



**FOLLOWING WERE PRINTED:**

To check for circulating copies, contact New Jersey State Government Publications at the State Library (609) 278-2640 ext. 103 or <mailto:refdesk@njstatelib.org>

**REPORTS:**

No

**HEARINGS:**

No

**NEWSPAPER ARTICLES:**

No

P.L. 2002, CHAPTER 42, *approved July 12, 2002*  
Senate, No. 577 (*Second Reprint*)

1 **AN ACT** authorizing the issuance of refunding bonds to refund certain  
2 actuarial liabilities of local governments and boards of education,  
3 supplementing chapter 2 of Title 40A of the New Jersey Statutes  
4 and amending various parts of the statutory law.

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

8  
9 1. (New section) Notwithstanding the provisions of N.J.S.40A:2-  
10 51 to the contrary, a county or municipality may incur indebtedness,  
11 borrow money, authorize and issue negotiable refunding bonds, in any  
12 amount determined to be necessary by the county or the municipality  
13 and approved by the Local Finance Board to effect the refunding for  
14 the purpose of retiring the present value of the unfunded accrued  
15 liability for early retirement incentive benefits granted pursuant to  
16 P.L.1991, c.229, P.L.1991, c.230, P.L.1993, c.138, P.L.1993, c.181,  
17 <sup>1</sup>[and]<sup>1</sup> P.L.1993, c.99, <sup>1</sup>and P.L.1999, c.59,<sup>1</sup> in addition to the other  
18 purposes for which it may do the same under N.J.S.40A:2-51. The  
19 system actuary shall calculate the present value of the unfunded  
20 liability due and owing by the municipality or county on a date certain  
21 upon the request of the county or municipality. For purposes of this  
22 section, "county" means any county of any class and all boards or  
23 commissions organized under such county, including but not limited  
24 to welfare boards, boards of social services, park commissions and  
25 mosquito control authorities.

26  
27 2. Section 2 of P.L.1969, c.130 (C.18A:24-61.2) is amended to  
28 read as follows:

29 2. Notwithstanding the provisions of any other law or any debt  
30 limitation or requirement for down payment or for referendum or other  
31 action by legal voters, refunding bonds may be authorized and issued  
32 for the purpose of paying, funding or refunding; any refunded  
33 bonds; the cost of retiring the present value of the unfunded accrued  
34 liability due and owing by a board of education, as calculated by the  
35 system actuary for a date certain upon the request of a board of  
36 education, for early retirement incentive benefits granted by the board  
37 of education pursuant to P.L.1991, c.231 and P.L.1993, c.163; and  
38 **[paying]** the cost or expense of issuing refunding bonds including  
39 printing, advertising, accounting, financial, legal or other expense in

**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:**

<sup>1</sup> Senate SCU committee amendments adopted February 25, 2002.

<sup>2</sup> Assembly floor amendments adopted May 20, 2002.

1 connection therewith. Obligations to be paid, funded or refunded with  
2 respect to which an ordinance authorizing the issuance of refunding  
3 bonds has been adopted pursuant to this act and not otherwise  
4 deductible shall be excluded in calculating the net school debt of a  
5 municipality or a district. Refunding bonds shall be authorized (a) in  
6 the case of any county or municipality by refunding bond ordinance  
7 enacted in the manner or mode of procedure provided for adoption of  
8 a refunding bond ordinance pursuant to the Local Bond Law,  
9 constituting chapter 2 of Title 40A, Municipalities and Counties, of  
10 the New Jersey Statutes, and (b) in the case of a Type II school  
11 district by an ordinance (herein called the "refunding bond ordinance")  
12 adopted by the board of education of such school district as provided  
13 in this chapter.

