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P.L. 2002, CHAPTER 4, *approved March 18, 2002*
Senate, No. 13 (*First Reprint*)

1 **AN ACT** providing for the transfer of funds by the New Jersey Housing
2 and Mortgage Finance Agency to the State for housing and related
3 purposes, supplementing P.L.1983, c.530 (C.55:14K-1 et seq.).
4

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

7
8 1. Notwithstanding the provisions of any law to the contrary, the
9 New Jersey Housing and Mortgage Finance Agency established
10 pursuant to P.L.1983, c.530 (C.55:14K-1 et seq.) shall transfer, on or
11 before the fifth day after enactment of this supplementary act, from
12 unencumbered reserves in the funds of the agency, an amount not to
13 exceed \$25,000,000, as shall be determined by the State Treasurer, to
14 the State Treasury for deposit in the State General Fund. The amount
15 deposited in the State General Fund shall be available to pay for
16 appropriations made from the General Fund ¹[to the Department of
17 Community Affairs]¹ for housing and related needs of New Jersey
18 residents.
19

20 2. This act shall take effect immediately.
21
22
23

24 _____
25 Directs NJHMFA to transfer up to \$25 million in unencumbered
26 reserves to the State for housing and related purposes.

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.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Senate SBA committee amendments adopted February 21, 2002.

SENATE, No. 13

STATE OF NEW JERSEY 210th LEGISLATURE

INTRODUCED FEBRUARY 11, 2002

Sponsored by:

Senator RONALD L. RICE

District 28 (Essex)

SYNOPSIS

Directs NJHMFA to transfer up to \$25 million in unencumbered reserves to the State for housing and related purposes.

CURRENT VERSION OF TEXT

As introduced.



S13 RICE

2

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2 and Mortgage Finance Agency to the State for housing and related
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16 appropriations made from the General Fund to the Department of
17 Community Affairs for housing and related needs of New Jersey
18 residents.

19
20 2. This act shall take effect immediately.
21
22

23 STATEMENT
24

25 This bill supplements the "New Jersey Housing and Mortgage
26 Finance Agency Law of 1983," P.L.1983, c.530 (C.55:14K-1 et seq.)
27 to provide for the transfer of unencumbered reserves of up to
28 \$25 million in the funds of the New Jersey Housing and Mortgage
29 Finance Agency to the State Department of Community Affairs for
30 housing and related purposes.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 13

with committee amendments

STATE OF NEW JERSEY

DATED: FEBRUARY 21, 2002

The Senate Budget and Appropriations Committee reports favorably and with committee amendments Senate Bill No. 13.

This bill directs the New Jersey Housing and Mortgage Finance Agency (NJHMFA) to transfer up to \$25 million to the State Treasury for housing and related needs.

The NJHMFA is an independent authority, in but not of the Department of Community Affairs (DCA). Its statutory duties include the provision of loans and other forms of financial assistance for owner-occupied and rental housing for low and moderate income households. The Agency is authorized to issue tax-exempt revenue bonds to finance some of its activities. It is not dependent on State appropriations to support its programs or operations.

The bill directs the Agency, within five days of the bill's enactment, to transfer from its unencumbered reserves to the Treasury up to \$25 million; the specific amount to be transferred shall be determined by the State Treasurer. The sum so transferred will then be deposited in the General Fund and available to pay for appropriations for housing and related needs.

COMMITTEE AMENDMENTS

Committee amendments remove a provision that would have limited the eligible housing and related programs that the transferred moneys are to support to programs within DCA.

The presumed intent of this bill as introduced was to provide funding for FY2002 to replace realty transfer fee revenue that, under related legislation, was to be exempt from a statutory mandate that it be deposited into fund dedicated to certain housing programs, so that the fee revenue could instead remain in the General Fund for use in addressing an expected FY2002 budget deficit. Anticipating the possibility that the exemption to the fee dedication mandate may not be enacted (in which case the dedication would stand), the amendments contemplate that the NJHMFA moneys transferred to the General Fund under the bill will be used to pay for housing program appropriations, replacing the general revenue otherwise required to

support those appropriations. Those general revenue resources may then be designated to provide the \$25 million in deficit relief. The amendment ensures that, if the amount transferred exceeds the funding requirements of housing programs otherwise funded through the DCA's FY2002 General Fund appropriation, it can be used to finance General Fund-supported housing programs in other departments.

