (pending
14 before the Legislature as this bill) and containing, among other
15 elements, the proposed projects, estimated cost of the projects,
16 sources of revenue, and the terms of any obligations, undertakings or
17 commitments to be incurred by the district agent.

18 "Pledged revenues" means those eligible revenues designated in the
19 plan for payment of project costs.

20 "Project" means the purchasing, leasing, condemning or otherwise
21 acquiring of land or other property, or an interest therein, in the
22 district or as necessary or convenient for the acquisition of any
23 right-of-way or other easement to or from the revenue allocation
24 district; the moving and relocation of persons or businesses displaced
25 by the acquisition of land or property; the acquisition, construction,
26 reconstruction or rehabilitation of land or property and the
27 improvements thereon, or the financing thereof, including demolition,
28 clearance, removal, relocation, renovation, alteration, construction,
29 reconstruction, alteration or repair of any land, building, street,
30 highway, alley, utility, mass transit facility, service or other structure,
31 infrastructure or improvement in the district or necessary to effectuate
32 the plan for the district, including infrastructure improvements outside
33 the district, but only those which are integral to the effectuation of the
34 district plan; the acquisition, construction, reconstruction,
35 rehabilitation or installation of public facilities and improvements, or
36 the financing thereof; acquisition, construction, reconstruction or
37 rehabilitation of residential structures, or the conversion to residential
38 use of structures previously designed or used for other purposes, or
39 the financing thereof, nonprofit corporation or other suitable public or
40 private person, firm, corporation or association, and which, to the
41 extent economically feasible, shall constitute housing affordable to
42 persons and families of low and moderate income pursuant to
43 P.L.1985, c.222 (C.52:27D-301 et al.) or rules and regulations
44 adopted pursuant thereto; and all costs associated with any of the
45 foregoing, including the cost of administrative appraisals, legal,
46 financial, economic and environmental analyses, engineering or

1 cleanup, planning, design, architectural, surveying or other
2 professional and technical services necessary to effectuate the
3 purposes of the "Revenue Allocation District Financing Act," sections
4 11 through 41 of P.L. , c. (C.) (pending before the Legislature as
5 this bill).

6 "Project cost" means the cost of the plan or project in all or any
7 part of the district and of all and any property, rights, easements,
8 privileges, agreements and franchises deemed by the district agent to
9 be necessary or useful and convenient therefor or in connection
10 therewith, including interest or discount on bonds; cost of issuance of
11 bonds; engineering and inspection costs; legal expenses; costs of
12 financial and other professional estimates and advice; organization,
13 administrative, operating and other expenses of the district agent prior
14 to and during the planning and implementation of a development, plan
15 or project, including such provision as the district agent may determine
16 for the payment, or security for payment, of principal of or interest on
17 bonds during or after the implementation of any development, plan or
18 project.

19 "Property tax increment" means the amount obtained by:

20 (1) multiplying the general tax rate levied each year by the taxable
21 value of all the property assessed within a district in the same year,
22 excluding any special assessments; and

23 (2) multiplying that product by a fraction having a numerator equal
24 to the taxable value of all the property assessed within the district,
25 minus the property tax increment base, and having a denominator
26 equal to the taxable value of all property assessed within the district.

27 "Property tax increment base" means the aggregate taxable value of
28 all property assessed which is located within a district as of October 1
29 of the year preceding the year in which the district is authorized
30 pursuant to the "Revenue Allocation District Financing Act," sections
31 11 through 41 of P.L. , c. (C.) (pending before the Legislature as
32 this bill).

33 "Redevelopment plan" means a redevelopment plan as the term is
34 defined pursuant to section 3 of P.L.1992, c.79 (C.40A:12A-3).

35 "Revenue increment base" means the amount of any eligible
36 revenues, other than the property tax increment, collected in the
37 calendar year immediately preceding the adoption of the plan.

38 "Taxing entity" means the county, the school district or districts,
39 and the municipality authorized to levy a tax on the taxable property
40 within a municipality.

41

42 14. (New section) The governing body of any municipality may by
43 ordinance establish a district or districts. In the case of a municipality
44 whose redevelopment powers are assigned by law to a regional
45 planning commission, the commission may, by resolution, establish a
46 district or districts in the area within which the commission has

1 jurisdiction.

2 A revenue allocation district shall consist of all lots and streets
3 within the borders of an area within a municipality or within areas of
4 the municipality designated in the plan. The lots and streets shall be
5 contiguous unless the municipality determines that non-contiguous
6 areas of the municipality should comprise one district because those
7 areas are part of a common development project or plan. The total
8 taxable value in all districts designated shall not exceed 15 percent of
9 the total taxable property assessed within the municipality, as
10 determined by the municipal assessor, except that, upon a request by
11 the governing body, the board may approve for inclusion in the district
12 up to 20 percent of the total taxable property assessed in the
13 municipality, as determined by the municipal assessor. The lots and
14 streets to be designated as part of the plan shall be designated as a
15 revenue allocation district as part of a duly adopted redevelopment
16 plan approved by the governing body.

17 The ordinance or resolution, as appropriate, shall be adopted as
18 provided in section 17 of P.L. , c. (C.) (pending before the
19 Legislature as this bill), and shall include or incorporate:

20 a. a map designating the area or areas within the municipality as a
21 district or districts;

22 b. a certification by the municipal assessor that, upon the basis of
23 property assessments as of October 1 of the year preceding the
24 certification, the total taxable property value in all districts designated
25 by the municipality, including the district being proposed in the
26 ordinance, does not exceed 15 or 20 percent, as the case may be, of
27 the total taxable property assessed in the municipality, as provided in
28 the ordinance adopted in accordance with the provisions of this
29 section;

30 c. the designation of a district agent, which may be a county, a
31 county improvement authority, the New Jersey Redevelopment
32 Authority, the New Jersey Economic Development Authority or a
33 municipality; provided, however, that if a district is created in an area
34 under the jurisdiction of a regional planning commission which has
35 been assigned redevelopment powers pursuant to law, that commission
36 shall serve as the district agent in connection with that district;

37 d. a designation of all or any percentage of any eligible revenue or
38 revenues as pledged revenues;

39 e. a statement of whether or not the municipality intends that any
40 of the bonds issued by the district agent, if other than a municipality,
41 be guaranteed by the municipality, or be issued as qualified bonds
42 pursuant to the "Municipal Qualified Bond Act," P.L.1976, c.38
43 (C.40A:3-1 et seq.), or both;

44 f. a proposed preliminary revenue allocation plan, as set forth in
45 section 15 of the P.L. , c. (C.) (pending before the Legislature
46 as this bill);

1 g. documentation that the district has been identified in the
2 appropriate redevelopment plan; and

3 h. Such other conditions or limitations as shall be imposed on the
4 district agent by the governing body.

5
6 15. (New section) The proposed preliminary revenue allocation
7 plan shall include:

8 a. a certification by the municipal tax assessor of the property tax
9 increment base of the district;

10 b. a statement of the revenues, if any, to be pledged to support
11 bonds of the district, the percentage of such revenues to be so
12 pledged, and a certification by the chief financial officer of the
13 municipality of the revenue increment base for each of the pledged
14 revenues other than the property tax revenue base. If the amount of
15 any such revenue base cannot be certified, then the chief financial
16 officer shall estimate the amount and describe the basis for preparing
17 the estimate and the manner in which the revenue increment base will
18 be determined after adoption of the plan;

19 c. a description of the proposed project or projects, an estimate of
20 their cost, a proposed construction schedule, the projected amount of
21 bonds to be issued and whether interest on such bonds is exempt from
22 taxation for federal income tax purposes and the projected debt service
23 on the bonds issued to finance the project;

24 d. a description of the development expected or planned within the
25 district, including the identification of the developers, if any, other
26 than the district agent or the municipality, and their contractual
27 relationship, if any, with the district agent or the municipality;

28 e. an estimate of the taxable value of the assessed property within
29 a district upon completion of the projects;

30 f. a projection of the amount of the pledged revenues during the
31 period in which any bond will be outstanding;

32 g. a statement of whether or not the district agent intends to create
33 a reserve for payment of project costs prior to the adoption of the final
34 revenue allocation plan;

35 h. a statement of whether or not tax abatements or exemptions or
36 special assessments are expected to be granted in the district; and

37 i. a fiscal impact statement for the taxing entities involved.

38
39 16. (New section) When an ordinance establishing or amending a
40 district has passed first reading, it shall be submitted as an application,
41 together with all included and incorporated certificates and documents
42 and such additional documentation as the board may by rule prescribe,
43 to the board.

44 The board shall approve the ordinance if it determines that:

45 a. the planned developments are likely to be realized and would not
46 likely be accomplished by private enterprise without the creation of the

- 1 district and the revenue allocation financing of the proposed project or
2 projects;
- 3 b. the revenue increments and any other pledged revenues will be
4 sufficient to pay debt service on bonds issued to effectuate the plan;
- 5 c. the credit of the municipality and its ability to pay the principal
6 of and interest on its debts and to provide essential public services will
7 not be impaired;
- 8 d. the creation of the district will contribute to the economic
9 development of the municipality;
- 10 e. the size of the proposed district and the amount of the pledged
11 revenues do not exceed the size and amount necessary to accomplish
12 the purposes of the plan;
- 13 f. any insufficiency or shortfall in the amount of the revenue or
14 guarantees pledged to pay debt service or bonds issued to effectuate
15 the plan would not pose inappropriate risk or undue financial hardship
16 to the taxpayers of the community;
- 17 g. there are no other factors which, in the determination of the
18 board, will impair the credit of the municipality or reduce its ability to
19 pay punctually the principal of and interest on its debts and supply
20 other essential public improvements and services; and
- 21 h. the planned development does one or more of the following:
22 promote approaches and concepts to reduce congestion; enhance
23 mobility; assist in the redevelopment of our municipalities; and
24 otherwise improve the quality of life of our citizens.
- 25
- 26 17. (New section) a. The board may make written
27 recommendations as to any aspect of the ordinance and the preliminary
28 revenue allocation plan and any related fiscal matters of the
29 municipality which in the opinion of the board shall be changed in
30 order to effectuate the plan. The board may condition its approval of
31 the ordinance upon the adoption of its recommendations by the
32 municipality.
- 33 b. The board shall approve, approve with conditions, or disapprove
34 the ordinance within 60 days of its receipt of an application which the
35 board has deemed to be complete. If the board does not act within 60
36 days the ordinance shall be deemed approved. If the board
37 disapproves the ordinance it shall, within 30 days of signifying its
38 disapproval, set forth its reasons in writing. The municipality may
39 amend the ordinance and resubmit it to the board.
- 40 c. Upon receipt of the approved ordinance from the board, the
41 municipal governing body may adopt the ordinance at a meeting of the
42 governing body by a majority of the authorized membership thereof.
- 43
- 44 18. (New section) After adoption of the ordinance establishing a
45 district there shall be no expansion or contraction of the boundaries of
46 the district, the designation of the district agent, or the designation of

1 the pledged revenues without adoption of an amending ordinance
2 approved by the board as provided in section 17 of P.L. , c. (C.)
3 (pending before the Legislature as this bill).

4
5 19. (New section) Whenever a district is expanded as permitted
6 under section 18 of P.L. , c. (C.) (pending before the
7 Legislature as this bill) the property tax increment base for any area
8 added to the district shall be the aggregate taxable value of all
9 property assessed which is located within the added area as of October
10 1 of the year preceding the year in which the area is added, as certified
11 by the municipal assessor. The revenue increment base of all other
12 eligible revenues shall include the amounts of all other eligible
13 revenues from sources within the added area in the calendar year
14 preceding the year in which the area is added, as certified by the chief
15 financial officer of the municipality.

16 Whenever a district is contracted as permitted under section 18 of
17 P.L. , c. (C.) (pending before the Legislature as this bill) the tax
18 increment base and the increment base of all other eligible revenues of
19 the district shall be adjusted as if that area had not been a part of the
20 district at the time when it became part of the district.

21
22 20. (New section) The district agent shall have the following
23 powers and responsibilities to the extent so designated by ordinance:

24 a. to make and enter into contracts or agreements with public
25 agencies, nonprofit corporations or other suitable public or private
26 persons, firms, corporations or associations, and to make loans or
27 grants to, or guarantee the obligations of, any other public agency or
28 corporation, as may be necessary, convenient or incidental to the
29 execution of the plan and the exercise of the district agent's powers
30 under the "Revenue Allocation District Financing Act," sections 11
31 through 41 of P.L. , c. (C.) (pending before the Legislature as
32 this bill);

33 b. to enter into agreements or other transactions with, and accept
34 grants, loans, appropriations or other assistance or cooperation from
35 the United States or any agency thereof, or from the State or a county
36 or municipal governing body or any agency thereof, or any nonprofit
37 corporation or other suitable public or private person, firm,
38 corporation or association in furtherance of the purposes of the
39 "Revenue Allocation District Financing Act," sections 11 through 41
40 of P.L. , c. (C.) (pending before the Legislature as this bill);

41 c. to prepare and administer the plan according to the provisions
42 of the "Revenue Allocation District Financing Act," sections 11
43 through 41 of P.L. , c. (C.) (pending before the Legislature as this
44 bill);

45 d. to hire or consult with private consultants when preparing the
46 plan, or to enter into agreements with public or nonprofit private

1 agencies to prepare and administer the plan;

2 e. to issue bonds or cause bonds to be issued for any purpose of
3 the district authorized by or pursuant to the "Revenue Allocation
4 District Financing Act," sections 11 through 41 of
5 P.L. , c. (C.) (pending before the Legislature as this bill), or to
6 issue refunding bonds for the purpose of paying or retiring bonds
7 previously issued by it, and to issue notes in anticipation of the
8 issuance of bonds as provided in the "Revenue Allocation District
9 Financing Act," sections 11 through 41 of P.L. , c. (C.)
10 (pending before the Legislature as this bill);

11 f. to seek and receive funds from local, State and federal
12 governments and from private sources for the purpose of implementing
13 any authorized development or project or meeting any project cost;
14 and

15 g. to pay project costs, specifically including payments to a private
16 developer, as reimbursement for project costs incurred by a private
17 developer, in accordance with a redevelopment bond financing
18 agreement entered into by the municipality or municipalities and the
19 private developer;

20 h. to include in the terms of any resolution, bond or contract a
21 provision that the payments in lieu of taxes or special assessments shall
22 constitute a municipal charge for the purposes of R.S.54:4-66.

23 Except as provided otherwise herein, nothing herein is intended to
24 limit the powers granted under any other law or regulation to the
25 entity acting as district agent under the "Revenue Allocation District
26 Financing Act," sections 11 through 41 of P.L. , c. (C.) (pending
27 before the Legislature as this bill).

28

29 21. (New section) The plan may include one or more of the
30 following eligible revenues if the municipality is otherwise authorized
31 by law to collect such revenues:

32 a. incremental payments in lieu of taxes, with respect to property
33 located in the district, made pursuant to the "Five-Year Exemption and
34 Abatement Law," P.L.1991, c.441 (C.40A:21-1 et seq.) or the "Long
35 Term Tax Exemption Law," P.L.1991, c.431 (C.40A:20-1 et al.);

36 b. incremental revenues from payroll or wage taxes with respect to
37 activities carried on within the district;

38 c. incremental revenue from lease payments made to the
39 municipality or district agent with respect to property located in the
40 district;

41 d. incremental revenue from payments in lieu of taxes or service
42 charges with respect to property located within the district;

43 e. incremental revenue from parking taxes derived from parking
44 facilities located within the district;

45 f. admissions and sales taxes received from the operation of a
46 public facility which the district agent is authorized by law to retain;

1 g. sales and excise taxes which are derived from activities within
2 the district and which are rebated to or retained by the municipality
3 pursuant to the "New Jersey Urban Enterprise Zones Act," P.L.1983,
4 c.303 (C.52:27H-60 et seq.) or any other law providing for such
5 rebate or retention;

6 h. parking revenue from public parking facilities built as part of a
7 project except for public parking facilities owned by parking
8 authorities pursuant to the "Parking Authority Law," P.L.1948, c.198
9 (C.40:11A-1 et seq.);

10 i. assessments as allowed by law that are levied against properties
11 in a district, if consented to by the governing body of the municipality
12 in which the district is situated;

13 j. the property tax increment.

14 The incremental revenue for the revenues listed in subsections b.,
15 c., d. and e. of this section shall be calculated as the difference
16 between the amount collected in any calendar year from any eligible
17 revenue source included in the plan, less the revenue increment base
18 for that eligible revenue.

19
20 22. (New section) Before pledging any revenues, issuing any
21 bonds, incurring any obligations or guaranteeing the obligations of any
22 other entity with respect to the project costs of any project, the district
23 agent shall adopt a final revenue allocation plan for that project. That
24 plan shall include:

25 a. a description of the project or projects to be financed, including
26 the projected cost and construction schedule;

27 b. a description of any development to be undertaken by any
28 developer in connection with the project, including an estimate of the
29 eligible revenues anticipated from the development;

30 c. a description of the eligible revenues to be pledged to the
31 support of the project, or to the bonds or other obligations to be
32 issued or incurred by the district agent;

33 d. a description of other anticipated projects for the district and
34 the anticipated means of financing those projects;

35 e. a copy of any proposed bond resolution, contract, lease or other
36 agreement to be adopted or authorized by the district agent. Any
37 proposed bond resolution shall include a description of the security
38 features of the bonds, including reserve funds or other security
39 enhancements, if any, such as a municipal guarantee, qualified bond
40 authorization, bond insurance or letter of credit; the maturity schedule
41 for the bonds; the estimated interest rate; the period of capitalized
42 interest, if any; an estimate of the costs of issuance, with identification
43 of bond counsel, financial advisers, underwriters and other
44 professionals engaged to assist in the issuance of bonds; lien priorities
45 among projects, if any; and such other information as the board may
46 require; and

1 f. a certification by the chief financial officer of the property tax
2 increment base, if property tax increment revenue is to be pledged, and
3 of the revenue increment base for each other pledged revenue. If the
4 amount of any such revenue increment base cannot be certified, then
5 the chief financial officer shall estimate the amount and describe the
6 basis for preparing the estimate and the manner in which the revenue
7 increment base will be determined after adoption of the final plan.

