

18A : 24-3

August 17, 1970

LEGISLATIVE NOTES ON R.S. 18A:24-3  
(Education Bond - 5 year maturity)

Previous bills (1967-1968)

1967-S254  
1967-A470

1968-A302  
1968-S407  
1968-S339

L. 1969 - Chap.201 - A743.

March 17 - Introduced by Azzolina.  
April 10 - Passed in Assembly.  
April 24 - Passed in Senate.  
April 21 - Vetoed by the Governor.  
Bill had statement. (copy enclosed)  
Not amended during passage.  
Governor's veto message (copy enclosed).  
December 1 - Passed over veto by Legislature.

Clipping located:

Bond sale 5-year wait is approved. *Asbury Park Press*  
(copy enclosed). ~~Approved~~ December 2, 1970

RSL/EH

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ASSEMBLY, No. 743

STATE OF NEW JERSEY

INTRODUCED MARCH 17, 1969

By Assemblymen AZZOLINA, AIKINS, De KORTE, COLEMAN,  
APY, RANDALL and MORAITES

(Without Reference)

AN ACT concerning temporary financing by school districts and  
amending section 18A:24-3 of the New Jersey Statutes.

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

1 1. Section 18A:24-3 of the New Jersey Statutes is amended to  
2 read as follows:

3 18A:24-3. Whenever an issue of bonds has been authorized pur-  
4 suant to this chapter, the governing body of a municipality com-  
5 prising a Type I school district, or the board of education of a Type  
6 II school district, may, in anticipation of the issuance of permanent  
7 bonds, by resolution, authorize the issuance of temporary notes or  
8 loan bonds of the municipality or district, as the case may be, as  
9 money is required by the board of education of the district for the  
10 projects for which the permanent bonds are authorized, in such  
11 principal sums (not exceeding in the aggregate the total principal  
12 amount of the permanent bonds), at such rates of interest and  
13 having such maturities (not exceeding 1 year and renewable, for  
14 not more than 1 year periods each, from time to time for not ex-  
15 ceeding **[3]** 5 years from the date of the original temporary notes  
16 or loan bonds; *provided, however, that no such notes or temporary*  
17 *loan bonds shall be renewed beyond the third anniversary date of*  
18 *the originals unless an amount of such notes or temporary loan*  
19 *bonds equal to the first legally payable installment of the bonds in*  
20 *anticipation of which said temporary obligations were issued is*  
21 *paid and retired in each year subsequent to said third anniversary*  
22 *date from funds other than the proceeds of obligations) and upon*  
23 *such other terms and conditions as shall be fixed in the respective*  
24 *resolutions authorizing the issuance of such temporary notes or*  
25 *loan bonds, in which resolutions may be set forth any other matters*  
26 *relating to the issuance thereof which may be requisite.*

1 2. This act shall take effect immediately.

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

**STATEMENT**

The purpose of this bill is to allow school districts to engage in temporary financing, in anticipation of issuing approved bonds, for a period up to 5 years, as compared with the present 3-year limitation, provided that the district commences repayments on principal after the third year of temporary financing. This legislation will give boards of education greater opportunity to avoid high interest rates on permanent bonds, while preserving the credit standing of the district through requiring amortization of the principal debt after the third year.

STATE OF NEW JERSEY  
EXECUTIVE DEPARTMENT

April 21, 1969

ASSEMBLY BILL NO. 743

To the General Assembly:

I herewith return Assembly Bill No. 743, without my approval. This bill would allow school districts to delay the issuance of permanent bonds by refinancing temporary notes for a period of up to five years, instead of the present three. For reasons set out in my statement rejecting the identical bill in 1968, a copy of my statement on the then A-302 is attached, I am vetoing this bill today.

However, I am today signing two bills which authorize both school districts and municipalities flexibility in permanent refinancing, Assembly Bill No. 816 and Assembly Bill No. 817, in the manner suggested in my message on A-302 of 1968.

It is my considered opinion that Assembly Bill No. 816 and Assembly Bill No. 817 provide the necessary safeguards to prevent unnecessary and careless speculation in the money markets.

Assembly Bill No. 743, however, provides none of these safeguards, and furthermore, it is inconsistent with the provisions of Assembly Bill No. 816 and Assembly Bill No. 817. If all three bills were to be signed, unnecessary confusion would result.

For these reasons, I am constrained to return this measure, without my approval.

Respectfully,

/s/ Richard J. Hughes

GOVERNOR

Attest:

/s/ Alan J. Karcher

Acting Secretary to the Governor