FISCAL IMPACT

The Agency's balance sheet for the year ending June 30, 2001, as summarized in the State's FY2001 Comprehensive Annual Financial Report, shows unreserved retained earnings of \$277.4 million. These earnings, roughly similar to an undesignated surplus in the State Government budget, accumulate from the excess of annual operating income (e.g., service fees and investment income) over operating costs (e.g., salaries). It is assumed that the current financial position of the Agency would permit at least \$25 million in unreserved retained earnings, available in cash, to be disbursed to the General Fund within five days of the bill's enactment.

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 13

STATE OF NEW JERSEY

210th LEGISLATURE

DATED: MARCH 19, 2002

SUMMARY

Synopsis: Directs NJHMFA to transfer up to \$25 million in unencumbered reserves to the State for housing and related purposes.

Type of Impact: Increase in revenue to the General Fund.

Agencies Affected: New Jersey Housing and Mortgage Finance Agency.

Office of Legislative Services Estimate

Fiscal Impact	FY 2002	FY 2003	FY 2004
State Revenue	\$25 million	None	None

- ! This bill directs the New Jersey Housing and Mortgage Finance Agency (NJHMFA), within five days of the bill's enactment, to transfer from its unencumbered reserves up to \$25 million, the specific amount to be determined by the State Treasurer, to the General Fund.
- ! This legislation allows the moneys transferred to the General Fund under the provisions of this bill to be used to pay for housing program appropriations, replacing the general revenue otherwise required to support those appropriations. The amount transferred can therefore be used to finance General Fund-supported housing programs in other departments of State government.
- ! The NJHMFA's balance sheet for the year ending June 30, 2001, as summarized in the State's 2001 Comprehensive Annual Financial Report, shows unreserved retained earnings of \$277.4 million. It is assumed that the current financial position of the NJHMFA would permit at least \$25 million in unreserved retained earnings, available in cash, to be distributed to the General Fund within five days of the bill's enactment.

BILL DESCRIPTION

Senate Bill No. 13 (1R) directs the New Jersey Housing and Mortgage Finance Agency to transfer from its unencumbered reserves an amount to be determined by the State Treasurer not to exceed \$25 million to the General Fund, for housing and related purposes.

FISCAL ANALYSIS***EXECUTIVE BRANCH***

None received.

OFFICE OF LEGISLATIVE SERVICES

The NJHMFA is an independent authority, in but not of the Department of Community Affairs (DCA). Its statutory duties include the provision of loans and other forms of financial assistance for owner-occupied and rental housing for low and moderate income households. The NJHMFA is authorized to issue tax-exempt revenue bonds to finance some of its activities. It is not dependent on State appropriations to support its programs or operations.

The NJHMFA's balance sheet for the year ending June 30, 2001, as summarized in the State's 2001 Comprehensive Annual Financial Report, shows unreserved retained earnings of \$277.4 million. These earnings, roughly equivalent to undesignated surplus in the State budget, accumulate from the excess of annual operating income (e.g., service fees and investment income) over operating costs (e.g., salaries). It is assumed that the current financial position of the NJHMFA would permit at least \$25 million in unreserved retained earnings, available in cash, to be distributed to the General Fund within five days of the bill's enactment.

Section: *Local Government*

Analyst: *Mark L. McCaslin*
Senior Fiscal Analyst

Approved: *Alan R. Kooney*
Legislative Budget and Finance Officer

This fiscal estimate has been prepared pursuant to P.L.1980, c.67.

ASSEMBLY, No. 2002

STATE OF NEW JERSEY
210th LEGISLATURE

INTRODUCED FEBRUARY 11, 2002

Sponsored by:

Assemblyman DONALD TUCKER

District 28 (Essex)

Assemblyman WILLIAM D. PAYNE

District 29 (Essex and Union)

SYNOPSIS

Directs NJHMFA to transfer up to \$25 million in unencumbered reserves to the State for housing and related purposes.

CURRENT VERSION OF TEXT

As introduced.



A2002 TUCKER, PAYNE

2

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27 to provide for the transfer of unencumbered reserves of up to
28 \$25 million in the funds of the New Jersey Housing and Mortgage
29 Finance Agency to the State Department of Community Affairs for
30 housing and related purposes.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2002

with Assembly committee amendments

STATE OF NEW JERSEY

DATED: MARCH 4, 2002

The Assembly Appropriations Committee reports favorably Assembly Bill No. 2002, with committee amendments.

Assembly Bill No. 2002, as amended, directs the New Jersey Housing and Mortgage Finance Agency (NJHMFA) to transfer up to \$25 million to the State Treasury for housing and related needs.