8
9 23. (New section) A final revenue allocation plan shall be
10 submitted to the governing body of the municipality for approval by
11 ordinance. When an ordinance embodying a final revenue allocation
12 plan has been introduced in writing at a meeting of the governing body
13 and approved on first reading, which may be by title, by a majority of
14 the authorized membership thereof, it shall be submitted, together with
15 all included and incorporated certificates and documents and such
16 additional supporting documentation as the board may by rule
17 prescribe, to the board.

18 The board shall approve the plan if it determines that:

19 a. the planned developments are likely to be realized and would not
20 be accomplished by private enterprise without the creation of the
21 district and the financing of the proposed project or projects;

22 b. the pledged revenues will be sufficient to pay debt service on
23 bonds and discharge any obligations undertaken by the district agent
24 to effectuate the plan;

25 c. the credit of the municipality and its ability to pay the principal
26 of and interest on its debts and to provide essential public services will
27 not be impaired;

28 d. any insufficiency or shortfall in the amount of the revenues or
29 guarantees pledged to pay debt service or bonds issued to effectuate
30 the plan would not pose inappropriate risk or undue financial hardship
31 to the taxpayers of the community;

32 e. there are no other factors which, in the determination of the
33 board, will impair the credit of the municipality or reduce its ability to
34 pay punctually the principal of and interest on its debts and supply
35 other essential public improvements and services; and

36 f. the planned development does one or more of the following:
37 promote approaches and concepts to reduce congestion; enhance
38 mobility; assist in the redevelopment of our municipalities; and
39 otherwise improve the quality of life of our citizens.

40
41 24. (New section) a. The board may make written
42 recommendations as to any aspect of the plan and any related fiscal
43 matters of the municipality or the district agent which, in the
44 determination of the board, must be changed in order to effectuate the
45 plan, and the board may condition its approval of the plan upon the
46 adoption of its recommendations.

1 b. The board shall approve, approve with conditions, or
2 disapprove the plan within 60 days of its receipt of an application
3 which the board has deemed to be complete. If the board does not act
4 within 60 days the plan shall be deemed approved. If the board
5 disapproves the plan it shall set forth its reasons in writing within
6 30 days of its disapproval. The governing body, upon
7 recommendation of the district agent, may amend the ordinance and
8 resubmit it to the board.

9 c. Upon receipt of the approved ordinance from the board the
10 municipal governing body may adopt the ordinance at a meeting of the
11 governing body by a majority of the authorized membership thereof.
12 Any changes to the plan as embodied in the ordinance, including the
13 pledge or utilization of eligible revenues subject, however, to any
14 rights of bondholders shall be by amendment of the ordinance adopted
15 and approved by the same method as prescribed in section 17 of
16 P.L. , c. (C.) (pending before the Legislature as this bill) in
17 connection with the proposed preliminary revenue allocation plan
18 included in the ordinance establishing the district.

19
20 25. (New section) If the preliminary revenue allocation plan has
21 designated the property tax increment as a pledged revenue, the
22 property tax increment shall be calculated and paid to the revenue
23 allocation fund or the bond trustee, as appropriate, as provided
24 hereunder.

25 a. Upon the striking of the tax rate in each year following the
26 adoption of the ordinance creating the district, the chief financial
27 officer of the municipality, with assistance provided by the assessor
28 and collector, shall calculate the amount of property tax increment, if
29 any, for each revenue allocation district within the municipality and
30 shall certify to the district agent of each such district a copy of that
31 calculation. Thereafter the chief financial officer shall, within 10 days
32 after each date fixed by statute for the payment of property taxes,
33 cause to be deposited in the revenue allocation fund of the district
34 agent or paid to the trustees as provided in the resolution authorizing
35 the issuance of bonds the percentage of the property tax increments
36 certified in the plan as designated to be so deposited or paid. The
37 calculation of the property tax increment shall be based on the amount
38 to be billed at the quarterly payment date, regardless of whether or not
39 the increment is actually collected from the taxpayers within the
40 district.

41 b. Whenever an added assessment shall occur within a district, the
42 chief financial officer of the municipality shall notify the district agent
43 and thereafter shall, within 10 days of the date fixed by law for
44 payment of property taxes on such added assessment, cause to be paid
45 to the revenue allocation fund or the bond trustee, as appropriate, the
46 property taxes, or a percentage thereof as designated in the plan, billed

1 upon such added assessment, regardless of whether or not the tax or
2 any portion thereof is actually collected.

3 c. Whenever an omitted assessment which if not omitted would
4 have been included in the computation of the tax increment of a
5 district occurs, the chief financial officer of the municipality shall
6 notify the district agent and thereafter shall, within 10 days after the
7 date fixed by statute for payment of taxes upon such omitted
8 assessments, cause to be deposited to the revenue allocation fund or
9 paid to the bond trustees of the district, as appropriate, the proportion
10 of tax upon such omitted assessments designated in the plan for such
11 deposit or payment, regardless of whether or not the tax or any
12 portion thereof is actually collected.

13 d. In no event shall any changes in assessed valuation within a
14 district due to appeals or correction of errors with respect to a tax
15 year subsequent to the creation of the district alter the amount of
16 property tax increment certified pursuant to this section for that tax
17 year.

18 e. In no event shall any changes in assessed valuation within a
19 district due to appeals or correction of errors alter the property tax
20 increment base of the district.

21 f. Whenever a revaluation or general reassessment occurs in a
22 municipality which has designated one or more districts, the property
23 tax increment base for each district shall be adjusted to equal the
24 absolute difference between the taxable value of the property in the
25 district after revaluation or reassessment less the amount of the
26 property tax increment base for the year immediately prior to the
27 revaluation or reassessment divided by the adjusted tax rate. The
28 adjusted tax rate shall be a fraction, the numerator of which is the total
29 tax levy of the municipality before revaluation or reassessment and the
30 denominator of which is the total taxable value of all taxable property
31 in the municipality after revaluation or reassessment.

32
33 26. (New section) If the preliminary revenue allocation plan has
34 designated any eligible revenues, in addition to or other than the
35 property tax increment, as a pledged revenue, the other pledged
36 revenues shall be deposited as provided in this section.

37 a. The collector of any pledged revenues shall certify to the
38 municipal chief financial officer the amount of the eligible revenue
39 collected in the preceding calendar year no later than January 30 of
40 each year and shall pay to the municipality such amount, or the
41 percentage thereof designated in the plan, beginning in the first
42 calendar year after the creation of the district.

43 b. The municipality shall include in its budget the amount certified
44 as collected in the preceding year and shall pay to the district agent for
45 deposit in the revenue allocation financing fund the amount certified
46 in the plan as designated for such payment.

1 c. Payments in lieu of taxes shall be deposited in four equal
2 installments, regardless of the date or dates fixed for such payments by
3 statute, agreement or otherwise.

4
5 27. (New section) The district agent shall submit its operating
6 budget for the district annually to the Director of the Division of Local
7 Government Services in the Department of Community Affairs. If the
8 district agent certifies that the budget is in compliance with a
9 preliminary or final financing plan and all other relevant statutes and
10 rules, the director shall approve the budget within 45 days of receipt.
11 If the director disapproves the budget he shall state the reasons
12 therefor, in writing. The district agent may then make the necessary
13 changes and resubmit the budget for approval. The director may
14 adopt rules and regulations in accordance with the "Administrative
15 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), to ensure the
16 fiscal integrity of districts and effectuate the intent of the "Revenue
17 Allocation District Financing Act," P.L. , c. (C.) (pending before
18 the Legislature as this bill).

19
20 28. (New section) The district agent shall establish and maintain
21 a special fund called the "(Name of district agent) Revenue Allocation
22 Fund," and herein referred to as "district fund" or "fund."

23 The fund shall be used by the district agent for purposes of the
24 "Revenue Allocation District Financing Act," P.L. , c. (C.)
25 (pending before the Legislature as this bill), including but not limited
26 to:

- 27 a. paying the project costs;
- 28 b. paying the principal of and interest on bonds or other obligations
29 issued or guaranteed pursuant to the "Revenue Allocation District
30 Financing Act," P.L. , c. (C.) (pending before the Legislature as
31 this bill);
- 32 c. prepaying the principal of and interest on the bonds or other
33 obligations;
- 34 d. paying additional property tax increment revenue, if any, to
35 taxing entities, as provided for in subsections b. and c. of section 29
36 of P.L. , c. (C.) (pending before the Legislature as this bill) or in
37 the final revenue allocation plan; and
- 38 e. reimbursing the municipality for any payments made by the State
39 pursuant to the "Municipal Qualified Bond Act," P.L.1976, c.38
40 (C.40A:3-1 et seq.) to pay debt service on any qualified bonds issued
41 pursuant to section 35 of P.L. , c. (C.) (pending before the
42 Legislature as this bill).

43
44 29. (New section) a. Prior to the adoption of a final revenue
45 allocation plan, the district agent may draw money from the revenue
46 allocation fund for purposes of paying all project costs incurred in

1 connection with the development of the final revenue allocation plan
2 as provided in the approved operating budget, including a reserve for
3 project costs if such reserve is part of the preliminary plan.

4 b. At the end of each calendar year, any moneys in the fund not
5 pledged to bondholders or otherwise required by the district agent for
6 development of the plan shall be distributed to the appropriate taxing
7 or revenue collecting entities that shall forgo the pledged revenues.
8 The revenues shall be distributed by the district agent in proportion to
9 the taxing effort of each taxing or revenue collecting entity in the year
10 of distribution; except that no revenues deposited in the fund shall be
11 included in the calculation of any adjustment payments payable to an
12 intermunicipal account pursuant to statute.

13 c. After the adoption of the final revenue allocation plan the district
14 agent may decide to distribute to the taxing or revenue collecting
15 entities that shall forgo the revenues pursuant to the "Revenue
16 Allocation District Financing Act," sections 11 through 41 of P.L. ,
17 c. (C.) (pending before the Legislature as this bill) a portion of the
18 revenue increments received by the district agent not pledged to the
19 payment of debt service or necessary to pay project costs. The
20 revenues shall be distributed in proportion to the taxing or revenue
21 collecting effort of each such taxing or revenue collecting entity in the
22 year of distribution.

23 d. Moneys in the fund may be invested in the State of New Jersey
24 Cash Management Fund established pursuant to section 1 of P.L.1977,
25 c.281 (C.52:18A-90.4) or in any securities that a local government is
26 permitted to purchase pursuant to section 8 of P.L.1977, c.396
27 (C.40A:5-15.1).

28

29 30. (New section) Subject to the limitations contained in the
30 "Revenue Allocation District Financing Act," sections 11 through 41
31 of P.L. , c. (C.) (pending before the Legislature as this bill), each
32 district shall remain in existence until obligations for any project in that
33 district cease to be outstanding; provided, however, the district may
34 be terminated if sufficient moneys have been deposited in the revenue
35 allocation fund, which, when invested in obligations of or guaranteed
36 by the United States government, will be sufficient to pay when due
37 the principal of and interest on the bonds at maturity or any
38 redemption date or full payment of any other obligations, and if the
39 board approves the dissolution of the district. The Division of Local
40 Government Services in the Department of Community Affairs may
41 recommend to the municipality the dissolution of a district which has
42 not taken substantial steps to implement the plan, so long as there are
43 no bonded obligations outstanding or contractual obligations to pay
44 any part of project costs.

45

46 31. (New section) a. In calculating the general tax rate levied

1 each year, the aggregate amount of the ratable increments of the
2 revenue allocation districts that have been pledged to bondholders or
3 are otherwise required by the district agent for the development of the
4 plan shall not be considered a part of the total taxable value of land
5 and improvements within the municipality.

6 b. In calculating the net valuation on which school district taxes are
7 apportioned, the aggregate amount of the ratable increments in the
8 revenue allocation district shall be excluded.

9 c. For purposes of this section, "ratable increment" means the
10 taxable value of all property assessed within a revenue allocation
11 district for the tax year, minus the property tax increment base.

12

13 32. (New section) Upon approval of the resolution by the board
14 and adoption of an ordinance approving or adopting: a. the final
15 revenue allocation plan by the municipal governing body, or b. a
16 determination regarding a particular project for which there exist
17 sufficient eligible revenues within the district to pay the principal of
18 and interest on obligations issued to finance such project, the district
19 agent shall have the power to incur indebtedness, borrow money and
20 issue its bonds or notes for purposes of financing a project or funding
21 or refunding its bonds or notes. If the district agent is the municipal
22 governing body, any pledge of revenues or funds and obligations
23 incurred shall be limited to the revenues and property accruing to the
24 municipality as district agent and shall not be deemed to include any
25 other municipal revenue or property unless such revenues are pledged
26 or obligations are incurred pursuant to the "Revenue Allocation
27 District Financing Act," P.L. , c. (C.) (pending before the
28 Legislature as this bill). The district agent may from time to time issue
29 its bonds or notes in such principal amounts as in the opinion of the
30 district agent are necessary to provide sufficient funds for all or any
31 portion of project costs, including the payment, funding or refunding
32 of the principal of or interest or redemption premiums on any bonds
33 or notes issued by it, whether the bonds or notes or interest to be
34 funded or refunded has or has not become due; the establishment or
35 increase of such reserves to secure or to pay the bonds or notes or
36 interest thereon; and all other costs or expenses of the district agent
37 incident to and necessary to carrying out its corporate purposes and
38 powers.

39 Any provisions of law to the contrary notwithstanding, a bond
40 issued pursuant to the "Revenue Allocation District Financing Act,"
41 sections 11 through 41 of P.L. , c. (C.) (pending before the
42 Legislature as this bill) shall be fully negotiable within the meaning and
43 for all purposes of Title 12A of the New Jersey Statutes, and each
44 holder of the bond, or a coupon appurtenant thereto, by accepting the
45 bond or coupon shall be conclusively deemed to have agreed that the
46 bond or coupon is and shall be fully negotiable within the meaning and

1 for the purposes of that title.

2

3 33. (New section) Bonds or notes of the district agent shall be
4 authorized by a resolution or resolutions of the district agent and may
5 be issued in one or more series and shall bear such dates, mature at
6 such times, bear interest at such rates of interest per annum, be in such
7 denominations, be in such form, either coupon or registered, carry
8 such conversion or registration privileges, have such rank or priority,
9 be executed in such manner, be payable from such sources and in such
10 medium of payment at such places within or without the State, and be
11 subject to such terms of redemption, with or without premium, as the
12 resolution or resolutions may provide.

13 Notwithstanding the provisions of any other law to the contrary
14 related to such district agent, bonds or notes of the district agent may
15 be sold at public or private sale at such price and in such manner as the
16 district agent shall determine. Every bond shall mature and be paid not
17 later than 35 years from the date thereof.

18 Bonds or notes may be issued under the provisions of the "Revenue
19 Allocation District Financing Act," sections 11 through 41 of P.L. ,
20 c. (C.) (pending before the Legislature as this bill) without any
21 other proceeding or the occurrence of any other conditions or other
22 things than those proceedings, conditions or things which are
23 specifically required by the "Revenue Allocation District Financing
24 Act," sections 11 through 41 of P.L. , c. (C.) (pending before the
25 Legislature as this bill).

26 Bonds or notes of the district agent issued under the provisions of
27 the "Revenue Allocation District Financing Act," sections 11 through
28 41 of P.L. , c. (C.) (pending before the Legislature as this bill)
29 shall contain a statement to the effect that they are issued pursuant to
30 the "Revenue Allocation District Financing Act," sections 11 through
31 41 of P.L. , c. (C.) (pending before the Legislature as this bill)
32 and entitled to the provisions of the "Revenue Allocation District
33 Financing Act," sections 11 through 41 of P.L. , c. (C.) (pending
34 before the Legislature as this bill).

35

36 34. (New section) Each issue of bonds or notes of the district may,
37 if it is determined by the district agent, be general obligations thereof
38 payable out of any revenues, receipts or funds held by the district
39 agent, subject only to any agreements with the holders of particular
40 bonds or notes pledging any particular revenues or funds, and may be
41 secured by one or more of the following:

42 a. pledge of eligible revenues and any other revenues derived from
43 leases, sales agreements, service contracts or similar contractual
44 arrangements with one or more persons, firms, partnerships or
45 corporations, whether or not the same relate to the project or part
46 thereof financed with the bonds or notes;

1 b. pledge of grants, subsidies, contributions or other payments to
2 be received from the United States of America or any instrumentality
3 thereof, or from any State, county or municipal governmental body or
4 agency;

5 c. a first mortgage on all or any part of the property, real or
6 personal, of the district agent then owned or thereafter to be acquired;
7 or

8 d. pledge of any moneys, funds, accounts, securities and other
9 funds, including the proceeds of the bonds or notes.

10

11 35. (New section) The municipal governing body may provide for
12 the guarantee of any such bonds and may issue general obligation
13 bonds to provide for the funding of such guarantee which shall be
14 authorized pursuant to the provisions of the "Local Bond Law,"
15 N.J.S.40A:2-1 et seq. Such guarantees shall be set forth in the final
16 revenue allocation plan approved pursuant to section 23 of P.L. , c.
17 (C.) (pending before the Legislature as this bill). To the extent that
18 the municipality provides for a full faith and credit guarantee of any
19 loan to a redeveloper or any bonds but determines not to authorize the
20 issuance of bonds or notes to provide for the funding source thereof,
21 it may do so by resolution approved by a majority of the full governing
22 body. To the extent that bonds or notes are authorized as provided
23 above, such bonds or notes shall be authorized pursuant to the
24 provisions of the "Local Bond Law," N.J.S.40A:2-1 et seq., and shall
25 be deductible from the gross debt of the municipality until such time
26 as such bonds or notes are actually issued, and only up to the amount
27 actually issued, to fund such guarantee.

