

LEGISLATIVE HISTORY CHECKLIST

NJSA: 40A:2-51.1

(Public employee pensions-
local systems-allow issuance
of refunding bonds)

LAWS OF: 1985

CHAPTER: 67

Bill No: S1985

Sponsor(s): Orechio

Date Introduced: June 25, 1984

Committee: Assembly: Revenue, Finance, and Appropriations

Senate: ///

Amended during passage: Yes
according to Governor's recommendations

Amendments denoted by
asterisks

Date of Passage:

Assembly: December 17, 1984 Re-enacted 2-25-85

Senate: November 19, 1984 Re-enacted 2-17-85

Date of Approval: March 5, 1985

Following statements are attached if available:

Sponsor statement: Yes (see below)

Committee statement: Assembly Yes

Senate No

Fiscal Note: No

Veto Message: Yes

Message on Signing: Yes

Following were printed:

Reports: No

Hearings: No

Sponsor's Statement:

The purpose of this bill is to permit local government units to
issue refunding bonds in order to fund the actuarial liabilities
of a non-State-administered public employee pension system.

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2-4-85

SENATE, No. 1985

STATE OF NEW JERSEY

INTRODUCED JUNE 25, 1984

By Senator ORECHIO

(Without Reference)

AN ACT concerning the issuance of refunding bonds and amending
N. J. S. 40A:2-51.

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

1 1. N. J. S. 40A:2-51 is amended to read as follows:

2 40A:2-51. Any local unit may incur indebtedness, borrow money,
3 authorize and issue negotiable refunding bonds, notwithstanding
4 any provision or limitation contained in this chapter or in any
5 other law, and in any amount determined to be necessary by the
6 governing body of the local unit and approved by the Local Finance
7 Board to effect the refunding for the purpose of:

8 a. Paying, funding or refunding outstanding bonds of the local
9 unit, including emergency appropriations [and], amounts owing to
10 others for taxes levied in the local unit, *and the actuarial liabilities*
11 *on a non-State administered public employee pension system*, or
12 any renewals or extensions thereof, or any bonds issued to fund
13 or refund the same and whether or not prior to the maturity or
14 earliest redemption date of the bonds to be refunded, and

15 b. Paying the cost of the issuance of such refunding bonds,
16 including printing, advertising, accounting and financial and legal
17 expenses.

1 2. This act shall take effect immediately.

STATEMENT

The purpose of this bill is to permit local governmental units to issue refunding bonds in order to fund the actuarial liabilities of a non-State administered public employee pension system.

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

ASSEMBLY REVENUE, FINANCE AND APPROPRIATIONS
COMMITTEE

STATEMENT TO

SENATE, No. 1985

STATE OF NEW JERSEY

DATED: DECEMBER 13, 1984

PROVISIONS:

This bill permits local governmental units to issue refunding bonds in order to fund the actuarial liabilities of a nonState administered public employee pension system.

This is an amendment to current law concerning the refunding of debt by local units. The refunding of these actuarial liabilities is subject to approval by the Local Finance Board as provided in current law.

FISCAL IMPACT:

A fiscal note is not yet available on this bill. However, because any refunding is a local unit cost, there is no impact on State costs or revenue. Any increase in costs would be borne by the local unit.

The committee favorably reports this bill.

STATE OF NEW JERSEY
EXECUTIVE DEPARTMENT

February 4, 1985

SENATE BILL NO. 1985

To the Senate:

Pursuant to Article V, Section 1, Paragraph 14 of the Constitution, I herewith return Senate Bill No. 1985 with my recommendations for reconsideration.

This bill would permit local governmental units to issue refunding bonds in order to fund the actuarial liabilities of non-State administered public employee pension systems. A companion piece of legislation, Senate Bill No. 1986, which I am also conditionally vetoing, would permit local governmental units to enter into long-term insurance contracts to fund the actuarial liability of these pension systems.

I am advised there are more than 30 non-State administered public employee pension systems that could be affected by this bill. Bonding for pension liabilities is a completely uncharted area of law and finance in this State, and indeed nationwide. I am willing to permit an experiment in this area in those counties that have demonstrated that they have a detailed plan ready to be undertaken for these purposes. The results will indicate whether this type of bonding should be extended to other circumstances.

I have directed the Division of Pensions in the Department of the Treasury to examine the whole area of the remaining outstanding non-State administered public employee pension systems. This review will lead to an orderly and complete investigation of the area.