The NJHMFA is an independent authority, in but not of the Department of Community Affairs (DCA). Its statutory duties include the provision of loans and other forms of financial assistance for owner-occupied and rental housing for low and moderate income households. The NJHMFA is authorized to issue tax-exempt revenue bonds to finance some of its activities. It is not dependent on State appropriations to support its programs or operations.

The bill directs the NJHMFA, within five days of the bill's enactment, to transfer from its unencumbered reserves to the Treasury up to \$25 million; the specific amount to be transferred shall be determined by the State Treasurer. The sum so transferred will then be deposited in the General Fund and available to pay for appropriations for housing and related needs.

FISCAL IMPACT:

The NJHMFA's balance sheet for the year ending June 30, 2001, as summarized in the State's FY2001 Comprehensive Annual Financial Report, shows unreserved retained earnings of \$277.4 million. These earnings, roughly similar to an undesignated surplus in the State government budget, accumulate from the excess of annual operating income (e.g., service fees and investment income) over operating costs (e.g., salaries). It is assumed that the current financial position of the NJHMFA permits at least \$25 million in unreserved retained earnings, available in cash, to be disbursed to the General Fund within five days of the bill's enactment.

COMMITTEE AMENDMENTS:

The amendments remove a provision that would have limited the eligible housing and related programs that the transferred moneys are to support to programs within DCA.

The presumed purpose of this bill as introduced was to provide funding for FY2002 to replace realty transfer fee revenue that, under related legislation, was to have been released from a statutory dedication to certain housing programs, so that the transfer fee revenue could instead remain in the General Fund for use in addressing an expected FY2002 budget deficit. Anticipating the possibility that the exemption to the fee dedication may not be enacted (in which case the dedication would stand), the amendments contemplate that the NJHMFA moneys transferred to the General Fund under the bill will be used to pay for housing program appropriations, replacing the general revenue otherwise required to support those appropriations. Those general revenue resources may then be designated to provide the \$25 million in deficit relief. The amendment ensures that, if the amount transferred exceeds the funding requirements of housing programs otherwise funded through the DCA's FY2002 General Fund appropriation, it can be used to finance General Fund-supported housing programs in other departments.

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 2002

STATE OF NEW JERSEY

210th LEGISLATURE

DATED: MARCH 26, 2002

SUMMARY

Synopsis: Directs NJHMFA to transfer up to \$25 million in unencumbered reserves to the State for housing and related purposes.

Type of Impact: Increase in revenue to the General Fund.

Agencies Affected: New Jersey Housing and Mortgage Finance Agency.

Office of Legislative Services Estimate

Fiscal Impact	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>
State Revenue	\$25 million	None	None

- ! This bill directs the New Jersey Housing and Mortgage Finance Agency (NJHMFA), within five days of the bill's enactment, to transfer from its unencumbered reserves up to \$25 million, the specific amount to be determined by the State Treasurer, to the General Fund.
- ! This legislation allows the moneys transferred to the General Fund under the provisions of this bill to be used to pay for housing program appropriations, replacing the general revenue otherwise required to support those appropriations. The amount transferred can therefore be used to finance General Fund-supported housing programs in other departments of State government.
- ! The NJHMFA's balance sheet for the year ending June 30, 2001, as summarized in the State's 2001 Comprehensive Annual Financial Report, shows unreserved retained earnings of \$277.4 million. It is assumed that the current financial position of the NJHMFA would permit at least \$25 million in unreserved retained earnings, available in cash, to be distributed to the General Fund within five days of the bill's enactment.

BILL DESCRIPTION

Assembly Bill No. 2002 (1R) directs the New Jersey Housing and Mortgage Finance Agency to transfer from its unencumbered reserves an amount to be determined by the State Treasurer not to exceed \$25 million to the General Fund, for housing and related purposes.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The NJHMFA is an independent authority, in but not of the Department of Community Affairs (DCA). Its statutory duties include the provision of loans and other forms of financial assistance for owner-occupied and rental housing for low and moderate income households. The NJHMFA is authorized to issue tax-exempt revenue bonds to finance some of its activities. It is not dependent on State appropriations to support its programs or operations.

The NJHMFA's balance sheet for the year ending June 30, 2001, as summarized in the State's 2001 Comprehensive Annual Financial Report, shows unreserved retained earnings of \$277.4 million. These earnings, roughly equivalent to undesignated surplus in the State budget, accumulate from the excess of annual operating income (e.g., service fees and investment income) over operating costs (e.g., salaries). It is assumed that the current financial position of the NJHMFA would permit at least \$25 million in unreserved retained earnings, available in cash, to be distributed to the General Fund within five days of the bill's enactment.