28 The district agent may file an application with the board to qualify
29 an issue of its bonds pursuant to the "Municipal Qualified Bond Act,"
30 P.L.1976, c.38 (C.40A:3-1 et seq.) provided, however, that only
31 municipal qualified bonds issued by a municipality, as defined in the
32 "Municipal Qualified Bond Act," P.L.1976, c.38 (C.40A:3-1 et seq.)
33 shall constitute debt of such municipality and be secured by the full
34 faith and credit of such municipality. Intention to file such an
35 application shall be set forth in the final revenue allocation plan
36 approved pursuant to section 23 of P.L. , c. (C.) (pending before
37 the Legislature as this bill). Bonds may be issued by the district agent
38 as municipal qualified bonds upon the review and approval of the
39 board as provided in the "Municipal Qualified Bond Act," P.L.1976,
40 c.38 (C.40A:3-1 et seq.). In considering the ordinance, the board
41 may require the governing body to adopt resolutions restricting or
42 limiting any future issuance of bonds for any purpose.

43 Upon the issuance of such bonds and certification to the State
44 Treasurer of the name and address of the paying agent, the maturity
45 schedule, interest rates and dates of payment of debt service, the State
46 Treasurer shall withhold municipal qualified revenues payable to the

1 municipality in amounts sufficient to pay debt service on such bonds
2 as the same shall mature and become due. The State Treasurer shall
3 on or before each principal and interest payment date forward such
4 withheld amounts to the paying agent for the sole purpose of paying
5 debt service on such bonds. As such withheld amounts are forwarded
6 to the paying agent, the district agent shall return a like amount of
7 eligible revenues received by the district agent, if any, which may be
8 applied to the payment of municipal operating expenses.

9 Any financial instrument issued by a district agent that is secured in
10 whole or in part by eligible revenues shall be subject to the review and
11 approval of the board. That review and approval shall be made prior
12 to approval of a resolution or agreement authorizing the financing.
13 The board shall be entitled to receive from the applicant an amount
14 sufficient to provide for all reasonable professional and other fees and
15 expenses incurred by it for the review, analysis and determination with
16 respect thereto. As part of its review, the board shall specifically
17 solicit comments from the Office of State Planning in addition to
18 comments from the public. As part of the board's review and
19 approval, it shall consider where appropriate one or more of the
20 following: whether the redevelopment project or plan promotes
21 approaches and concepts to reduce congestion; enhance mobility;
22 assist in the redevelopment of our municipalities; and otherwise
23 improve the quality of life our citizens.

24

25 36. (New section) In any resolution of the district agent
26 authorizing or relating to the issuance of any bonds or notes, the
27 district agent, in order to secure the payment of the bonds or notes and
28 in addition to its other powers, shall have power by provisions in that
29 resolution, which shall constitute covenants by the district agent and
30 contracts with the holders of the bonds or notes, to:

31 a. secure the bonds or notes as provided in section 35 of P.L. ,

32 c. (C.) (pending before the Legislature as this bill);

33 b. covenant against pledging all or any part of its revenues or
34 receipts from its lease, sales arrangement, service contracts or other
35 security instruments, of the revenues or receipts under any of the
36 foregoing or the proceeds thereof, or against mortgaging or leasing all
37 or any part of its real or personal property then owned or thereafter
38 acquired, or against permitting or suffering any of the foregoing;

39 c. covenant with respect to limitations on any right to sell,
40 mortgage, lease or otherwise dispose of any project or any part thereof
41 or any property of any kind;

42 d. covenant as to any bonds and notes to be issued and the
43 limitations thereon and the terms and conditions thereof and as to the
44 custody, application, investment, and disposition of the proceeds
45 thereof;

46 e. covenant as to the issuance of additional bonds or notes or as to

- 1 limitations on the issuance of additional bonds or notes and on the
2 incurring of other debts by it;
- 3 f. covenant as to the payment of the principal of or interest on the
4 bonds or notes, or any other obligations, as to the sources and
5 methods of the payment, as to the rank or priority of the bonds, notes
6 or obligations with respect to any lien or security or as to acceleration
7 of the maturity of the bonds, notes or obligations;
- 8 g. provide for the replacement of lost, stolen, destroyed or
9 mutilated bonds or notes;
- 10 h. covenant against extending the time for the payment of bonds or
11 notes or interest thereon;
- 12 i. covenant as to the redemption of bonds or notes and privileges
13 of exchange thereof for other bonds or notes of the district agent;
- 14 j. covenant as to the fixing and collection of rents, fees, rates and
15 other charges, the amount to be raised each year or other period of
16 time by rents, fees, rates and other charges and as to the use and
17 disposition to be made thereof;
- 18 k. covenant to create or authorize the creation of special funds or
19 moneys to be held in pledge or otherwise for construction, operating
20 expenses, tax rebate, payment or redemption of bonds or notes;
21 reserves or other purposes and as to the use, investment, and
22 disposition of the moneys held in these funds;
- 23 l. establish the procedure, if any, by which the terms of any
24 contract or covenant with or for the benefit of the holders of bonds or
25 notes may be amended or abrogated, the amount of bonds or notes the
26 holders of which must consent thereto, and the manner in which the
27 consent may be given;
- 28 m. covenant as to the construction, improvement, operation or
29 maintenance of any project and its other real and personal property,
30 the replacement thereof, the insurance to be carried thereon, and the
31 use and disposition of insurance moneys;
- 32 n. provide for the release of property, leases or other agreements,
33 or revenues and receipts from any pledge or mortgage and to reserve
34 rights and powers in, or the right to dispose of, property which is
35 subject to a pledge or mortgage;
- 36 o. provide for the rights and liabilities, powers and duties arising
37 upon the breach of any covenant, condition or obligation and prescribe
38 the events of default and the terms and conditions upon which any or
39 all of the bonds, notes or other obligations of the district agent shall
40 become or may be declared due and payable before maturity and the
41 terms and conditions upon which the declaration and its consequences
42 may be waived;
- 43 p. vest in a trustee or trustees within or without the State such
44 property rights, powers and duties in trust as the district agent may
45 determine, including the right to foreclose any mortgage, which may
46 include any or all of the rights, powers and duties of any trustee

1 appointed by the holders of any bonds or notes issued pursuant to this
2 section and to limit or abrogate the right of the holders of any bonds
3 or notes of the district agent to appoint a trustee under the "Revenue
4 Allocation District Financing Act," P.L. , c. (C.) (pending before
5 the Legislature as this bill), and to limit the rights, duties and powers
6 of the trustee;

7 q. execute all mortgages, leases, sales agreements, service
8 contracts, bills of sale, conveyances, deeds of trust and other
9 instruments necessary or convenient in the exercise of its powers or in
10 the performance of its covenants or duties;

11 r. pay the costs or expenses incident to the enforcement of the
12 bonds or notes or of the provisions of the resolution or of any
13 covenant or agreement of the district agent with the holders of its
14 bonds or notes;

15 s. limit the rights of the holders of any bonds or notes to enforce
16 any pledge or covenant securing bonds or notes; and

17 t. make covenants other than or in addition to the covenants
18 authorized by the "Revenue Allocation District Financing Act," P.L. ,
19 c. (C.) (pending before the Legislature as this bill) of like or
20 different character, and to make such covenants to do or refrain from
21 doing such acts and things as may be necessary, or convenient and
22 desirable, in order to better secure bonds or notes or which, in the
23 absolute discretion of the district agent will tend to make bonds or
24 notes more marketable, notwithstanding that the covenants, acts or
25 things may not be enumerated herein.

26

27 37. (New section) Any pledge of revenues, receipts, moneys,
28 funds, levies, sales agreements, service contracts or other property or
29 instruments made by the district agent shall be valid and binding from
30 the time when the pledge is made. The revenues, receipts, moneys,
31 funds or other property so pledged and thereafter received by the
32 district agent or a subsidiary shall immediately be subject to the lien
33 of the pledge without any physical delivery thereof or further act, and
34 the lien of any pledge shall be valid and binding as against all parties
35 having claims of any kind in tort, contract or otherwise against the
36 district agent irrespective of whether the parties have notice thereof.
37 Neither the resolution nor any other instrument by which a pledge
38 under this section is created need be filed or recorded except in the
39 records of the district agent.

40

41 38. (New section) Neither the directors of the district agent nor
42 any person executing bonds or notes issued pursuant to the "Revenue
43 Allocation District Financing Act," P.L. , c. (C.) (pending before
44 the Legislature as this bill) shall be liable personally on the bonds or
45 notes by reason of the issuance thereof.

1 39. (New section) The district agent may establish such reserves,
2 funds or account as may be, in its discretion, necessary or desirable to
3 further the accomplishment of the purposes of the district agent or to
4 comply with the provisions of any agreement made by or any
5 resolution of the district agent.

6 The State and all public officers, governmental units and agencies
7 thereof, all banks, trust companies, savings banks and institutions,
8 building and loan associations, savings and loan associations,
9 investment companies, and other persons carrying on a banking
10 business, all insurance companies, insurance associations and other
11 persons carrying on an insurance business, and all executors,
12 administrators, guardians, trustees and other fiduciaries may legally
13 invest any sinking funds, moneys or other funds belonging to them or
14 within their control in any bonds or notes issued pursuant to the
15 "Revenue Allocation District Financing Act," P.L. , c. (C.)
16 (pending before the Legislature as this bill), and such bonds or notes
17 shall be authorized security for any and all public deposits.

18
19 40. (New section) Bonds, notes or other obligations issued
20 pursuant to the "Revenue Allocation District Financing Act," P.L. ,
21 c. (C.) (pending before the Legislature as this bill) are for an
22 essential public and governmental purpose, and the bonds, notes or
23 other obligations, their transfer and the interest and premium, if any,
24 thereon and the income therefrom, including any profit made on the
25 sale thereof, and all assessments, charges, funds, revenues, income and
26 other moneys pledged or available to pay or secure the payments of
27 the bonds, or interest thereon, shall be exempt from taxation of every
28 kind by the State and the municipality, except transfer inheritance and
29 estate taxes unless exemptions from those taxes have been provided
30 under other laws.

31
32 41. (New section) If any section, part, phrase, or provision of the
33 "Revenue Allocation District Financing Act," P.L. , c. (C.)
34 (pending before the Legislature as this bill) of the application thereof
35 to any person, project or circumstances, be adjudged invalid by any
36 court of competent jurisdiction, such judgment shall be confined in its
37 operation to the section, part, phrase, provision or application directly
38 involved in the controversy in which such judgment shall have been
39 rendered and shall not affect or impair the validity of the remainder of
40 the "Revenue Allocation District Financing Act," P.L. , c. (C.)
41 (pending before the Legislature as this bill) or the application thereof
42 to other persons, projects or circumstances.

43
44 42. Section 29 of P.L.1992, c.79 (C.40A:12A-29) is amended to
45 read as follows:

46 29. a. Bonds and notes issued by a [redevelopment agency or

1 housing authority] redevelopment entity pursuant to this act shall be
2 authorized by resolution of the [housing authority or redevelopment
3 agency] redevelopment entity and may be issued in one or more series
4 and shall be sold in any one of the following manners: (1) at public sale
5 at not less than par after advertisement in a newspaper of general
6 circulation in the municipality or county and in a financial paper
7 published in the city of Philadelphia, Pennsylvania, or the city of New
8 York, New York, one week prior to the sale; (2) at private sale
9 without advertisement at not less than par to a municipality, county,
10 the State or federal government; (3) at public sale to any willing buyer
11 at less than par and at private sale to any willing buyer without
12 advertisement at par or less than par, upon application to and prior
13 approval of the Local Finance Board in the Department of Community
14 Affairs.

15 b. [Bonds issued pursuant to this act by a county or municipality
16 shall be authorized by ordinance adopted in the manner prescribed by
17 the "Local Bond Law" (N.J.S.40A:2-1 et seq.) except as provided in
18 section 32 of P.L.1992, c.79 (C.40A:12A-32)] Deleted by
19 amendment, P.L. , c. (pending before the Legislature as this bill).

20 c. Bonds issued to finance redevelopment projects may be secured
21 by the assets and revenues of such projects. A municipality or
22 redevelopment entity financing redevelopment projects through the
23 issuance of bonds may pledge the property and revenues of those
24 projects, or any of them, for repayment of those bonds, and shall pay
25 such rate of interest thereon as the [municipal]governing body may
26 deem for the best interest of the county, municipality or redevelopment
27 entity, as applicable.

28 d. Bonds issued to finance housing projects may be secured by the
29 assets and revenues of those housing projects or by contractual
30 agreements with the Federal government. A municipality, county, or
31 housing authority financing housing projects through the issuance of
32 bonds may pledge the property and revenues of those projects, or any
33 of them, for the repayment of those bonds, and shall pay such rate of
34 interest thereon as the county or municipal governing body, as the case
35 may be, may deem for the best interest of the county or municipality.

36 e. [Whenever a municipality or county shall, pursuant to this act,
37 issue notes for a period not exceeding five years, the municipality or
38 county may sell the notes at private sale without advertisement at not
39 less than par] Deleted by amendment, P.L. , c. (pending before the
40 Legislature as this bill).

41 (cf: P.L.1992, c.79, s.29)

42

43 43. Section 30 of P.L.1992 c.79 (40A:12A-30) is amended to read
44 as follows:

45 30. a. A [redevelopment agency or housing authority]

1 redevelopment entity shall have the power and is hereby authorized
2 to issue, from time to time, its bonds, bond anticipation notes and
3 other notes and obligations in such principal amounts as in its opinion
4 shall be necessary to provide sufficient funds for achieving any of its
5 corporate purposes, including, but not limited to: the making of
6 mortgage loans, the payment, funding or refunding of the principal of,
7 or interest or redemption premiums on, any bonds, bond anticipation
8 notes and other notes and obligations issued by it whether or not such
9 have become due; the establishment or increase of reserves to secure
10 or to pay such bonds, bond anticipation notes and other notes and
11 obligations or interest thereon; and all costs or expenses incident to
12 and necessary or convenient to carry out its corporate purposes and
13 powers.

14 b. A [redevelopment agency or housing authority] redevelopment
15 entity may issue such bonds, bond anticipation notes or other notes or
16 obligations as it may determine, including bonds, bond anticipation
17 notes or other notes or obligations as to which the principal and
18 interest are payable: (1) exclusively from the income and revenues of
19 the [redevelopment agency or housing authority] redevelopment
20 entity resulting from projects financed with the proceeds of such
21 bonds, bond anticipation notes or other notes or obligations; (2)
22 exclusively from the income and revenues of the [redevelopment
23 agency or housing authority] redevelopment entity resulting from
24 certain projects, whether or not such projects were financed in whole
25 or in part from the proceeds of such bonds, bond anticipation notes or
26 other notes or obligations; or, (3) from its revenues generally. Any
27 bonds, bond anticipation notes or other notes or obligations may be
28 additionally secured by a pledge of any grant, subsidy or contribution
29 from the United States of America or an agency or instrumentality
30 thereof or the State or any agency, instrumentality or political
31 subdivision thereof, or any person, firm or corporation or a pledge of
32 any income or revenues, funds or moneys of the [redevelopment
33 agency or housing authority] redevelopment entity from any source
34 whatsoever.

35 c. Whether or not the bonds, bond anticipation notes and other
36 notes and obligations issued pursuant to this act are of such form and
37 character as to be negotiable instruments under the terms of Title 12A,
38 Commercial Transactions, New Jersey Statutes, such bonds, bond
39 anticipation notes and other notes and obligations and any coupon
40 thereof are hereby made negotiable instruments within the meaning of
41 and for all the purposes of Title 12A, subject only to the provisions of
42 the bonds and notes for registration.

43 d. Bonds, bond anticipation notes and other notes and obligations
44 of a [redevelopment agency or housing authority] redevelopment
45 entity issued under the provisions of this act shall not be in any way
46 a debt or liability of the State or of any political subdivision thereof

1 other than the [redevelopment agency or housing authority]
2 redevelopment entity and shall not create or constitute any
3 indebtedness, liability or obligation of the State or of any political
4 subdivision, nor be or constitute a pledge of the faith and credit of the
5 State or of any political subdivision; but all such bonds, bond
6 anticipation notes and other notes and obligations, unless funded or
7 refunded by bonds, bond anticipation notes or other notes or
8 obligations of the [redevelopment agency or housing authority]
9 redevelopment entity shall be payable from revenues or funds pledged
10 or available for their payment as authorized in this act. Each bond,
11 bond anticipation note or other note or obligation shall contain on its
12 face a statement to the effect that the [redevelopment agency or
13 housing authority] redevelopment entity is obligated to pay the
14 principal thereof or the interest thereon only from the revenues or
15 funds of the [redevelopment agency or housing authority]
16 redevelopment entity, and that neither the State nor any political
17 subdivision thereof is obligated to pay such principal or interest, and
18 that neither the faith and credit nor the taxing power of the State or
19 any political subdivision thereof is pledged to the payment of the
20 principal of or the interest on such bonds, bond anticipation notes or
21 other notes or obligations.