Accordingly, I herewith return Senate Bill No. 1985 and recommend that it be amended as follows:

Page 1, Title: Delete "amending N.J.S.40A:2-51" insert "supplementing chapter 2 of Title 40A of the New Jersey Statutes"

Page 1, Section 1, lines 1 through 17: Delete in entirety. Insert new section 1 as follows:

"Notwithstanding the provisions of N.J.S. 40A:2-51 to the contrary, a county in which a pension fund has been established pursuant to P.L. 1943, c. 160 (C.43:10-18.1 et seq.) may incur indebtedness, borrow money, authorize and issue negotiable refunding bonds, and in any amount determined to be necessary

STATE OF NEW JERSEY
EXECUTIVE DEPARTMENT

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by the county and approved by the Local Finance Board to effect the refunding for the purpose of the actuarial liabilities of its pension system, in addition to the other purposes for which it may do the same under N.J.S. 40A:2-51."

Respectfully,

/s/ Thomas H. Kean
GOVERNOR

[seal]

Attest:

/s/ W. Cary Edwards
Chief Counsel

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SENATE, No. 1985

STATE OF NEW JERSEY

INTRODUCED JUNE 25, 1984

By Senator ORECHIO

(Without Reference)

AN ACT concerning the issuance of refunding bonds and ***[amending N. J. S. 40A:2-51]*** **supplementing chapter 2 of Title 40A of the New Jersey Statutes**.

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

1 ***[1. N. J. S. 40A:2-51 is amended to read as follows:**

2 40A:2-51. Any local unit may incur indebtedness, borrow money,
3 authorize and issue negotiable refunding bonds, notwithstanding
4 any provision or limitation contained in this chapter or in any
5 other law, and in any amount determined to be necessary by the
6 governing body of the local unit and approved by the Local Finance
7 Board to effect the refunding for the purpose of:

8 a. Paying, funding or refunding outstanding bonds of the local
9 unit, including emergency appropriations **[and]**, amounts owing to
10 others for taxes levied in the local unit, *and the actuarial liabilities*
11 *on a non-State administered public employee pension system, or*
12 *any renewals or extensions thereof, or any bonds issued to fund*
13 *or refund the same and whether or not prior to the maturity or*
14 *earliest redemption date of the bonds to be refunded, and*

15 b. Paying the cost of the issuance of such refunding bonds,
16 including printing, advertising, accounting and financial and legal
17 expenses.]*

1 **1. Notwithstanding the provisions of N. J. S. 40A:2-51 to the*
2 *contrary, a county in which a pension fund has been established*
3 *pursuant to P. L. 1943, c. 160 (C. 43:10-18.1 et seq.) may incur*
4 *indebtedness, borrow money, authorize and issue negotiable refund-*

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

Matter printed in italics *thus* is new matter.

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

*—Senate amendments adopted in accordance with Governor's recommendations February 14, 1985.

5 *ing bonds, and in any amount determined to be necessary by the*
6 *county and approved by the Local Finance Board to effect the*
7 *refunding for the purpose of the actuarial liabilities of its pension*
8 *system, in addition to the other purposes for which it may do the*
9 *same under N. J. S. 40A:2-51.**

1 2. This act shall take effect immediately.

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OFFICE OF THE GOVERNOR NEWS RELEASE

CN-001

Contact: PAUL WOLCOTT
609-292-8956

TRENTON, N.J. 08625

Release: MON., MARCH 11, 1985

Governor Thomas H. Kean has signed legislation establishing a program to pair elderly persons with pre-school and latchkey children who are in need of supervision while their parents are at work.

The \$95,000 demonstration project for the program will be administered by the Division on Aging. The bill creating the program, S-1530, was sponsored by State Senator Catherine A. Costa, D-Burlington.

"We have many older citizens who are eager to impart their warmth and wisdom to a younger generation," Kean said. "I think this program, which will pair older volunteers with young children whose parents are at work holds great promise for all who participate."

The bill was originally the subject of a conditional veto. The Governor recommended that the program be made a demonstration project at first, with funding going to those counties who have expressed an interest in such a program and who have developed a plan to implement it.

The Governor also signed the following bills, all of which were originally conditionally vetoed:

S-1985, sponsored by Senate President Carmen A. Orechio, D-Essex, which permits local government units to issue refunding bonds in order to fund the actuarial liabilities of non-State administered public employee pension programs.

- more -

185 W. State Street
Trenton, N. J.

S-1530 ET AL. SIGNED
PAGE TWO
MARCH 11, 1985

S-1986, a companion bill to S-1985, also sponsored by Senator Orechio, which allows local governments to enter into long-term insurance contracts to cover the actuarial liability of non-State administered pension plans.

In the case of both bills, the Governor recommended that the bill permit an experiment in this area in Essex County, where a detailed plan already exists to implement the bills.

S-1327, sponsored by State Senator Wynona M. Lipman, D-Essex, which creates an exception to the statute prohibiting common ownership of more than two alcoholic beverage retail licenses when the licenses are for use within the grounds of an international airport.

The Governor recommended the deletion of language added by the Senate which is considered to be superfluous and subject to misinterpretation.

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