

P.L. 2003, CHAPTER 306, *approved January 14, 2004*
Assembly, No. 3934

1 AN ACT concerning municipal bonds and amending P.L.2003, c.15.

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

5

6 1. Section 11 of P.L.2003, c.15 (C.40A:2-8.1) is amended to read
7 as follows:

8 11. a. On and after the effective date of P.L.2003, c.15, a local
9 unit may, in anticipation of the issuance of bonds, borrow money and
10 issue notes if the bond ordinance or subsequent resolution so provides.
11 Any such note shall be designated as a "bond anticipation note" and
12 shall be subject to the following provisions:

13 (1) every note shall contain a recital that it is issued for a period
14 not exceeding one year and may be renewed from time to time for
15 additional periods, none of which shall exceed one year[, but];

16 (2) all such notes, including renewals, shall mature and be paid not
17 later than the first day of the fifth month following the close of the
18 tenth fiscal year next following the date of the original notes;
19 [provided, however, that] and

20 (3) (a) no such notes shall be renewed beyond the third anniversary
21 date of the original notes unless an amount of such notes, at least
22 equal to the first legally payable installment of the bonds in
23 anticipation of which those notes are issued, is paid and retired on or
24 before each subsequent anniversary date beyond which such notes are
25 renewed from funds other than the proceeds of obligations; or

26 (b) for a bond ordinance approved prior to the effective date of
27 P.L.2003, c.15, the governing body may choose to apply the following
28 renewal requirements instead of the requirements of subparagraph (a)
29 of this paragraph: no such notes shall be renewed beyond the third
30 anniversary date of the original notes unless an amount of such notes,
31 at least equal to the first legally payable installment of the bonds in
32 anticipation of which those notes are issued, is paid and retired on or
33 before the third anniversary date, and if such notes are renewed
34 beyond the fourth anniversary date of the original notes, a like amount
35 is paid or retired on or before the fourth anniversary date from funds
36 other than the proceeds of obligations.

37 b. The local finance board shall, in accordance with the provisions
38 of the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1
39 et seq.), adopt such rules and regulations as are necessary to
40 implement the provisions of this act.

41 (cf: P.L.2003, c.15, s.11)

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

Matter underlined thus is new matter.

1 2. This act shall take effect immediately.

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STATEMENT

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6 Current law allows a local unit to borrow money in anticipation of
7 bonds it may issue to cover the costs of certain capital improvement
8 projects if the local bond ordinance or resolution so provides. Section
9 11 of P.L.2003, c.15 (C.40A:2-8.1) also establishes the schedule and
10 time frame for the renewal and repayment of these "bond anticipation
11 notes."

12 Bond anticipation notes are currently required to be issued for a
13 one-year period, and may be renewed for three additional one-year
14 periods without any payment due to the lending institution. However,
15 the law does not allow for renewals beyond the third anniversary date
16 of the original notes unless an amount at least equal to the first legally
17 payable installment of the bonds in anticipation of which the notes
18 were issued is paid and retired on or before each subsequent
19 anniversary date, from funds other than the proceeds of obligations.
20 Furthermore, all notes, including renewals, mature and are required to
21 be paid not later than the first day of the fifth month following the
22 close of the tenth fiscal year next following the date the notes were
23 originally issued.

24 This bill allows for an alternative renewal and repayment schedule
25 for bond anticipation notes issued pursuant to bond ordinances
26 approved prior to February 3, 2003, the effective date of section 11 of
27 P.L.2003, c.15 (C.40A:2-8.1). Under this alternative schedule, a
28 renewal beyond the third anniversary would not be granted unless an
29 amount at least equal to the first legally payable installment of the
30 bonds in anticipation of which the notes were issued is paid and retired
31 on or before the third anniversary date. Furthermore, if these notes
32 are renewed beyond the fourth anniversary date of the original notes,
33 a like amount would be required to be paid and retired on or before
34 the fourth anniversary date, from funds other than the proceeds of
35 obligations, but no payments are required in subsequent years.

36 This amendment essentially reinstates certain provisions repealed by
37 section 12 of P.L.2003, c.15, and is intended to allow those
38 municipalities and counties that had bond ordinances in effect to
39 maintain the debt repayment schedules in place according to the law
40 at the time the schedules were planned.

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45 Amends local bond law regarding debt repayment schedules.

ASSEMBLY, No. 3934

STATE OF NEW JERSEY 210th LEGISLATURE

INTRODUCED DECEMBER 11, 2003

Sponsored by:

Assemblyman ALBIO SIRES

District 33 (Hudson)

Assemblyman JOSEPH V. DORIA, JR.