22 e. All expenses incurred in carrying out the provisions of this act
23 shall be payable solely from revenues or funds provided or to be
24 provided under the provisions of this act, and nothing in this act shall
25 be construed to authorize a [redevelopment agency or housing
26 authority] redevelopment entity to incur indebtedness or liability on
27 behalf of or payable by this State or any political subdivision thereof.
28 (cf: P.L.1992, c.79, s.30)

29

30 44. Section 31 of P.L.1992, c.79 (C.40A:12A-31) is amended to
31 read as follows:

32 31. Any bond resolution of a [redevelopment agency or housing
33 authority] redevelopment entity providing for or authorizing the
34 issuance of any bonds may contain provisions, and such [authority]
35 entity, in order to secure the payment of such bonds and in addition to
36 its other powers, shall have power by provision in such bond
37 resolution to covenant and agree with the several holders of such
38 bonds, as to:

39 a. The custody, security, use, expenditure or application of the
40 proceeds of the bonds;

41 b. The construction and completion, or replacement, of any
42 project;

43 c. The use, regulation, operation, maintenance, insurance or
44 disposition of any project, or restrictions on the exercise of the powers
45 of the [authority] entity to dispose, or to limit or regulate the use, of

- 1 any project;
- 2 d. Payment of the principal of or interest on the bonds, or any
3 other obligations, and the sources and methods thereof, the rank or
4 priority of bonds or obligations as to any lien or security, or the
5 acceleration of the maturity of bonds or obligations;
- 6 e. The use and disposition of any moneys of the [redevelopment
7 agency or housing authority] redevelopment entity, including project
8 revenues;
- 9 f. Pledging, setting aside, depositing or trusteeing all or any part
10 of the revenues or other moneys of the [redevelopment agency or
11 housing authority] redevelopment entity to secure the payment of the
12 principal of or interest on the bonds or any other obligations or the
13 payment of expenses of operation or maintenance of any project, and
14 the powers and duties of any trustee with regard thereto;
- 15 g. The setting aside out of the project revenues or other moneys of
16 the [redevelopment agency or housing authority] redevelopment
17 entity of reserves and sinking funds, and the source, custody, security,
18 regulation, application and disposition thereof;
- 19 h. Determination or definition of the project revenues or of the
20 expenses of operation and maintenance of a project;
- 21 i. The rents, rates, fees, or other charges in connection with, or for
22 the use of services of, or otherwise relating to any project, including
23 any parts thereof theretofore constructed or acquired and any parts,
24 extensions, replacements or improvements thereof thereafter
25 constructed or acquired, and the fixing, establishment, collection and
26 enforcement of the same, the amount or amounts of project revenues
27 to be produced thereby, and the disposition and application of the
28 amounts charged or collected;
- 29 j. The assumption or payment or discharge of any indebtedness,
30 liens or other claims relating to any part of any project or any
31 obligations having or which may have a lien on any part of the project
32 revenues;
- 33 k. Limitations on the issuance of additional bonds or any other
34 obligations or on the incurrence of indebtedness of the [redevelopment
35 agency or housing authority] redevelopment entity;
- 36 l. Limitations on the powers of the [redevelopment agency or
37 housing authority] redevelopment entity to construct, acquire or
38 operate any structures, facilities or properties which may compete or
39 tend to compete with any of its projects;
- 40 m. Vesting in a trustee or trustees within or without the State such
41 property, rights, powers and duties in trust as the [redevelopment
42 agency or housing authority] redevelopment entity may determine
43 which may include any or all of the rights, powers and duties of the
44 trustee appointed by the holders of bonds pursuant to this act, and
45 limiting or abrogating the right of such holders to appoint a trustee

1 pursuant to this act or limiting the rights, duties and powers of such
2 trustee;

3 n. Payment of the costs or expenses incident to the enforcement of
4 the bonds or of the provisions of the bond resolution or of any
5 covenant or agreement of the [redevelopment agency or housing
6 authority] redevelopment entity with the holders of bonds;

7 o. The procedure, if any, by which the terms of any covenant or
8 agreement with, or duty to, the holders of bonds may be amended or
9 abrogated, the amount of bonds the holders of which must consent
10 thereto, and the manner in which such consent may be given or
11 evidenced; or

12 p. Any other matter or course of conduct which, by recital in the
13 bond resolution, is declared to further secure the payment of the
14 principal of or interest on bonds and to be part of any covenant or
15 agreement with the holders of bonds.

16 All provisions of the bond resolution and all covenants and
17 agreements shall constitute valid and legally binding contracts between
18 the [redevelopment agency or housing authority] redevelopment
19 entity and the several holders of the bonds, regardless of the time of
20 issuance of such bonds, and shall be enforceable by any such holder or
21 holders by appropriate action or proceeding in any court of competent
22 jurisdiction, including a proceeding in lieu of prerogative writ.

23 (cf: P.L.1992, c.79, s.31)

24

25 45. Section 32 of P.L.1992, c.79 (C.40A:12A-32) is amended to
26 read as follows:

27 32. a. If the bond resolution of a [redevelopment agency or
28 housing authority] redevelopment entity authorizing or providing for
29 the issuance of a series of its bonds shall provide in substance that the
30 holders of the bonds of such series shall be entitled to the benefits of
31 this section, then if there shall be a default in the payment of principal
32 of or interest on any bonds of such series after the same shall become
33 due, whether at maturity or upon call for redemption, and default shall
34 continue for a period of 30 days, or if the [redevelopment agency or
35 housing authority] redevelopment entity shall fail or refuse to comply
36 with any of the provisions of [this act] P.L.1992, c.79, or shall fail or
37 refuse to carry out and perform the terms of any contract with the
38 holders of the bonds, and failure or refusal shall continue for a period
39 of 30 days after written notice to the [redevelopment agency or
40 housing authority] redevelopment entity of its existence and nature,
41 the holders of 25% in aggregate principal amount of the bonds of such
42 series then outstanding by instrument or instruments filed in the office
43 of the Secretary of State and proved or acknowledged in the same
44 manner as a deed to be recorded, may appoint a trustee to represent
45 the holders of the bonds of such series for the purposes provided in

1 this section.

2 b. The trustee may, and upon written request of the holders of 25%
3 in aggregate principal amount of the bonds of such series then
4 outstanding shall, in his or its own name:

5 (1) By any action or proceeding, enforce all rights of the holders
6 of such bonds, including the right to require the [redevelopment
7 agency or housing authority] redevelopment entity to charge and
8 collect charges adequate to carry out any contract as to, or pledge of,
9 project revenues, and to require the [authority] entity to carry out and
10 perform the terms of any contract with the holders of such bonds or its
11 duties under [this act] P.L.1992, c.79;

12 (2) Bring an action upon all or any part of such bonds or interest
13 coupons or claims appurtenant thereto;

14 (3) By action, require the [redevelopment agency or housing
15 authority] redevelopment entity to account as if it were the trustee of
16 an express trust for the holders of such bonds;

17 (4) By action, enjoin any acts or things which may be unlawful or
18 in violation of the rights of the holders of such bonds; or

19 (5) Declare all such bonds due and payable, whether or not in
20 advance of maturity, upon 30 days' prior notice in writing to the
21 [redevelopment agency or housing authority] redevelopment entity
22 and, if all defaults shall be made good, then with the consent of the
23 holders of 25% of the principal amount of such bonds then
24 outstanding, annul such declaration and its consequences.

25 c. The trustee shall, in addition to the foregoing, possess all of the
26 powers necessary for the exercise of the functions specifically set forth
27 herein or incident to the general representation of the holders of bonds
28 of such series in the enforcement and protection of their rights.

29 d. In any action or proceeding by the trustee, reasonable fees,
30 counsel fees and expenses of the trustee and of the receiver, if any,
31 appointed pursuant to [this act] P.L.1992, c.79, shall, if allowed by
32 the court, constitute taxable costs and disbursements, and all costs and
33 disbursements, allowed by the court, shall be a first charge upon any
34 charges and revenues of the [redevelopment agency or housing
35 authority] redevelopment entity pledged for the payment or security
36 of bonds of such series.

37 (cf: P.L.1992, c.79, s.32)

38

39 46. Section 33 of P.L.1992, c.79 (C.40A:12A-33) is amended to
40 read as follows:

41 33. If the bond resolution of a [redevelopment agency or housing
42 authority] redevelopment entity authorizing or providing for the
43 issuance of a series of its bonds shall provide in substance that the
44 holders of the bonds of such series shall be entitled to the benefits of
45 section 32 of P.L.1992, c.79 (C.40A:12A-32) and shall further provide

1 in substance that a trustee appointed pursuant to that section or having
2 the powers of such a trustee shall have the powers provided by this
3 section, then the trustee, whether or not all of the bonds of such series
4 shall have been declared due and payable, shall be entitled to the
5 appointment of a receiver of the project or projects of the
6 [redevelopment agency or housing authority] redevelopment entity,
7 and such receiver may enter upon and take possession of the project
8 or projects and, subject to any pledge or contract with the holders of
9 bonds of the [redevelopment agency or housing authority]
10 redevelopment entity, shall take possession of all moneys and other
11 property derived from or applicable to the acquisition, construction,
12 operation, maintenance or reconstruction of the project or projects and
13 proceed in a commercially feasible manner with such acquisition,
14 construction, operation, maintenance or reconstruction which the
15 [redevelopment agency or housing authority] redevelopment entity is
16 under any obligation to do, and operate, maintain and reconstruct the
17 project or projects and fix, charge, collect, enforce and receive the
18 charges and all revenues thereafter arising subject to any pledge
19 thereof or contract with the holders of bonds relating thereto and
20 perform the public duties and carry out the contracts and obligations
21 of the [redevelopment agency or housing authority] redevelopment
22 entity in the same manner as the agency or [authority] entity itself
23 might do and under the direction of the court.

24 (cf: P.L.1992, c.79, s.33)

25

26 47. Section 34 of P.L.1992, c.79 (C.40A:12A-34) is amended to
27 read as follows:

28 34. All property of a [redevelopment agency or housing authority]
29 redevelopment entity shall be exempt from levy and sale by virtue of
30 an execution, and no execution or other judicial process shall issue
31 against the same, nor shall any judgment against a [redevelopment
32 agency or housing authority] redevelopment entity be a charge or lien
33 upon its property; provided, that nothing herein contained shall apply
34 to or limit the rights of the holder of any bonds to pursue any available
35 remedy for the enforcement of any pledge or lien given by a
36 [redevelopment agency or housing authority] redevelopment entity.

37 (cf: P.L.1992, c.79, s.34)

38

39 48. This act shall take effect on the 60th day following enactment.

40

41

42

STATEMENT

43

44 This bill broadens the mechanisms available to finance the up-front
45 costs of certain local development projects.

1 Sections 1 through 10 of the bill are designated as the
2 "Redevelopment Area Bond Financing Law." These provisions allow
3 a municipality that has designated a redevelopment area pursuant to
4 the "Local Redevelopment and Housing Law" (N.J.S.A.40A:12A-1 et
5 seq.) to, either directly or through application to the New Jersey
6 Economic Development Authority or similar public instrumentality of
7 the State, issue bonds that would be secured by (1) payments in lieu
8 of taxes under a tax abatement agreement, (2) special assessments on
9 property benefitting from the improvements provided, or (3) both.

10 Sections 11 through 41 of the bill are designated as the "Revenue
11 Allocation District Financing Act." These provisions authorize a
12 municipality to establish one or more areas as a "revenue allocation
13 district" and to designate a district agent to implement a development
14 plan for the district. The ordinance creating the district would be
15 submitted to the Local Finance Board, and must be approved by the
16 board. After the creation of the district, the district agent could issue
17 bonds or notes to finance the development of specific projects or to
18 finance the infrastructure (for example, roads, sewers, bridges)
19 necessary to facilitate development within the district.

20 Prior to issuing any bonds or notes, the district would be required
21 to adopt a final revenue allocation plan which describes the project to
22 be developed and the incremental municipal taxes and other revenues
23 intended to be pledged to payment of the bonds. The district may
24 pledge all or a percentage of any eligible revenues identified in this bill.
25 The plan must be approved by the municipality and the Local Finance
26 Board. The revenues which may be pledged include the taxes
27 attributable to the increase in the taxable value of property in the
28 district.

29

30

31

32

33 _____
34 Authorizes use of revenue allocation financing by certain
35 municipalities and the use of additional financing mechanism by
municipalities in certain areas.

CHAPTER 310

AN ACT expanding the mechanisms available to finance local development projects, supplementing chapter 12A of Title 40A of the New Jersey Statutes and chapter 27D of Title 52 of the Revised Statutes, and amending P.L.1992, c.79.

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

C.40A:12A-64 Short title.

1. Sections 1 through 10 of P.L.2001, c.310 (C.40A:12A-64 et seq.) shall be known and may be cited as the "Redevelopment Area Bond Financing Law."

C.40A:12A-65 Definitions relative to "Redevelopment Area Bond Financing Law."

2. As used in sections 1 through 10 of P.L.2001, c.310 (C.40A:12A-64 et seq.):

"Authority" means the New Jersey Economic Development Authority established pursuant to P.L.1974, c.80 (C.34:1B-1 et seq.), the New Jersey Redevelopment Authority established pursuant to section 4 of P.L.1996, c.62 (C.55:19-23) or other instrumentality created by law by the State with the power to incur debt and issue bonds and other obligations.

"Board" means the Local Finance Board established in the Division of Local Government Services in the Department of Community Affairs.

"Bonds" mean bonds, notes or other obligations issued by the authority or a municipality to finance or refinance redevelopment projects pursuant to the "Redevelopment Area Bond Financing Law," sections 1 through 10 of P.L.2001, c.310 (C.40A:12A-64 et seq.), the "Local Redevelopment and Housing Law", P.L.1992, c.79 (C.40A:12A-1 et seq.), or other applicable law.

"Financial agreement" means an agreement that meets the requirements of a financial agreement under P.L.1991, c.431 (C.40A:20-1 et seq.).

"Municipality" means the municipal governing body or an entity acting on behalf of the municipality if permitted by the federal Internal Revenue Code of 1986, or, if a redevelopment agency or redevelopment entity is established in the municipality pursuant to P.L.1992, c.79 (C.40A:12A-1 et seq.) and the municipality so provides, the redevelopment agency or entity so established.

"Redeveloper" means any person, firm, corporation or public body, including the New Jersey Economic Development Authority or the New Jersey Redevelopment Authority to the extent permitted by law, that shall enter into or propose to enter into a contract with a municipality or other redevelopment entity for the redevelopment or rehabilitation of an area in need of redevelopment, or an area in need of rehabilitation, or any part thereof, under the provisions of the "Redevelopment Area Bond Financing Law," sections 1 through 10 of P.L.2001, c.310 (C.40A:12A-64 et seq.), or for any construction or other work forming part of a redevelopment or rehabilitation project.

"Redevelopment" means clearance, replanning, development and redevelopment; the conservation and rehabilitation of any structure or improvement, the construction and provision for construction of residential, commercial, industrial, public or other structures and the grant or dedication of spaces as may be appropriate or necessary in the interest of the general welfare for streets, parks, playgrounds, or other public purposes, including recreational and other facilities incidental or appurtenant thereto, and any other related costs and expenses including preliminary planning and development costs and any financing costs and expenses in accordance with a redevelopment plan.

"Redevelopment bond financing agreement" means a contract between a municipality and a redeveloper for any work or undertaking for the redevelopment of a redevelopment area, or part thereof, under the provisions of the "Redevelopment Area Bond Financing Law," sections 1 through 10 of P.L.2001, c.310 (C.40A:12A-64 et seq.) or the "Local Redevelopment and Housing Law," P.L.1992, c.79 (C.40A:12A-1 et seq.), as the case may be.

"Redevelopment area" means an area which has been delineated a "redevelopment area" or "area in need of redevelopment" pursuant to the "Local Redevelopment and Housing Law," P.L.1992, c.79 (C.40A:12A-1 et seq.).

"Redevelopment project" means any work or undertaking pursuant to a redevelopment plan; such undertaking may include any buildings, land, including demolition, clearance or removal of buildings from land, equipment, facilities, or other real or personal properties which are

necessary, convenient, or desirable appurtenances, such as but not limited to streets, sewers, utilities, parks, site preparation, landscaping, and administrative, community, health, recreational, educational, and welfare facilities and any other related costs and expenses including preliminary planning and development costs and any financing costs and expenses.

"Special assessment" means an assessment upon the lands or improvements on such lands, or both, in the redevelopment area benefitted by improvements undertaken pursuant to the "Redevelopment Area Bond Financing Law," sections 1 through 10 of P.L.2001, c.310 (C.40A:12A-64 et seq.), or the "Local Redevelopment and Housing Law," P.L.1992, c.79 (C.40A:12A-1 et seq.), and assessed pursuant to chapter 56 of Title 40 of the Revised Statutes, R.S. 40:56-1 et seq., except as otherwise provided in subsection b. of section 3 of P.L.2001, c.310 (C.40A:12A-66).

C.40A:12A-66 Tax abatement within redevelopment area; special assessments.