Section: *Local Government*

Analyst: *Mark L. McCaslin*
Senior Fiscal Analyst

Approved: *Alan R. Kooney*
Legislative Budget and Finance Officer

This fiscal estimate has been prepared pursuant to P.L.1980, c.67.

■ **Press Releases**

PO BOX 004
TRENTON, NJ 08625

Contact: Paul Aronsohn
609-777-2600

RELEASE: March 18, 2002

[Previous Screen](#)

McGreevey Signs into Law Six Budget Remedies for FY 2002
Governor credits bipartisan spirit as key to passage

(TRENTON)-Governor James E. McGreevey commended the bipartisan spirit of the Legislature today as he signed into law six pieces of legislation that constitute key components of his Fiscal Year 2002 budget proposal. McGreevey had outlined his proposal during an emergency address to the Legislature on February 11th.

"Today, I am proud to announce that a spirit of bipartisanship has prevailed," said McGreevey. "On February 11th, I announced a series of proposals requiring legislative approval to close the remainder of this year's \$3 billion shortfall. I urged the members of the Legislature to join me in setting aside partisan politics and in working together toward this common goal. Today, that goal was accomplished."

In February, McGreevey stood before a joint session of the Legislature and outlined his plan to balance the FY 2002 budget, which contained a deficit of nearly \$3 billion. In addition to announcing a broad range of executive actions to save the State approximately \$1 billion, McGreevey stated that in order to balance the remainder of the budget, legislative action on certain proposals would be necessary.

The six bills signed into law today will provide over \$287 million towards solving this year's \$3 billion problem. Four of these bills transfer money out of accounts in which it is not being used. The fifth bill extends by 15 days the deadline for distributing the Energy Tax Receipts Property Tax Relief Fund to municipalities operating on a calendar year budget. The sixth bill creates a tax amnesty program, which establishes a 60-day period for payment of any outstanding tax liability for returns due between January 1, 1996 and January 1, 2002.

These bills are:

- **NJ Housing and Mortgage Financing Authority Transfer:** Directs the NJHMFA to transfer funds from its reserves into the General Fund. This bill is expected to provide an additional \$25 million in revenues.

S-13 (Rice D-Essex)
A-2002 (Tucker D-Essex, Payne D-Essex, Union)

- Health Care Facilities Financing Authorities Transfer:** Provides for a transfer \$16.5 million of NJHCFFA reserves to the General Fund for the purposes of hospital charity care.

S-19 (Vitale D-Middlesex, Buono D-Middlesex)
A-2005 (Weinberg D-Bergen, Quigley D-Bergen, Hudson)
- Temporary Disability Insurance Fund Transfer:** Provides for a transfer of funds up to \$50 million from the State Temporary Disability Insurance Fund to the General Fund.

S-17 (Codey D-Essex)
A-2006 (Cohen D-Union, Wisniewski D-Middlesex)
- Second Injury Fund Surcharge Transfer:** Concerns the calculation of Second Injury Fund surcharges and would provide an additional \$20 million in revenues.

S-15 (Adler D-Camden)
A-2007 (Weinberg D-Bergen, Steele D-Bergen, Passaic)
- Energy Tax:** Extends by 15 days the time for distribution of a portion of the Energy Tax Receipts Property Tax Relief Fund aid to be paid to municipalities on a calendar year budget. This bill is expected to provide an additional \$26 million in revenues.

S-12 (Suliga, D-Middlesex, Somerset, Union)
A-2004 (Caraballo (D-Essex, Union; Impreveduto D-Bergen, Hudson)
- Tax Amnesty:** Establishes a 60-day tax amnesty period for the payment of any outstanding tax liability for returns due between January 1, 1996 and January 1, 2002. Any taxpayer who failed to pay State taxes during this period has until June 10, 2002 to pay the due taxes without penalty. This bill is expected to raise an additional \$150 million in revenues.

S-16/ S-404 (Buono D-Middlesex; Kavanaugh R-Morris, Somerset; Lance R-Warren, Hunterdon)
A-2001 (Greenwald D-Camden; Pou D-Bergen, Passaic)

On March 26th, McGreevey will again address the Legislature on how he plans to close the \$6 billion budget gap facing the State in the next fiscal year. He said he will work to forge the same bipartisan spirit as his Administration works with the Legislature to provide a fiscally responsible budget.

"I am confident that the same spirit of cooperation that has led to the passage of these bills will continue to guide us as we complete this year's budget and work together to address the \$6 billion challenge that lies ahead for next year," said McGreevey.

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