District 31 (Hudson)

SYNOPSIS

Amends local bond law regarding debt repayment schedules.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 12/16/2003)

A3934 SIRES, DORIA

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17 later than the first day of the fifth month following the close of the
18 tenth fiscal year next following the date of the original notes;
19 [provided, however, that] and

20 (3)(a) no such notes shall be renewed beyond the third anniversary
21 date of the original notes unless an amount of such notes, at least
22 equal to the first legally payable installment of the bonds in
23 anticipation of which those notes are issued, is paid and retired on or
24 before each subsequent anniversary date beyond which such notes are
25 renewed from funds other than the proceeds of obligations; or

26 (b) for a bond ordinance approved prior to the effective date of
27 P.L.2003, c.15, the governing body may choose to apply the following
28 renewal requirements instead of the requirements of subparagraph (a)
29 of this paragraph: no such notes shall be renewed beyond the third
30 anniversary date of the original notes unless an amount of such notes,
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37 b. The local finance board shall, in accordance with the provisions
38 of the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1
39 et seq.), adopt such rules and regulations as are necessary to
40 implement the provisions of this act.

41 (cf: P.L.2003, c.15, s.11)

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43 2. This act shall take effect immediately.

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STATEMENT

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3 Current law allows a local unit to borrow money in anticipation of
4 bonds it may issue to cover the costs of certain capital improvement
5 projects if the local bond ordinance or resolution so provides. Section
6 11 of P.L.2003, c.15 (C.40A:2-8.1) also establishes the schedule and
7 time frame for the renewal and repayment of these "bond anticipation
8 notes."

9 Bond anticipation notes are currently required to be issued for a
10 one-year period, and may be renewed for three additional one-year
11 periods without any payment due to the lending institution. However,
12 the law does not allow for renewals beyond the third anniversary date
13 of the original notes unless an amount at least equal to the first legally
14 payable installment of the bonds in anticipation of which the notes
15 were issued is paid and retired on or before each subsequent
16 anniversary date, from funds other than the proceeds of obligations.
17 Furthermore, all notes, including renewals, mature and are required to
18 be paid not later than the first day of the fifth month following the
19 close of the tenth fiscal year next following the date the notes were
20 originally issued.

21 This bill allows for an alternative renewal and repayment schedule
22 for bond anticipation notes issued pursuant to bond ordinances
23 approved prior to February 3, 2003, the effective date of section 11 of
24 P.L.2003, c.15 (C.40A:2-8.1). Under this alternative schedule, a
25 renewal beyond the third anniversary would not be granted unless an
26 amount at least equal to the first legally payable installment of the
27 bonds in anticipation of which the notes were issued is paid and retired
28 on or before the third anniversary date. Furthermore, if these notes
29 are renewed beyond the fourth anniversary date of the original notes,
30 a like amount would be required to be paid and retired on or before
31 the fourth anniversary date, from funds other than the proceeds of
32 obligations, but no payments are required in subsequent years.

33 This amendment essentially reinstates certain provisions repealed by
34 section 12 of P.L.2003, c.15, and is intended to allow those
35 municipalities and counties that had bond ordinances in effect to
36 maintain the debt repayment schedules in place according to the law
37 at the time the schedules were planned.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3934

STATE OF NEW JERSEY

DATED: DECEMBER 11, 2003

The Assembly Appropriations Committee reports favorably Assembly Bill No. 3934.

Assembly Bill No. 3934 amends local bond law regarding debt repayment schedules to "grandfather" renewal and repayment schedules for bond anticipation notes issued pursuant to bond ordinances approved prior to February 3, 2003, the effective date of section 11 of P.L.2003, c.15 (C.40A:2-8.1).

Current law allows a local governmental unit to borrow money in anticipation of bonds it may issue to cover the costs of certain capital improvement projects if the local bond ordinance or resolution so provides. Section 11 of P.L.2003, c.15 (C.40A:2-8.1) also establishes the schedule and time frame for the renewal and repayment of these "bond anticipation notes."

Bond anticipation notes are currently required to be issued for a one-year period, and may be renewed for three additional one-year periods without any payment due to the lending institution. However, the law does not allow for renewals beyond the third anniversary date of the original notes unless an amount at least equal to the first legally payable installment of the bonds in anticipation of which the notes were issued is paid and retired on or before each subsequent anniversary date, from funds other than the proceeds of obligations. Furthermore, all notes, including renewals, mature and are required to be paid not later than the first day of the fifth month following the close of the tenth fiscal year next following the date the notes were originally issued.

This bill allows for an alternative renewal and repayment schedule for bond anticipation notes issued pursuant to bond ordinances approved prior to February 3, 2003, the effective date of section 11 of P.L.2003, c.15 (C.40A:2-8.1). Under this alternative schedule, a renewal beyond the third anniversary would not be granted unless an amount at least equal to the first legally payable installment of the bonds in anticipation of which the notes were issued is paid and retired on or before the third anniversary date. Furthermore, if these notes are renewed beyond the fourth anniversary date of the original notes, a like amount would be required to be paid and retired on or before the fourth anniversary date, from funds other than the proceeds of

obligations, but no payments are required in subsequent years.

This amendment essentially reinstates certain provisions repealed by section 12 of P.L.2003, c.15, and is intended to allow those municipalities and counties that had bond ordinances in effect to maintain the debt repayment schedules in place according to the law at the time the schedules were planned.

FISCAL IMPACT:

This bill has no impact on State revenues or expenditures. The bill has no necessary impact on local government unit finances, as its provisions are permissive.