3. a. A municipality that has designated a redevelopment area may provide for tax abatement within that redevelopment area and for payments in lieu of taxes in accordance with the provisions of P.L.1991, c.431 (C.40A:20-1 et seq.) and P.L.1991, c.441 (C.40A:21-1 et seq.); provided, however, that the provisions of section 12 of P.L.1991, c.431 (C.40A:20-12) establishing a minimum or maximum annual service charge and requiring staged increases in annual service charges over the term of the exemption period, and of section 13 of P.L.1991, c.431 (C.40A:20-13) permitting the relinquishment of status under that act, shall not apply to redevelopment projects financed with bonds.

b. In addition to, or in lieu of, the tax abatement provided for in subsection a. of this section, the municipality may provide by ordinance for one or more special assessments within the redevelopment area in accordance with chapter 56 of Title 40 of the Revised Statutes, R.S.40:56-1 et seq., provided, however, that the provisions of R.S.40:56-35 shall be applied so that if any installment of a special assessment shall remain unpaid for 30 days after the time at which it shall become due, the municipality may provide, by ordinance, either that: (1) the whole assessment or balance due thereon shall become and be immediately due; or, (2) any subsequent installments which would not yet have become due except for the default shall be considered as not in default and that the lien for the installments not yet due shall continue; and provided, further, that the ordinance may require that the assessments be payable in quarterly, semi-annual or yearly installments, with legal interest thereon, over a period of years up to but in no event exceeding the period of years for which the bonds were issued, or for 30 years, whichever shall be less. In levying a special assessment on the lands or improvements, or both, located in the redevelopment area, the municipality may provide that the amount of the special assessment shall be a specific amount, not to exceed the cost of the improvements, paid with respect to property located in the redevelopment area. That specific amount shall, to the extent accepted by the owner of the property benefitted, be deemed the conferred benefit, in lieu of the amount being determined by the procedures otherwise applicable to determining the actual benefit conferred on the property. Special assessments levied pursuant to an ordinance adopted under this subsection shall constitute a municipal lien upon confirmation by the municipal governing body or by the court, under R.S.40:56-33, except that such amount shall constitute a municipal lien effective upon the date accepted in writing by the owner of the property benefitted if prior to the actual confirmation.

c. Upon adoption, a copy of the ordinance shall be filed for public inspection in the office of the municipal clerk, and there shall be published in a newspaper, published or circulating in the municipality, a notice stating the fact and the date of adoption and the place where the ordinance is filed and a summary of the contents of the ordinance. The notice shall state that any action or proceeding of any kind or nature in any court questioning the validity or proper authorization of the ordinance or the actions authorized to be taken as set forth in the ordinance shall be commenced within 20 days after the publication of the notice. If no action or proceeding questioning the validity of the ordinance providing for tax abatement, special assessments or other actions authorized by the ordinance shall be commenced or instituted within 20 days after the publication of the notice, the county and the school district and all other municipalities within the county and all residents and taxpayers and owners of property therein shall be forever barred and foreclosed from instituting or commencing any action or proceeding in any court questioning

the validity or enforceability of the ordinance or the validity or enforceability of acts authorized under the ordinance, and the ordinance and acts authorized by the ordinance shall be conclusively deemed to be valid and enforceable in accordance with their terms and tenor.

C.40A:12A-67 Issuance of bonds by municipality.

4. a. The municipality may issue bonds itself in the manner provided for herein or pursuant to the "Local Redevelopment and Housing Law," P.L.1992, c.79 (C.40A:12A-1 et seq.) or may apply to the authority to issue bonds, which in either case may be secured by payments in lieu of taxes or special assessments or both by the adoption of a resolution of the governing body to that effect.

b. A municipality that has designated a redevelopment area may, by resolution of its governing body, if it determines to issue bonds through the authority, enter into contracts with the authority relating to any project or projects for the purpose of financing or refinancing redevelopment, or act as a redeveloper, within a redevelopment area. A resolution so adopted shall contain findings and determinations of the governing body: (1) that the project will result in the redevelopment of the municipality; and, (2) that the contract with the authority is a necessary or important inducement to the undertaking of the project in that the contract makes the financing thereof feasible. The contract or contracts, or the terms of any bonds issued directly by a municipality may provide for the assignment, for the benefit of bondholders, of all or any portion of payments in lieu of taxes, or special assessments, or both. A contract may be made and entered into for a term beginning currently or at some future or contingent date, and with or without consideration, and for a specified or unlimited time, and on any terms and conditions which may be requested by the municipality and, if applicable, as may be agreed to by the authority in conformity with its contracts with the holders of bonds, and shall be valid and binding on the municipality. The municipality is hereby authorized and directed to do and perform any contract so entered into by it and to provide for the discharge of any obligation thereunder in the same manner as other obligations of the municipality.

Any contract, and any instrument making or evidencing the same, may be pledged or assigned by the authority, with the consent of the municipality executing the contract, to secure its bonds and thereafter may not be modified except as provided by the terms of the instrument or by the terms of the pledge or assignment.

The municipality may include in the terms of a bond or contract a provision that the payments in lieu of taxes or special assessments shall constitute a municipal charge for the purposes of R.S.54:4-66.

c. The payments in lieu of taxes or special assessments, or both, may be assigned directly by the municipality or the authority or the trustee for the bonds as payment or security for the bonds. Notwithstanding any law to the contrary, the assignment shall be an absolute assignment of all the municipality's right, title, and interest in the payment in lieu of taxes or special assessments, or both, or portion thereof, along with the rights and remedies provided to the municipality under the agreement including, but not limited to, the right of collection of payments due. Payments in lieu of taxes and special assessments assigned as provided hereunder shall not be included in the general funds of the municipality, nor shall they be subject to any laws regarding the receipt, deposit, investment or appropriation of public funds and shall retain such status notwithstanding enforcement of the payment or assessment by the municipality or assignee as provided herein. The municipality shall be a "person" within the meaning of that term as defined in section 3 of P.L.1974, c.80 (C.34:1B-3); and the purpose described in this section shall be a "project" within the meaning of that term as defined in section 3 of P.L.1974, c.80 (C.34:1B-3).

d. Notwithstanding the provisions of subsection g. of section 37 of P.L.1992, c.79 (C.40A:12A-37), the bonds issued pursuant to this section may be issued as non-recourse obligations, and unless otherwise provided for by a separate action of the municipality to guarantee such bonds or otherwise provide for a pledge of the municipality's full faith and credit shall not, except for such action, be considered to be direct and general obligations of the municipality, and, absent such action, the municipality shall not be obligated to levy and collect a tax sufficient in an amount to pay the principal and interest on the bonds when the same

become due and payable. The provisions of the "Local Government Supervision Act (1947)," P.L.1947, c.151 (C.52:27BB-1 et seq.) shall not apply to any bonds issued or authorized pursuant to this section and those bonds shall not be considered gross debt of the municipality on any debt statement filed in accordance with the "Local Bond Law," N.J.S.40A:2-1 et seq., and the provisions of chapter 27 of Title 52 of the Revised Statutes shall not apply to such bonds.

e. The proceeds from the sale of bonds and any funds provided by any department of the State, authority created by the State or bi-state authority for the purposes described in the "Redevelopment Area Bond Financing Law," sections 1 through 10 of P.L.2001, c.310 (C.40A:12A-64 et seq.), shall not require compliance with public bidding laws, including the "Local Public Contracts Law," P.L.1971, c.198 (C.40A:11-1 et seq.), or any other statute where the redeveloper shall undertake the redevelopment project. The use of these funds shall be subject to public accountability and oversight by the municipality or agency providing the funds.

f. In order to provide additional security for any loan to a redeveloper or to bonds issued to finance a redevelopment project, the municipality may utilize powers otherwise provided by law, including the "Local Redevelopment and Housing Law," P.L.1992, c.79 (C.40A:12A-1 et seq.), to provide for any extension of the municipality's credit to any redeveloper or its full faith and credit which may include a full faith and credit lease as security for the bonds or any loan to a redeveloper. To the extent that the municipality provides for a full faith and credit guarantee of any loan to a redeveloper or any bonds, but determines not to authorize the issuance of bonds or notes to provide for the funding source thereof, or otherwise determines to enter into a full faith and credit lease, it may do so by resolution approved by a majority of the full governing body. To the extent that bonds or notes are authorized as provided above, such bonds or notes shall be authorized pursuant to the provisions of the "Local Bond Law," N.J.S.40A:2-1 et seq., and shall be deductible from the gross debt of the municipality until such time as such bonds or notes are actually issued, and only up to the amount actually issued, to fund such guarantee.

g. A financial instrument, whether issued by a municipality or an authority, that is secured in whole or in part by payments in lieu of taxes or by special assessments, or both, as provided herein shall be subject to the review and approval of the board. That review and approval shall be made prior to approval of, in the case of a municipality, an ordinance or, in the case of an authority, a resolution. The board shall be entitled to receive from the applicant an amount sufficient to provide for all reasonable professional and other fees and expenses incurred by it for the review, analysis and determination with respect thereto. As part of its review, the board shall specifically solicit comments from the Office of State Planning and the New Jersey Economic Development Authority in addition to comments from the public. As part of the board's review and approval, it shall consider where appropriate one or more of the following: whether the redevelopment project or plan promotes approaches and concepts to reduce congestion; enhance mobility; assist in the redevelopment of our municipalities; and otherwise improve the quality of life of our citizens.

C.40A:12A-68 Payments in lieu of taxes constitutes municipal lien.

5. a. Payments required to be made in accordance with an agreement for payments in lieu of taxes entered into under section 3 of P.L.2001, c.310 (C.40A:12A-66) shall be a continuous lien on the land against which the ordinance is recorded on and after the date of recordation of both the ordinance and the agreement, whether simultaneously or not, or the date of confirmation of the special assessments, whichever is earlier. All subsequent payments in lieu of taxes thereunder, interest, penalties and costs of collection which thereafter fall due or accrue shall be added and relate back to and be a part of the initial lien. Upon recordation of the ordinance and agreement, payments in lieu of taxes shall constitute a municipal lien within the meaning, and for all purposes, of law.

b. If bonds are issued, the municipality or the redeveloper may record, either simultaneously or at different times, any ordinance enacted by the municipality relating to the payment in lieu of taxes agreement or special assessments and, either simultaneously with the ordinance or at different times, a copy of the agreement or agreements. The ordinance, when recorded, shall

contain a legend at the top of the front page substantially as follows:

"THIS ORDINANCE SECURES BONDS OR OTHER OBLIGATIONS ISSUED IN ACCORDANCE WITH THE PROVISIONS OF THE 'REDEVELOPMENT AREA BOND FINANCING LAW' AND THE LIEN HEREOF IN FAVOR OF THE OWNERS OF SUCH BONDS OR OTHER OBLIGATIONS IS A MUNICIPAL LIEN SUPERIOR TO ALL OTHER NON-MUNICIPAL LIENS HEREAFTER RECORDED."

c. Notwithstanding any law to the contrary, upon recordation of both the ordinance and any accompanying agreement, the lien thereof shall be perfected for all purposes in accordance with law and the lien shall thereafter be superior to all non-municipal liens thereafter recorded or otherwise arising, without any additional notice, recording, filing, continuation filing or action, until the payment in full of the bonds. The lien thereby established shall apply not only to the bonds initially issued, but also to any refinancing or refunding thereof, as well as to any additional bonds thereafter issued on a parity therewith in accordance with the provisions of the original documents securing the initial bonds; provided, however, that in the event any ordinance or agreement is amended or supplemented in a way which increases the amount of payment in lieu of taxes or special assessments, the lien as to that increase shall be perfected and apply upon the recordation of the amended or supplemented ordinance and agreement (including the above-recited legend). Except as set forth in this section, no amendment or supplement to the ordinance or agreement thereafter recorded shall affect the perfection or priority of the lien established upon original recordation thereof.

d. Upon the final payment in full of any bonds secured as provided in this section and section 4 of P.L.2001, c.310 (C.40A:12A-67) , the lien established hereby shall terminate, and the municipality shall record a notice to that effect.

C.40A:12A-69 Payment secured by mortgage.

6. In lieu of, or in addition to, the provisions of section 5 of P.L.2001, c.310 (C.40A:12A-68) , the municipality may provide in the agreement that the payment in lieu of taxes, if any, is to be secured by a mortgage. In that event the mortgage may also be assigned and pledged to the repayment of the bonds authorized herein.

The assignment of any mortgage that secures a payment in lieu of taxes, if any, may also be an absolute assignment of all or part of the municipality's right, title, and interest in the mortgage and, to the extent assigned, any moneys realized from the foreclosure of the mortgaged property shall not be included in the general funds of the municipality.

After the bonds are paid and no longer deemed to be outstanding, the assignment of the mortgage shall terminate.

C.40A:12A-70 Bonds exempt from taxation.

7. All bonds issued pursuant to the "Redevelopment Area Bond Financing Law,"P.L.2001, c.310 (C.40A:12A-64 et seq.) are hereby declared to be issued by a political subdivision of this State and for an essential public and governmental purpose and the bonds, and the interest thereon and the income therefrom, and all facility charges, funds, revenues and other moneys pledged or available to pay or secure the payment of the bonds, or interest thereon, shall at all times be exempt from taxation except for transfer inheritance and estate taxes.

C.40A:12A-71 Covenant, agreement with bondholders.

8. The State of New Jersey does hereby pledge to and covenant and agree with the holders of any bonds issued pursuant to the "Redevelopment Area Bond Financing Law,"P.L.2001, c.310 (C.52:27D-459 et seq.) that the State will not limit or alter the terms of any agreement, ordinance or resolution made in connection with the security for and the issuance and sale of any bonds, so as to in any way impair the rights or remedies of such holders, and will not modify in any way the exemption from taxation provided for in the "Redevelopment Area Bond Financing Law,"P.L.2001, c.310 (C.40A:12A-64 et seq.), until the bonds, together with interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of such holders, are fully met and discharged or provided for.

C.40A:12A-72 Severability.

9. If any section, subsection, clause or provision of the "Redevelopment Area Bond Financing Law," P.L.2001, c.310 (C.40A:12A-64 et seq.) shall be adjudged to be unconstitutional or ineffective in whole or in part, to the extent that it is not adjudged unconstitutional or is not ineffective, it shall be valid and effective and no other section, subsection, clause or provision of the "Redevelopment Area Bond Financing Law," P.L.2001, c.310 (C.40A:12A-64 et seq.) shall on account thereof be deemed invalid or ineffective, and the inapplicability or invalidity of any section, subsection, clause or provision the "Redevelopment Area Bond Financing Law," of P.L.2001, c.310 (C.40A:12A-64 et seq.) in any one or more instances or under any one or more circumstances shall not be taken to affect or prejudice in any way its applicability or validity in any other instance or under any other circumstance.

C.40A:12A-73 Bonds presumed authorized.

10. After issuance, pursuant to the "Redevelopment Area Bond Financing Law," P.L.2001, c.310 (C.40A:12A-64 et seq.) all bonds shall be conclusively presumed to be fully authorized and issued by all courts and officers of this State, and any person shall be estopped from questioning their sale, execution or delivery.

C.52:27D-459 Short title.

11. Sections 11 through 41 of P.L.2001, c.310 (C.52:27D-459 et seq.) shall be known and may be cited as the "Revenue Allocation District Financing Act."

C.52:27D-460 Findings, declaration relative to "Revenue Allocation District Financing Act."

12. The Legislature finds and declares that:

a. There are areas within certain municipalities in this State that deter private capital investment because of the deteriorating condition of the land, buildings and infrastructure within those areas, or that have not experienced private capital investment due to inadequate infrastructure or adverse economic conditions.

b. These areas also create an economic burden for the municipality due to the limited tax base and underutilization of resources.

c. The scarcity of resources available to municipalities for redevelopment has severely hampered these municipalities' ability to rehabilitate these areas.

d. In order to redevelop these areas in a beneficial manner, municipalities should be provided the means to finance certain costs of redevelopment so as to open new avenues for private investment; stimulate commercial, industrial, recreational, cultural, entertainment, civic and educational enterprise; and create favorable conditions for increases in economic activity, property values, employment opportunities and the provision of affordable housing.

e. The use of new redevelopment tools as a catalyst for economic revitalization can be maximized if employed in conjunction with the redevelopment planning process established pursuant to P.L.1992, c.79 (C.40A:12A-1 et al.).

f. The State should consider, where appropriate, one or more of the following: whether the redevelopment project or plan promotes approaches and concepts to reduce congestion; enhance mobility; assist in the redevelopment of our municipalities; and otherwise improve the quality of life of our citizens.

g. It is, therefore, in the public interest to authorize the use of revenue allocation financing by municipalities and the dedication of payments in lieu of taxes toward the retirement of debt incurred in redevelopment, as set forth hereunder, to encourage private investment within areas that are blighted or in need of redevelopment or would otherwise remain unused.

C.52:27D-461 Definitions relative to "Revenue Allocation District Financing Act."

13. As used in sections 11 through 41 of P.L.2001, c.310 (C.52:27D-459 et seq.):

"Area in need of redevelopment" means a redevelopment area as defined pursuant to section 3 of P.L.1992, c.79 (C.40A:12A-3).

"Board" means the Local Finance Board established in the Division of Local Government Services in the Department of Community Affairs.

"Bonds" means the bonds, notes and bond anticipation notes issued to finance projects pursuant to the "Revenue Allocation District Financing Act," sections 11 through 41 of P.L.2001, c.310 (C.52:27D-459 et seq.).

"District" means the area or areas within a municipality designated as a revenue allocation district pursuant to the provisions of the "Revenue Allocation District Financing Act," sections 11 through 41 of P.L.2001, c.310 (C.52:27D-459 et seq.).

"District agent" means that entity designated by the municipal governing body pursuant to section 14 of P.L.2001, c.310 (C.52:27D-462) to administer a revenue allocation plan on behalf of the municipality.

"Eligible revenue" means the property tax increment and any other incremental revenues set forth in section 21 of P.L.2001, c.310 (C.52:27D-469).

"Municipality" means the municipal governing body or an entity acting on behalf of the municipality if permitted by the federal Internal Revenue Code of 1986 or, if a redevelopment agency or redevelopment entity is established in a municipality pursuant to P.L.1992, c.79 (C.40A:12A-1 et seq.) and the municipality so provides, the redevelopment agency or entity so established.

"Permitted investment obligations" means any securities permitted for purchase by local units of government pursuant to section 8 of P.L.1977, c.396 (C.40A:5-15.1).

"Plan" means the final revenue allocation plan developed by a district agent pursuant to section 22 of P.L.2001, c.310 (C.52:27D-470) and containing, among other elements, the proposed projects, estimated cost of the projects, sources of revenue, and the terms of any obligations, undertakings or commitments to be incurred by the district agent.

"Pledged revenues" means those eligible revenues designated in the plan for payment of project costs.

"Project" means the purchasing, leasing, condemning or otherwise acquiring of land or other property, or an interest therein, in the district or as necessary or convenient for the acquisition of any right-of-way or other easement to or from the revenue allocation district; the moving and relocation of persons or businesses displaced by the acquisition of land or property; the acquisition, construction, reconstruction or rehabilitation of land or property and the improvements thereon, or the financing thereof, including demolition, clearance, removal, relocation, renovation, alteration, construction, reconstruction, alteration or repair of any land, building, street, highway, alley, utility, mass transit facility, service or other structure, infrastructure or improvement in the district or necessary to effectuate the plan for the district, including infrastructure improvements outside the district, but only those which are integral to the effectuation of the district plan; the acquisition, construction, reconstruction, rehabilitation or installation of public facilities and improvements, or the financing thereof; acquisition, construction, reconstruction or rehabilitation of residential structures, or the conversion to residential use of structures previously designed or used for other purposes, or the financing thereof, nonprofit corporation or other suitable public or private person, firm, corporation or association, and which, to the extent economically feasible, shall constitute housing affordable to persons and families of low and moderate income pursuant to P.L.1985, c.222 (C.52:27D-301 et al.) or rules and regulations adopted pursuant thereto; and all costs associated with any of the foregoing, including the cost of administrative appraisals, legal, financial, economic and environmental analyses, engineering or cleanup, planning, design, architectural, surveying or other professional and technical services necessary to effectuate the purposes of the "Revenue Allocation District Financing Act," sections 11 through 41 of P.L. , c. (C.) (pending before the Legislature as this bill).

"Project cost" means the cost of the plan or project in all or any part of the district and of all and any property, rights, easements, privileges, agreements and franchises deemed by the district agent to be necessary or useful and convenient therefor or in connection therewith, including interest or discount on bonds; cost of issuance of bonds; engineering and inspection costs; legal expenses; costs of financial and other professional estimates and advice; organization, administrative, operating and other expenses of the district agent prior to and during the planning and implementation of a development, plan or project, including such provision as the district

agent may determine for the payment, or security for payment, of principal of or interest on bonds during or after the implementation of any development, plan or project.

"Property tax increment" means the amount obtained by:

(1) multiplying the general tax rate levied each year by the taxable value of all the property assessed within a district in the same year, excluding any special assessments; and

(2) multiplying that product by a fraction having a numerator equal to the taxable value of all the property assessed within the district, minus the property tax increment base, and having a denominator equal to the taxable value of all property assessed within the district.

"Property tax increment base" means the aggregate taxable value of all property assessed which is located within a district as of October 1 of the year preceding the year in which the district is authorized pursuant to the "Revenue Allocation District Financing Act," sections 11 through 41 of P.L.2001, c.310 (C.52:27D-459 et seq.).

"Redevelopment plan" means a redevelopment plan as the term is defined pursuant to section 3 of P.L.1992, c.79 (C.40A:12A-3).

"Revenue increment base" means the amount of any eligible revenues, other than the property tax increment, collected in the calendar year immediately preceding the adoption of the plan.

"Taxing entity" means the county, the school district or districts, and the municipality authorized to levy a tax on the taxable property within a municipality.

C.52:27D-462 Establishment of districts.

14. The governing body of any municipality may by ordinance establish a district or districts. In the case of a municipality whose redevelopment powers are assigned by law to a regional planning commission, the commission may, by resolution, establish a district or districts in the area within which the commission has jurisdiction.

A revenue allocation district shall consist of all lots and streets within the borders of an area within a municipality or within areas of the municipality designated in the plan. The lots and streets shall be contiguous unless the municipality determines that non-contiguous areas of the municipality should comprise one district because those areas are part of a common development project or plan. The total taxable value in all districts designated shall not exceed 15 percent of the total taxable property assessed within the municipality, as determined by the municipal assessor, except that, upon a request by the governing body, the board may approve for inclusion in the district up to 20 percent of the total taxable property assessed in the municipality, as determined by the municipal assessor. The lots and streets to be designated as part of the plan shall be designated as a revenue allocation district as part of a duly adopted redevelopment plan approved by the governing body.

The ordinance or resolution, as appropriate, shall be adopted as provided in section 17 of P.L.2001, c.310 (C.52:27D-465), and shall include or incorporate:

- a. a map designating the area or areas within the municipality as a district or districts;
- b. a certification by the municipal assessor that, upon the basis of property assessments as of October 1 of the year preceding the certification, the total taxable property value in all districts designated by the municipality, including the district being proposed in the ordinance, does not exceed 15 or 20 percent, as the case may be, of the total taxable property assessed in the municipality, as provided in the ordinance adopted in accordance with the provisions of this section;
- c. the designation of a district agent, which may be a county, a county improvement authority, the New Jersey Redevelopment Authority, the New Jersey Economic Development Authority or a municipality; provided, however, that if a district is created in an area under the jurisdiction of a regional planning commission which has been assigned redevelopment powers pursuant to law, that commission shall serve as the district agent in connection with that district;
- d. a designation of all or any percentage of any eligible revenue or revenues as pledged revenues;
- e. a statement of whether or not the municipality intends that any of the bonds issued by the district agent, if other than a municipality, be guaranteed by the municipality, or be issued as qualified bonds pursuant to the "Municipal Qualified Bond Act," P.L.1976, c.38 (C.40A:3-1 et seq.), or both;

- f. a proposed preliminary revenue allocation plan, as set forth in section 15 of the P.L.2001, c.310 (C.52:27D-463);
- g. documentation that the district has been identified in the appropriate redevelopment plan; and
- h. Such other conditions or limitations as shall be imposed on the district agent by the governing body.

C.52:27D-463 Proposed preliminary allocation plan.

15. The proposed preliminary revenue allocation plan shall include:

- a. a certification by the municipal tax assessor of the property tax increment base of the district;
- b. a statement of the revenues, if any, to be pledged to support bonds of the district, the percentage of such revenues to be so pledged, and a certification by the chief financial officer of the municipality of the revenue increment base for each of the pledged revenues other than the property tax revenue base. If the amount of any such revenue base cannot be certified, then the chief financial officer shall estimate the amount and describe the basis for preparing the estimate and the manner in which the revenue increment base will be determined after adoption of the plan;
- c. a description of the proposed project or projects, an estimate of their cost, a proposed construction schedule, the projected amount of bonds to be issued and whether interest on such bonds is exempt from taxation for federal income tax purposes and the projected debt service on the bonds issued to finance the project;
- d. a description of the development expected or planned within the district, including the identification of the developers, if any, other than the district agent or the municipality, and their contractual relationship, if any, with the district agent or the municipality;
- e. an estimate of the taxable value of the assessed property within a district upon completion of the projects;
- f. a projection of the amount of the pledged revenues during the period in which any bond will be outstanding;
- g. a statement of whether or not the district agent intends to create a reserve for payment of project costs prior to the adoption of the final revenue allocation plan;
- h. a statement of whether or not tax abatements or exemptions or special assessments are expected to be granted in the district; and
- i. a fiscal impact statement for the taxing entities involved.

C.52:27D-464 Submission of ordinance as application.

16. When an ordinance establishing or amending a district has passed first reading, it shall be submitted as an application, together with all included and incorporated certificates and documents and such additional documentation as the board may by rule prescribe, to the board.

The board shall approve the ordinance if it determines that:

- a. the planned developments are likely to be realized and would not likely be accomplished by private enterprise without the creation of the district and the revenue allocation financing of the proposed project or projects;
- b. the revenue increments and any other pledged revenues will be sufficient to pay debt service on bonds issued to effectuate the plan;
- c. the credit of the municipality and its ability to pay the principal of and interest on its debts and to provide essential public services will not be impaired;
- d. the creation of the district will contribute to the economic development of the municipality;
- e. the size of the proposed district and the amount of the pledged revenues do not exceed the size and amount necessary to accomplish the purposes of the plan;
- f. any insufficiency or shortfall in the amount of the revenue or guarantees pledged to pay debt service or bonds issued to effectuate the plan would not pose inappropriate risk or undue financial hardship to the taxpayers of the community;
- g. there are no other factors which, in the determination of the board, will impair the credit

of the municipality or reduce its ability to pay punctually the principal of and interest on its debts and supply other essential public improvements and services; and

h. the planned development does one or more of the following: promote approaches and concepts to reduce congestion; enhance mobility; assist in the redevelopment of our municipalities; and otherwise improve the quality of life of our citizens.

C.52:27D-465 Written recommendations by board.

17. a. The board may make written recommendations as to any aspect of the ordinance and the preliminary revenue allocation plan and any related fiscal matters of the municipality which in the opinion of the board shall be changed in order to effectuate the plan. The board may condition its approval of the ordinance upon the adoption of its recommendations by the municipality.

b. The board shall approve, approve with conditions, or disapprove the ordinance within 60 days of its receipt of an application which the board has deemed to be complete. If the board does not act within 60 days the ordinance shall be deemed approved. If the board disapproves the ordinance it shall, within 30 days of signifying its disapproval, set forth its reasons in writing. The municipality may amend the ordinance and resubmit it to the board.

c. Upon receipt of the approved ordinance from the board, the municipal governing body may adopt the ordinance at a meeting of the governing body by a majority of the authorized membership thereof.

C.52:27D-466 No alteration of established district without amending ordinance.

18. After adoption of the ordinance establishing a district there shall be no expansion or contraction of the boundaries of the district, the designation of the district agent, or the designation of the pledged revenues without adoption of an amending ordinance approved by the board as provided in section 17 of P.L.2001, c.310 (C.52:27D-465) .

C.52:27D-467 Property tax increment base for altered districts.

19. Whenever a district is expanded as permitted under section 18 of P.L.2001, c.310 (C.52:27D-466) the property tax increment base for any area added to the district shall be the aggregate taxable value of all property assessed which is located within the added area as of October 1 of the year preceding the year in which the area is added, as certified by the municipal assessor. The revenue increment base of all other eligible revenues shall include the amounts of all other eligible revenues from sources within the added area in the calendar year preceding the year in which the area is added, as certified by the chief financial officer of the municipality.

Whenever a district is contracted as permitted under section 18 of P.L.2001, c.310 (C.52:27D-466) the tax increment base and the increment base of all other eligible revenues of the district shall be adjusted as if that area had not been a part of the district at the time when it became part of the district.

C.52:27D-468 Powers, responsibilities of district agent.

20. The district agent shall have the following powers and responsibilities to the extent so designated by ordinance:

a. to make and enter into contracts or agreements with public agencies, nonprofit corporations or other suitable public or private persons, firms, corporations or associations, and to make loans or grants to, or guarantee the obligations of, any other public agency or corporation, as may be necessary, convenient or incidental to the execution of the plan and the exercise of the district agent's powers under the "Revenue Allocation District Financing Act," sections 11 through 41 of P.L.2001, c.310 (C.52:27D-459 et seq.);

b. to enter into agreements or other transactions with, and accept grants, loans, appropriations or other assistance or cooperation from the United States or any agency thereof, or from the State or a county or municipal governing body or any agency thereof, or any nonprofit corporation or other suitable public or private person, firm, corporation or association in furtherance of the purposes of the "Revenue Allocation District Financing Act," sections 11 through 41 of P.L.2001, c.310 (C.52:27D-459 et seq.);

c. to prepare and administer the plan according to the provisions of the "Revenue Allocation District Financing Act," sections 11 through 41 of P.L.2001, c.310 (C.52:27D-459 et seq.);

d. to hire or consult with private consultants when preparing the plan, or to enter into agreements with public or nonprofit private agencies to prepare and administer the plan;

e. to issue bonds or cause bonds to be issued for any purpose of the district authorized by or pursuant to the "Revenue Allocation District Financing Act," sections 11 through 41 of P.L.2001, c.310 (C.52:27D-459 et seq.), or to issue refunding bonds for the purpose of paying or retiring bonds previously issued by it, and to issue notes in anticipation of the issuance of bonds as provided in the "Revenue Allocation District Financing Act," sections 11 through 41 of P.L.2001, c.310 (C.52:27D-459 et seq.);

f. to seek and receive funds from local, State and federal governments and from private sources for the purpose of implementing any authorized development or project or meeting any project cost;

g. to pay project costs, specifically including payments to a private developer, as reimbursement for project costs incurred by a private developer, in accordance with a redevelopment bond financing agreement entered into by the municipality or municipalities and the private developer;

h. to include in the terms of any resolution, bond or contract a provision that the payments in lieu of taxes or special assessments shall constitute a municipal charge for the purposes of R.S.54:4-66.

Except as provided otherwise herein, nothing herein is intended to limit the powers granted under any other law or regulation to the entity acting as district agent under the "Revenue Allocation District Financing Act," sections 11 through 41 of P.L.2001, c.310 (C.52:27D-459 et seq.).

C.52:27D-469 Eligible revenues.

21. The plan may include one or more of the following eligible revenues if the municipality is otherwise authorized by law to collect such revenues:

a. incremental payments in lieu of taxes, with respect to property located in the district, made pursuant to the "Five-Year Exemption and Abatement Law," P.L.1991, c.441 (C.40A:21-1 et seq.) or the "Long Term Tax Exemption Law," P.L.1991, c.431 (C.40A:20-1 et al.);

b. incremental revenues from payroll or wage taxes with respect to activities carried on within the district;

c. incremental revenue from lease payments made to the municipality or district agent with respect to property located in the district;

d. incremental revenue from payments in lieu of taxes or service charges with respect to property located within the district;

e. incremental revenue from parking taxes derived from parking facilities located within the district;

f. admissions and sales taxes received from the operation of a public facility which the district agent is authorized by law to retain;

g. sales and excise taxes which are derived from activities within the district and which are rebated to or retained by the municipality pursuant to the "New Jersey Urban Enterprise Zones Act," P.L.1983, c.303 (C.52:27H-60 et seq.) or any other law providing for such rebate or retention;

h. parking revenue from public parking facilities built as part of a project except for public parking facilities owned by parking authorities pursuant to the "Parking Authority Law," P.L.1948, c.198 (C.40:11A-1 et seq.);

i. assessments as allowed by law that are levied against properties in a district, if consented to by the governing body of the municipality in which the district is situated;

j. the property tax increment.

The incremental revenue for the revenues listed in subsections b., c., d. and e. of this section shall be calculated as the difference between the amount collected in any calendar year from any eligible revenue source included in the plan, less the revenue increment base for that eligible revenue.

C.52:27D-470 Adoption of final revenue allocation plan.

22. Before pledging any revenues, issuing any bonds, incurring any obligations or guaranteeing the obligations of any other entity with respect to the project costs of any project, the district agent shall adopt a final revenue allocation plan for that project. That plan shall include:

- a. a description of the project or projects to be financed, including the projected cost and construction schedule;
- b. a description of any development to be undertaken by any developer in connection with the project, including an estimate of the eligible revenues anticipated from the development;
- c. a description of the eligible revenues to be pledged to the support of the project, or to the bonds or other obligations to be issued or incurred by the district agent;
- d. a description of other anticipated projects for the district and the anticipated means of financing those projects;
- e. a copy of any proposed bond resolution, contract, lease or other agreement to be adopted or authorized by the district agent. Any proposed bond resolution shall include a description of the security features of the bonds, including reserve funds or other security enhancements, if any, such as a municipal guarantee, qualified bond authorization, bond insurance or letter of credit; the maturity schedule for the bonds; the estimated interest rate; the period of capitalized interest, if any; an estimate of the costs of issuance, with identification of bond counsel, financial advisers, underwriters and other professionals engaged to assist in the issuance of bonds; lien priorities among projects, if any; and such other information as the board may require; and
- f. a certification by the chief financial officer of the property tax increment base, if property tax increment revenue is to be pledged, and of the revenue increment base for each other pledged revenue. If the amount of any such revenue increment base cannot be certified, then the chief financial officer shall estimate the amount and describe the basis for preparing the estimate and the manner in which the revenue increment base will be determined after adoption of the final plan.

C.52:27D-471 Submissions of final revenue allocation plan.

23. A final revenue allocation plan shall be submitted to the governing body of the municipality for approval by ordinance. When an ordinance embodying a final revenue allocation plan has been introduced in writing at a meeting of the governing body and approved on first reading, which may be by title, by a majority of the authorized membership thereof, it shall be submitted, together with all included and incorporated certificates and documents and such additional supporting documentation as the board may by rule prescribe, to the board.

The board shall approve the plan if it determines that:

- a. the planned developments are likely to be realized and would not be accomplished by private enterprise without the creation of the district and the financing of the proposed project or projects;
- b. the pledged revenues will be sufficient to pay debt service on bonds and discharge any obligations undertaken by the district agent to effectuate the plan;
- c. the credit of the municipality and its ability to pay the principal of and interest on its debts and to provide essential public services will not be impaired;
- d. any insufficiency or shortfall in the amount of the revenues or guarantees pledged to pay debt service or bonds issued to effectuate the plan would not pose inappropriate risk or undue financial hardship to the taxpayers of the community;
- e. there are no other factors which, in the determination of the board, will impair the credit of the municipality or reduce its ability to pay punctually the principal of and interest on its debts and supply other essential public improvements and services; and
- f. the planned development does one or more of the following: promote approaches and concepts to reduce congestion; enhance mobility; assist in the redevelopment of our municipalities; and otherwise improve the quality of life of our citizens.

C.52:27D-472 Written recommendations by board.

24. a. The board may make written recommendations as to any aspect of the plan and any

related fiscal matters of the municipality or the district agent which, in the determination of the board, must be changed in order to effectuate the plan, and the board may condition its approval of the plan upon the adoption of its recommendations.

b. The board shall approve, approve with conditions, or disapprove the plan within 60 days of its receipt of an application which the board has deemed to be complete. If the board does not act within 60 days the plan shall be deemed approved. If the board disapproves the plan it shall set forth its reasons in writing within 30 days of its disapproval. The governing body, upon recommendation of the district agent, may amend the ordinance and resubmit it to the board.

c. Upon receipt of the approved ordinance from the board the municipal governing body may adopt the ordinance at a meeting of the governing body by a majority of the authorized membership thereof. Any changes to the plan as embodied in the ordinance, including the pledge or utilization of eligible revenues subject, however, to any rights of bondholders shall be by amendment of the ordinance adopted and approved by the same method as prescribed in section 17 of P.L.2001, c.310 (C.52:27D-465) in connection with the proposed preliminary revenue allocation plan included in the ordinance establishing the district.

C.52:27D-473 Calculation of property tax increment.

25. If the preliminary revenue allocation plan has designated the property tax increment as a pledged revenue, the property tax increment shall be calculated and paid to the revenue allocation fund or the bond trustee, as appropriate, as provided hereunder.

a. Upon the striking of the tax rate in each year following the adoption of the ordinance creating the district, the chief financial officer of the municipality, with assistance provided by the assessor and collector, shall calculate the amount of property tax increment, if any, for each revenue allocation district within the municipality and shall certify to the district agent of each such district a copy of that calculation. Thereafter the chief financial officer shall, within 10 days after each date fixed by statute for the payment of property taxes, cause to be deposited in the revenue allocation fund of the district agent or paid to the trustees as provided in the resolution authorizing the issuance of bonds the percentage of the property tax increments certified in the plan as designated to be so deposited or paid. The calculation of the property tax increment shall be based on the amount to be billed at the quarterly payment date, regardless of whether or not the increment is actually collected from the taxpayers within the district.

b. Whenever an added assessment shall occur within a district, the chief financial officer of the municipality shall notify the district agent and thereafter shall, within 10 days of the date fixed by law for payment of property taxes on such added assessment, cause to be paid to the revenue allocation fund or the bond trustee, as appropriate, the property taxes, or a percentage thereof as designated in the plan, billed upon such added assessment, regardless of whether or not the tax or any portion thereof is actually collected.

c. Whenever an omitted assessment which if not omitted would have been included in the computation of the tax increment of a district occurs, the chief financial officer of the municipality shall notify the district agent and thereafter shall, within 10 days after the date fixed by statute for payment of taxes upon such omitted assessments, cause to be deposited to the revenue allocation fund or paid to the bond trustees of the district, as appropriate, the proportion of tax upon such omitted assessments designated in the plan for such deposit or payment, regardless of whether or not the tax or any portion thereof is actually collected.

d. In no event shall any changes in assessed valuation within a district due to appeals or correction of errors with respect to a tax year subsequent to the creation of the district alter the amount of property tax increment certified pursuant to this section for that tax year.

e. In no event shall any changes in assessed valuation within a district due to appeals or correction of errors alter the property tax increment base of the district.

f. Whenever a revaluation or general reassessment occurs in a municipality which has designated one or more districts, the property tax increment base for each district shall be adjusted to equal the absolute difference between the taxable value of the property in the district after revaluation or reassessment less the amount of the property tax increment base for the year immediately prior to the revaluation or reassessment divided by the adjusted tax rate. The adjusted tax rate shall be a fraction, the numerator of which is the total tax levy of the

municipality before revaluation or reassessment and the denominator of which is the total taxable value of all taxable property in the municipality after revaluation or reassessment.

C.52:27D-474 Deposit of pledged revenues.

26. If the preliminary revenue allocation plan has designated any eligible revenues, in addition to or other than the property tax increment, as a pledged revenue, the other pledged revenues shall be deposited as provided in this section.

a. The collector of any pledged revenues shall certify to the municipal chief financial officer the amount of the eligible revenue collected in the preceding calendar year no later than January 30 of each year and shall pay to the municipality such amount, or the percentage thereof designated in the plan, beginning in the first calendar year after the creation of the district.

b. The municipality shall include in its budget the amount certified as collected in the preceding year and shall pay to the district agent for deposit in the revenue allocation financing fund the amount certified in the plan as designated for such payment.

c. Payments in lieu of taxes shall be deposited in four equal installments, regardless of the date or dates fixed for such payments by statute, agreement or otherwise.

C.52:27D-475 Submission of operating budget.

27. The district agent shall submit its operating budget for the district annually to the Director of the Division of Local Government Services in the Department of Community Affairs. If the district agent certifies that the budget is in compliance with a preliminary or final financing plan and all other relevant statutes and rules, the director shall approve the budget within 45 days of receipt. If the director disapproves the budget he shall state the reasons therefor, in writing. The district agent may then make the necessary changes and resubmit the budget for approval. The director may adopt rules and regulations in accordance with the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), to ensure the fiscal integrity of districts and effectuate the intent of the "Revenue Allocation District Financing Act," P.L.2001, c.310 (C.52:27D-459 et seq.).

C.52:27D-476 Revenue allocation fund for district.

28. The district agent shall establish and maintain a special fund called the "(Name of district agent) Revenue Allocation Fund," and herein referred to as "district fund" or "fund."

The fund shall be used by the district agent for purposes of the "Revenue Allocation District Financing Act," P.L.2001, c.310 (C.52:27D-459 et seq.), including but not limited to:

a. paying the project costs;

b. paying the principal of and interest on bonds or other obligations issued or guaranteed pursuant to the "Revenue Allocation District Financing Act," P.L.2001, c.310 (C.52:27D-459 et seq.);

c. prepaying the principal of and interest on the bonds or other obligations;

d. paying additional property tax increment revenue, if any, to taxing entities, as provided for in subsections b. and c. of section 29 of P.L.2001, c.310 (C.52:27D-477) or in the final revenue allocation plan; and

e. reimbursing the municipality for any payments made by the State pursuant to the "Municipal Qualified Bond Act," P.L.1976, c.38 (C.40A:3-1 et seq.) to pay debt service on any qualified bonds issued pursuant to section 35 of P.L.2001, c.310 (C.52:27D-483).

C.52:27D-477 Payment of project costs; distribution of moneys.

29. a. Prior to the adoption of a final revenue allocation plan, the district agent may draw money from the revenue allocation fund for purposes of paying all project costs incurred in connection with the development of the final revenue allocation plan as provided in the approved operating budget, including a reserve for project costs if such reserve is part of the preliminary plan.

b. At the end of each calendar year, any moneys in the fund not pledged to bondholders or otherwise required by the district agent for development of the plan shall be distributed to the appropriate taxing or revenue collecting entities that shall forgo the pledged revenues. The

revenues shall be distributed by the district agent in proportion to the taxing effort of each taxing or revenue collecting entity in the year of distribution; except that no revenues deposited in the fund shall be included in the calculation of any adjustment payments payable to an intermunicipal account pursuant to statute.

c. After the adoption of the final revenue allocation plan the district agent may decide to distribute to the taxing or revenue collecting entities that shall forgo the revenues pursuant to the "Revenue Allocation District Financing Act," sections 11 through 41 of P.L.2001, c.310 (C.52:27D-459 et seq.) a portion of the revenue increments received by the district agent not pledged to the payment of debt service or necessary to pay project costs. The revenues shall be distributed in proportion to the taxing or revenue collecting effort of each such taxing or revenue collecting entity in the year of distribution.

d. Moneys in the fund may be invested in the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L.1977, c.281 (C.52:18A-90.4) or in any securities that a local government is permitted to purchase pursuant to section 8 of P.L.1977, c.396 (C.40A:5-15.1).

C.52:27D-478 Termination, dissolution of district.

30. Subject to the limitations contained in the "Revenue Allocation District Financing Act," sections 11 through 41 of P.L.2001, c.310 (C.52:27D-459 et seq.), each district shall remain in existence until obligations for any project in that district cease to be outstanding; provided, however, the district may be terminated if sufficient moneys have been deposited in the revenue allocation fund, which, when invested in obligations of or guaranteed by the United States government, will be sufficient to pay when due the principal of and interest on the bonds at maturity or any redemption date or full payment of any other obligations, and if the board approves the dissolution of the district. The Division of Local Government Services in the Department of Community Affairs may recommend to the municipality the dissolution of a district which has not taken substantial steps to implement the plan, so long as there are no bonded obligations outstanding or contractual obligations to pay any part of project costs.

C.52:27D-479 Calculation of general tax rate.

31. a. In calculating the general tax rate levied each year, the aggregate amount of the ratable increments of the revenue allocation districts that have been pledged to bondholders or are otherwise required by the district agent for the development of the plan shall not be considered a part of the total taxable value of land and improvements within the municipality.

b. In calculating the net valuation on which school district taxes are apportioned, the aggregate amount of the ratable increments in the revenue allocation district shall be excluded.

c. For purposes of this section, "ratable increment" means the taxable value of all property assessed within a revenue allocation district for the tax year, minus the property tax increment base.

C.52:27D-480 Powers of district agent following adoption of ordinance.

32. Upon approval of the resolution by the board and adoption of an ordinance approving or adopting: a. the final revenue allocation plan by the municipal governing body, or b. a determination regarding a particular project for which there exist sufficient eligible revenues within the district to pay the principal of and interest on obligations issued to finance such project, the district agent shall have the power to incur indebtedness, borrow money and issue its bonds or notes for purposes of financing a project or funding or refunding its bonds or notes. If the district agent is the municipal governing body, any pledge of revenues or funds and obligations incurred shall be limited to the revenues and property accruing to the municipality as district agent and shall not be deemed to include any other municipal revenue or property unless such revenues are pledged or obligations are incurred pursuant to the "Revenue Allocation District Financing Act," P.L.2001, c.310 (C.52:27D-459 et seq.). The district agent may from time to time issue its bonds or notes in such principal amounts as in the opinion of the district agent are necessary to provide sufficient funds for all or any portion of project costs, including the payment, funding or refunding of the principal of or interest or redemption premiums on any

bonds or notes issued by it, whether the bonds or notes or interest to be funded or refunded has or has not become due; the establishment or increase of such reserves to secure or to pay the bonds or notes or interest thereon; and all other costs or expenses of the district agent incident to and necessary to carrying out its corporate purposes and powers.

Any provisions of law to the contrary notwithstanding, a bond issued pursuant to the "Revenue Allocation District Financing Act," sections 11 through 41 of P.L.2001, c.310 (C.52:27D-459 et seq.) shall be fully negotiable within the meaning and for all purposes of Title 12A of the New Jersey Statutes, and each holder of the bond, or a coupon appurtenant thereto, by accepting the bond or coupon shall be conclusively deemed to have agreed that the bond or coupon is and shall be fully negotiable within the meaning and for the purposes of that title.

C.52:27D-481 Issuance of bonds, notes.

33. Bonds or notes of the district agent shall be authorized by a resolution or resolutions of the district agent and may be issued in one or more series and shall bear such dates, mature at such times, bear interest at such rates of interest per annum, be in such denominations, be in such form, either coupon or registered, carry such conversion or registration privileges, have such rank or priority, be executed in such manner, be payable from such sources and in such medium of payment at such places within or without the State, and be subject to such terms of redemption, with or without premium, as the resolution or resolutions may provide.

Notwithstanding the provisions of any other law to the contrary related to such district agent, bonds or notes of the district agent may be sold at public or private sale at such price and in such manner as the district agent shall determine. Every bond shall mature and be paid not later than 35 years from the date thereof.

Bonds or notes may be issued under the provisions of the "Revenue Allocation District Financing Act," sections 11 through 41 of P.L.2001, c.310 (C.52:27D-459 et seq.) without any other proceeding or the occurrence of any other conditions or other things than those proceedings, conditions or things which are specifically required by the "Revenue Allocation District Financing Act," sections 11 through 41 of P.L.2001, c.310 (C.52:27D-459 et seq.).

Bonds or notes of the district agent issued under the provisions of the "Revenue Allocation District Financing Act," sections 11 through 41 of P.L.2001, c.310 (C.52:27D-459 et seq.) shall contain a statement to the effect that they are issued pursuant to the "Revenue Allocation District Financing Act," sections 11 through 41 of P.L.2001, c.310 (C.52:27D-459 et seq.) and entitled to the provisions of the "Revenue Allocation District Financing Act," sections 11 through 41 of P.L.2001, c.310 (C.52:27D-459 et seq.).

C.52:27D-482 Bonds, notes considered general obligations.

34. Each issue of bonds or notes of the district may, if it is determined by the district agent, be general obligations thereof payable out of any revenues, receipts or funds held by the district agent, subject only to any agreements with the holders of particular bonds or notes pledging any particular revenues or funds, and may be secured by one or more of the following:

a. pledge of eligible revenues and any other revenues derived from leases, sales agreements, service contracts or similar contractual arrangements with one or more persons, firms, partnerships or corporations, whether or not the same relate to the project or part thereof financed with the bonds or notes;

b. pledge of grants, subsidies, contributions or other payments to be received from the United States of America or any instrumentality thereof, or from any State, county or municipal governmental body or agency;

c. a first mortgage on all or any part of the property, real or personal, of the district agent then owned or thereafter to be acquired; or

d. pledge of any moneys, funds, accounts, securities and other funds, including the proceeds of the bonds or notes.

C.52:27D-483 Guarantee of bonds.

35. The municipal governing body may provide for the guarantee of any such bonds and may issue general obligation bonds to provide for the funding of such guarantee which shall be

authorized pursuant to the provisions of the "Local Bond Law," N.J.S.40A:2-1 et seq. Such guarantees shall be set forth in the final revenue allocation plan approved pursuant to section 23 of P.L.2001, c.310 (C.52:27D-471) . To the extent that the municipality provides for a full faith and credit guarantee of any loan to a redeveloper or any bonds but determines not to authorize the issuance of bonds or notes to provide for the funding source thereof, it may do so by resolution approved by a majority of the full governing body. To the extent that bonds or notes are authorized as provided above, such bonds or notes shall be authorized pursuant to the provisions of the "Local Bond Law," N.J.S.40A:2-1 et seq., and shall be deductible from the gross debt of the municipality until such time as such bonds or notes are actually issued, and only up to the amount actually issued, to fund such guarantee.

The district agent may file an application with the board to qualify an issue of its bonds pursuant to the "Municipal Qualified Bond Act," P.L.1976, c.38 (C.40A:3-1 et seq.) provided, however, that only municipal qualified bonds issued by a municipality, as defined in the "Municipal Qualified Bond Act," P.L.1976, c.38 (C.40A:3-1 et seq.) shall constitute debt of such municipality and be secured by the full faith and credit of such municipality. Intention to file such an application shall be set forth in the final revenue allocation plan approved pursuant to section 23 of P.L.2001, c.310 (C.52:27D-471) . Bonds may be issued by the district agent as municipal qualified bonds upon the review and approval of the board as provided in the "Municipal Qualified Bond Act," P.L.1976, c.38 (C.40A:3-1 et seq.). In considering the ordinance, the board may require the governing body to adopt resolutions restricting or limiting any future issuance of bonds for any purpose.

Upon the issuance of such bonds and certification to the State Treasurer of the name and address of the paying agent, the maturity schedule, interest rates and dates of payment of debt service, the State Treasurer shall withhold municipal qualified revenues payable to the municipality in amounts sufficient to pay debt service on such bonds as the same shall mature and become due. The State Treasurer shall on or before each principal and interest payment date forward such withheld amounts to the paying agent for the sole purpose of paying debt service on such bonds. As such withheld amounts are forwarded to the paying agent, the district agent shall return a like amount of eligible revenues received by the district agent, if any, which may be applied to the payment of municipal operating expenses.

Any financial instrument issued by a district agent that is secured in whole or in part by eligible revenues shall be subject to the review and approval of the board. That review and approval shall be made prior to approval of a resolution or agreement authorizing the financing. The board shall be entitled to receive from the applicant an amount sufficient to provide for all reasonable professional and other fees and expenses incurred by it for the review, analysis and determination with respect thereto. As part of its review, the board shall specifically solicit comments from the Office of State Planning in addition to comments from the public. As part of the board's review and approval, it shall consider where appropriate one or more of the following: whether the redevelopment project or plan promotes approaches and concepts to reduce congestion; enhance mobility; assist in the redevelopment of our municipalities; and otherwise improve the quality of life our citizens.

C.52:27D-484 Power of district agent to secure payment.

36. In any resolution of the district agent authorizing or relating to the issuance of any bonds or notes, the district agent, in order to secure the payment of the bonds or notes and in addition to its other powers, shall have power by provisions in that resolution, which shall constitute covenants by the district agent and contracts with the holders of the bonds or notes, to:

- a. secure the bonds or notes as provided in section 35 of P.L.2001, c.310 (C.52:27D-483);
- b. covenant against pledging all or any part of its revenues or receipts from its lease, sales arrangement, service contracts or other security instruments, of the revenues or receipts under any of the foregoing or the proceeds thereof, or against mortgaging or leasing all or any part of its real or personal property then owned or thereafter acquired, or against permitting or suffering any of the foregoing;
- c. covenant with respect to limitations on any right to sell, mortgage, lease or otherwise dispose of any project or any part thereof or any property of any kind;

- d. covenant as to any bonds and notes to be issued and the limitations thereon and the terms and conditions thereof and as to the custody, application, investment, and disposition of the proceeds thereof;
- e. covenant as to the issuance of additional bonds or notes or as to limitations on the issuance of additional bonds or notes and on the incurring of other debts by it;
- f. covenant as to the payment of the principal of or interest on the bonds or notes, or any other obligations, as to the sources and methods of the payment, as to the rank or priority of the bonds, notes or obligations with respect to any lien or security or as to acceleration of the maturity of the bonds, notes or obligations;
- g. provide for the replacement of lost, stolen, destroyed or mutilated bonds or notes;
- h. covenant against extending the time for the payment of bonds or notes or interest thereon;
- i. covenant as to the redemption of bonds or notes and privileges of exchange thereof for other bonds or notes of the district agent;
- j. covenant as to the fixing and collection of rents, fees, rates and other charges, the amount to be raised each year or other period of time by rents, fees, rates and other charges and as to the use and disposition to be made thereof;
- k. covenant to create or authorize the creation of special funds or moneys to be held in pledge or otherwise for construction, operating expenses, tax rebate, payment or redemption of bonds or notes; reserves or other purposes and as to the use, investment, and disposition of the moneys held in these funds;
- l. establish the procedure, if any, by which the terms of any contract or covenant with or for the benefit of the holders of bonds or notes may be amended or abrogated, the amount of bonds or notes the holders of which must consent thereto, and the manner in which the consent may be given;
- m. covenant as to the construction, improvement, operation or maintenance of any project and its other real and personal property, the replacement thereof, the insurance to be carried thereon, and the use and disposition of insurance moneys;
- n. provide for the release of property, leases or other agreements, or revenues and receipts from any pledge or mortgage and to reserve rights and powers in, or the right to dispose of, property which is subject to a pledge or mortgage;
- o. provide for the rights and liabilities, powers and duties arising upon the breach of any covenant, condition or obligation and prescribe the events of default and the terms and conditions upon which any or all of the bonds, notes or other obligations of the district agent shall become or may be declared due and payable before maturity and the terms and conditions upon which the declaration and its consequences may be waived;
- p. vest in a trustee or trustees within or without the State such property rights, powers and duties in trust as the district agent may determine, including the right to foreclose any mortgage, which may include any or all of the rights, powers and duties of any trustee appointed by the holders of any bonds or notes issued pursuant to this section and to limit or abrogate the right of the holders of any bonds or notes of the district agent to appoint a trustee under the "Revenue Allocation District Financing Act," P.L.2001, c.310 (C.52:27D-459 et seq.), and to limit the rights, duties and powers of the trustee;
- q. execute all mortgages, leases, sales agreements, service contracts, bills of sale, conveyances, deeds of trust and other instruments necessary or convenient in the exercise of its powers or in the performance of its covenants or duties;
- r. pay the costs or expenses incident to the enforcement of the bonds or notes or of the provisions of the resolution or of any covenant or agreement of the district agent with the holders of its bonds or notes;
- s. limit the rights of the holders of any bonds or notes to enforce any pledge or covenant securing bonds or notes; and
- t. make covenants other than or in addition to the covenants authorized by the "Revenue Allocation District Financing Act," P.L.2001, c.310 (C.52:27D-459 et seq.) of like or different character, and to make such covenants to do or refrain from doing such acts and things as may be necessary, or convenient and desirable, in order to better secure bonds or notes or which, in

the absolute discretion of the district agent will tend to make bonds or notes more marketable, notwithstanding that the covenants, acts or things may not be enumerated herein.

C.52:27D-485 Pledge of district agent valid, binding.

37. Any pledge of revenues, receipts, moneys, funds, levies, sales agreements, service contracts or other property or instruments made by the district agent shall be valid and binding from the time when the pledge is made. The revenues, receipts, moneys, funds or other property so pledged and thereafter received by the district agent or a subsidiary shall immediately be subject to the lien of the pledge without any physical delivery thereof or further act, and the lien of any pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the district agent irrespective of whether the parties have notice thereof. Neither the resolution nor any other instrument by which a pledge under this section is created need be filed or recorded except in the records of the district agent.

C.52:27D-486 Immunity from personal liability.

38. Neither the directors of the district agent nor any person executing bonds or notes issued pursuant to the "Revenue Allocation District Financing Act," P.L.2001, c.310 (C.52:27D-459 et seq.) shall be liable personally on the bonds or notes by reason of the issuance thereof.

C.52:27D-487 Establishment of reserves, funds, account.

39. The district agent may establish such reserves, funds or account as may be, in its discretion, necessary or desirable to further the accomplishment of the purposes of the district agent or to comply with the provisions of any agreement made by or any resolution of the district agent.

The State and all public officers, governmental units and agencies thereof, all banks, trust companies, savings banks and institutions, building and loan associations, savings and loan associations, investment companies, and other persons carrying on a banking business, all insurance companies, insurance associations and other persons carrying on an insurance business, and all executors, administrators, guardians, trustees and other fiduciaries may legally invest any sinking funds, moneys or other funds belonging to them or within their control in any bonds or notes issued pursuant to the "Revenue Allocation District Financing Act," P.L.2001, c.310 (C.52:27D-459 et seq.), and such bonds or notes shall be authorized security for any and all public deposits.

C.52:27D-488 Bonds exempt from taxation.

40. Bonds, notes or other obligations issued pursuant to the "Revenue Allocation District Financing Act," P.L.2001, c.310 (C.52:27D-459 et seq.) are for an essential public and governmental purpose, and the bonds, notes or other obligations, their transfer and the interest and premium, if any, thereon and the income therefrom, including any profit made on the sale thereof, and all assessments, charges, funds, revenues, income and other moneys pledged or available to pay or secure the payments of the bonds, or interest thereon, shall be exempt from taxation of every kind by the State and the municipality, except transfer inheritance and estate taxes unless exemptions from those taxes have been provided under other laws.

C.52:27D-489 Severability.

41. If any section, part, phrase, or provision of the "Revenue Allocation District Financing Act," P.L.2001, c.310 (C.52:27D-459 et seq.) of the application thereof to any person, project or circumstances, be adjudged invalid by any court of competent jurisdiction, such judgment shall be confined in its operation to the section, part, phrase, provision or application directly involved in the controversy in which such judgment shall have been rendered and shall not affect or impair the validity of the remainder of the "Revenue Allocation District Financing Act," P.L.2001, c.310 (C.52:27D-459 et seq.) or the application thereof to other persons, projects or circumstances.

42. Section 29 of P.L.1992, c.79 (C.40A:12A-29) is amended to read as follows:

C.40A:12A-29 Issuance of bonds, notes.

29. a. Bonds and notes issued by a redevelopment entity pursuant to this act shall be authorized by resolution of the redevelopment entity and may be issued in one or more series and shall be sold in any one of the following manners: (1) at public sale at not less than par after advertisement in a newspaper of general circulation in the municipality or county and in a financial paper published in the city of Philadelphia, Pennsylvania, or the city of New York, New York, one week prior to the sale; (2) at private sale without advertisement at not less than par to a municipality, county, the State or federal government; (3) at public sale to any willing buyer at less than par and at private sale to any willing buyer without advertisement at par or less than par, upon application to and prior approval of the Local Finance Board in the Department of Community Affairs.

b. (Deleted by amendment, P.L.2001, c.310).

c. Bonds issued to finance redevelopment projects may be secured by the assets and revenues of such projects. A municipality or redevelopment entity financing redevelopment projects through the issuance of bonds may pledge the property and revenues of those projects, or any of them, for repayment of those bonds, and shall pay such rate of interest thereon as the governing body may deem for the best interest of the county, municipality or redevelopment entity, as applicable.

d. Bonds issued to finance housing projects may be secured by the assets and revenues of those housing projects or by contractual agreements with the Federal government. A municipality, county, or housing authority financing housing projects through the issuance of bonds may pledge the property and revenues of those projects, or any of them, for the repayment of those bonds, and shall pay such rate of interest thereon as the county or municipal governing body, as the case may be, may deem for the best interest of the county or municipality.

e. Deleted by amendment, P.L.2001, c.310.

43. Section 30 of P.L.1992 c.79 (40A:12A-30) is amended to read as follows:

C.40A:12A-30 Power of redevelopment entity issue bonds, notes.

30. a. A redevelopment entity shall have the power and is hereby authorized to issue, from time to time, its bonds, bond anticipation notes and other notes and obligations in such principal amounts as in its opinion shall be necessary to provide sufficient funds for achieving any of its corporate purposes, including, but not limited to: the making of mortgage loans, the payment, funding or refunding of the principal of, or interest or redemption premiums on, any bonds, bond anticipation notes and other notes and obligations issued by it whether or not such have become due; the establishment or increase of reserves to secure or to pay such bonds, bond anticipation notes and other notes and obligations or interest thereon; and all costs or expenses incident to and necessary or convenient to carry out its corporate purposes and powers.

b. A redevelopment entity may issue such bonds, bond anticipation notes or other notes or obligations as it may determine, including bonds, bond anticipation notes or other notes or obligations as to which the principal and interest are payable: (1) exclusively from the income and revenues of the redevelopment entity resulting from projects financed with the proceeds of such bonds, bond anticipation notes or other notes or obligations; (2) exclusively from the income and revenues of the redevelopment entity resulting from certain projects, whether or not such projects were financed in whole or in part from the proceeds of such bonds, bond anticipation notes or other notes or obligations; or, (3) from its revenues generally. Any bonds, bond anticipation notes or other notes or obligations may be additionally secured by a pledge of any grant, subsidy or contribution from the United States of America or an agency or instrumentality thereof or the State or any agency, instrumentality or political subdivision thereof, or any person, firm or corporation or a pledge of any income or revenues, funds or moneys of the redevelopment entity from any source whatsoever.

c. Whether or not the bonds, bond anticipation notes and other notes and obligations issued pursuant to this act are of such form and character as to be negotiable instruments under the terms of Title 12A, Commercial Transactions, New Jersey Statutes, such bonds, bond anticipation notes and other notes and obligations and any coupon thereof are hereby made

negotiable instruments within the meaning of and for all the purposes of Title 12A, subject only to the provisions of the bonds and notes for registration.

d. Bonds, bond anticipation notes and other notes and obligations of a redevelopment entity issued under the provisions of this act shall not be in any way a debt or liability of the State or of any political subdivision thereof other than the redevelopment entity and shall not create or constitute any indebtedness, liability or obligation of the State or of any political subdivision, nor be or constitute a pledge of the faith and credit of the State or of any political subdivision; but all such bonds, bond anticipation notes and other notes and obligations, unless funded or refunded by bonds, bond anticipation notes or other notes or obligations of the redevelopment entity shall be payable from revenues or funds pledged or available for their payment as authorized in this act. Each bond, bond anticipation note or other note or obligation shall contain on its face a statement to the effect that the redevelopment entity is obligated to pay the principal thereof or the interest thereon only from the revenues or funds of the redevelopment entity, and that neither the State nor any political subdivision thereof is obligated to pay such principal or interest, and that neither the faith and credit nor the taxing power of the State or any political subdivision thereof is pledged to the payment of the principal of or the interest on such bonds, bond anticipation notes or other notes or obligations.

e. All expenses incurred in carrying out the provisions of this act shall be payable solely from revenues or funds provided or to be provided under the provisions of this act, and nothing in this act shall be construed to authorize a redevelopment entity to incur indebtedness or liability on behalf of or payable by this State or any political subdivision thereof.

44. Section 31 of P.L.1992, c.79 (C.40A:12A-31) is amended to read as follows:

C.40A:12A-31 Provisions of bond resolution.

31. Any bond resolution of a redevelopment entity providing for or authorizing the issuance of any bonds may contain provisions, and such entity, in order to secure the payment of such bonds and in addition to its other powers, shall have power by provision in such bond resolution to covenant and agree with the several holders of such bonds, as to:

- a. The custody, security, use, expenditure or application of the proceeds of the bonds;
- b. The construction and completion, or replacement, of any project;
- c. The use, regulation, operation, maintenance, insurance or disposition of any project, or restrictions on the exercise of the powers of the entity to dispose, or to limit or regulate the use, of any project;
- d. Payment of the principal of or interest on the bonds, or any other obligations, and the sources and methods thereof, the rank or priority of bonds or obligations as to any lien or security, or the acceleration of the maturity of bonds or obligations;
- e. The use and disposition of any moneys of the redevelopment entity, including project revenues;
- f. Pledging, setting aside, depositing or trusteeing all or any part of the revenues or other moneys of the redevelopment entity to secure the payment of the principal of or interest on the bonds or any other obligations or the payment of expenses of operation or maintenance of any project, and the powers and duties of any trustee with regard thereto;
- g. The setting aside out of the project revenues or other moneys of the redevelopment entity of reserves and sinking funds, and the source, custody, security, regulation, application and disposition thereof;
- h. Determination or definition of the project revenues or of the expenses of operation and maintenance of a project;
- i. The rents, rates, fees, or other charges in connection with, or for the use of services of, or otherwise relating to any project, including any parts thereof theretofore constructed or acquired and any parts, extensions, replacements or improvements thereof thereafter constructed or acquired, and the fixing, establishment, collection and enforcement of the same, the amount or amounts of project revenues to be produced thereby, and the disposition and application of the amounts charged or collected;
- j. The assumption or payment or discharge of any indebtedness, liens or other claims

relating to any part of any project or any obligations having or which may have a lien on any part of the project revenues:

k. Limitations on the issuance of additional bonds or any other obligations or on the incurrence of indebtedness of the redevelopment entity;

l. Limitations on the powers of the redevelopment entity to construct, acquire or operate any structures, facilities or properties which may compete or tend to compete with any of its projects;

m. Vesting in a trustee or trustees within or without the State such property, rights, powers and duties in trust as the redevelopment entity may determine which may include any or all of the rights, powers and duties of the trustee appointed by the holders of bonds pursuant to this act, and limiting or abrogating the right of such holders to appoint a trustee pursuant to this act or limiting the rights, duties and powers of such trustee;

n. Payment of the costs or expenses incident to the enforcement of the bonds or of the provisions of the bond resolution or of any covenant or agreement of the redevelopment entity with the holders of bonds;

o. The procedure, if any, by which the terms of any covenant or agreement with, or duty to, the holders of bonds may be amended or abrogated, the amount of bonds the holders of which must consent thereto, and the manner in which such consent may be given or evidenced; or

p. Any other matter or course of conduct which, by recital in the bond resolution, is declared to further secure the payment of the principal of or interest on bonds and to be part of any covenant or agreement with the holders of bonds.

All provisions of the bond resolution and all covenants and agreements shall constitute valid and legally binding contracts between the redevelopment entity and the several holders of the bonds, regardless of the time of issuance of such bonds, and shall be enforceable by any such holder or holders by appropriate action or proceeding in any court of competent jurisdiction, including a proceeding in lieu of prerogative writ.

45. Section 32 of P.L.1992, c.79 (C.40A:12A-32) is amended to read as follows:

C.40A:12A-32 Appointment of trustee for bondholders.

32. a. If the bond resolution of a redevelopment entity authorizing or providing for the issuance of a series of its bonds shall provide in substance that the holders of the bonds of such series shall be entitled to the benefits of this section, then if there shall be a default in the payment of principal of or interest on any bonds of such series after the same shall become due, whether at maturity or upon call for redemption, and default shall continue for a period of 30 days, or if the redevelopment entity shall fail or refuse to comply with any of the provisions of P.L.1992, c.79, or shall fail or refuse to carry out and perform the terms of any contract with the holders of the bonds, and failure or refusal shall continue for a period of 30 days after written notice to the redevelopment entity of its existence and nature, the holders of 25% in aggregate principal amount of the bonds of such series then outstanding by instrument or instruments filed in the office of the Secretary of State and proved or acknowledged in the same manner as a deed to be recorded, may appoint a trustee to represent the holders of the bonds of such series for the purposes provided in this section.

b. The trustee may, and upon written request of the holders of 25% in aggregate principal amount of the bonds of such series then outstanding shall, in his or its own name:

(1) By any action or proceeding, enforce all rights of the holders of such bonds, including the right to require the redevelopment entity to charge and collect charges adequate to carry out any contract as to, or pledge of, project revenues, and to require the entity to carry out and perform the terms of any contract with the holders of such bonds or its duties under P.L.1992, c.79;

(2) Bring an action upon all or any part of such bonds or interest coupons or claims appurtenant thereto;

(3) By action, require the redevelopment entity to account as if it were the trustee of an express trust for the holders of such bonds;

(4) By action, enjoin any acts or things which may be unlawful or in violation of the rights

of the holders of such bonds; or

(5) Declare all such bonds due and payable, whether or not in advance of maturity, upon 30 days' prior notice in writing to the redevelopment entity and, if all defaults shall be made good, then with the consent of the holders of 25% of the principal amount of such bonds then outstanding, annul such declaration and its consequences.

c. The trustee shall, in addition to the foregoing, possess all of the powers necessary for the exercise of the functions specifically set forth herein or incident to the general representation of the holders of bonds of such series in the enforcement and protection of their rights.

d. In any action or proceeding by the trustee, reasonable fees, counsel fees and expenses of the trustee and of the receiver, if any, appointed pursuant to P.L.1992, c.79, shall, if allowed by the court, constitute taxable costs and disbursements, and all costs and disbursements, allowed by the court, shall be a first charge upon any charges and revenues of the redevelopment entity pledged for the payment or security of bonds of such series.

46. Section 33 of P.L.1992, c.79 (C.40A:12A-33) is amended to read as follows:

C.40A:12A-33 Appointment of receiver.

33. If the bond resolution of a redevelopment entity authorizing or providing for the issuance of a series of its bonds shall provide in substance that the holders of the bonds of such series shall be entitled to the benefits of section 32 of P.L.1992, c.79 (C.40A:12A-32) and shall further provide in substance that a trustee appointed pursuant to that section or having the powers of such a trustee shall have the powers provided by this section, then the trustee, whether or not all of the bonds of such series shall have been declared due and payable, shall be entitled to the appointment of a receiver of the project or projects of the redevelopment entity, and such receiver may enter upon and take possession of the project or projects and, subject to any pledge or contract with the holders of bonds of the redevelopment entity, shall take possession of all moneys and other property derived from or applicable to the acquisition, construction, operation, maintenance or reconstruction of the project or projects and proceed in a commercially feasible manner with such acquisition, construction, operation, maintenance or reconstruction which the redevelopment entity is under any obligation to do, and operate, maintain and reconstruct the project or projects and fix, charge, collect, enforce and receive the charges and all revenues thereafter arising subject to any pledge thereof or contract with the holders of bonds relating thereto and perform the public duties and carry out the contracts and obligations of the redevelopment entity in the same manner as the agency or entity itself might do and under the direction of the court.

47. Section 34 of P.L.1992, c.79 (C.40A:12A-34) is amended to read as follows:

C.40A:12A-34 Property exempt from levy sale.

34. All property of a redevelopment entity shall be exempt from levy and sale by virtue of an execution, and no execution or other judicial process shall issue against the same, nor shall any judgment against a redevelopment entity be a charge or lien upon its property; provided, that nothing herein contained shall apply to or limit the rights of the holder of any bonds to pursue any available remedy for the enforcement of any pledge or lien given by a redevelopment entity.

48. This act shall take effect on the 60th day following enactment.

Approved January 3, 2002.