14 (cf: P.L.1978, c.75, s.2)

15

16 3. Section 8 of P.L.1948, c.198 (C.40:11A-8) is amended to read  
17 as follows:

18 8. Every authority shall have power to issue its bonds from time to  
19 time in its discretion for any of its corporate purposes, including: the  
20 paying or retiring of any bonds previously issued by it; paying the cost  
21 of retiring the present value of the unfunded accrued liability due and  
22 owing by an authority, as calculated by the system actuary for a date  
23 certain upon the request of an authority, for early retirement incentive  
24 benefits granted by the authority pursuant to P.L.1991, c.230 and  
25 P.L.1993, c.181; and the payment of any expense incurred or  
26 expected to be incurred and payable by it. Said authority may issue  
27 such types of bonds as it may determine, including (without limiting  
28 the generality of the foregoing) bonds on which the principal and  
29 interest are payable (a) exclusively from the income and revenues of  
30 the parking project financed with the proceeds of such bonds; (b)  
31 exclusively from the income and revenues of certain designated  
32 parking projects whether or not they are financed in whole or in part  
33 with the proceeds of such bonds; or (c) from its revenues generally.  
34 Any such bonds may be additionally secured by a pledge of any grant  
35 or contributions from the Federal Government, State or county, or  
36 municipality, or a pledge of any income or revenues of the authority,  
37 or a mortgage of any parking project, projects or other property of  
38 the authority. This act shall be complete authority for the issuance of  
39 bonds by an authority, and the provisions of any other law shall not  
40 apply to the issuance of such bonds. Whenever and for so long as any  
41 authority has issued and has outstanding bonds pursuant to this act, it  
42 shall be the mandatory duty of the authority to fix, charge and collect  
43 rents, rates and other charges in accordance with clause (f) of  
44 paragraph (4) of section 6 of this act.

45 (cf: P.L.1958, c.22, s.4)

1       4. Section 3 of P.L.1946, c.138 (C.40:14A-3) is amended to read  
2 as follows:

3       3. As used in this act, unless a different meaning clearly appears  
4 from the context:

5       (1) "Municipality" shall mean any city of any class, any borough,  
6 village, town, township, or any other municipality other than a county  
7 or a school district, and except when used in section 4 or 21 of this  
8 act, any agency thereof or any two or more thereof acting jointly or  
9 any joint meeting or other agency of any two or more thereof;

10       (2) "County" shall mean any county of any class;

11       (3) "Governing body" shall mean, in the case of a county, the board  
12 of chosen freeholders, or in the case of those counties organized  
13 pursuant to the provisions of the "Optional County Charter Law"  
14 P.L.1972, c.154 (C.40:41A-1 et seq.), the board of chosen freeholders  
15 and the county executive, the county supervisor or the county  
16 manager, as appropriate, and, in the case of a municipality, the  
17 commission, council, board or body, by whatever name it may be  
18 known, having charge of the finances of the municipality;

19       (4) "Person" shall mean any person, association, corporation,  
20 nation, State or any agency or subdivision thereof, other than a county  
21 or municipality of the State or a sewerage authority;

22       (5) "Sewerage or water reclamation authority" shall mean a public  
23 body created pursuant to section 4 of this act;

24       (6) Subject to the exceptions provided in section 4 of this act,  
25 "district" shall mean the area within the territorial boundaries of the  
26 county, or of the municipality or municipalities, which created or  
27 joined in the creation of a sewerage authority;

28       (7) "Local unit" shall mean the county, or any municipality, which  
29 created or joined in the creation of a sewerage authority;

30       (8) "Sewerage system" shall mean the plants, structures, on-site  
31 waste-water systems, and other real and personal property acquired,  
32 constructed, maintained or operated or to be acquired, constructed,  
33 maintained or operated by a sewerage authority for the purposes of the  
34 sewerage authority, including sewers, conduits, pipe lines, mains,  
35 pumping and ventilating stations, sewage treatment or disposal  
36 systems, plants and works, connections, and outfalls, compensating  
37 reservoirs, and other plants, structures, boats, conveyances, and other  
38 real and personal property, and rights therein, and appurtenances  
39 necessary or useful and convenient for the collection, treatment,  
40 purification or disposal in a sanitary manner of any sewage, liquid or  
41 solid wastes, night soil or industrial wastes;

42       (9) "Cost" shall mean, in addition to the usual connotations  
43 thereof, the cost of acquisition or construction of all or any part of a  
44 sewerage system and of all or any property, rights, easements,  
45 privileges, agreements and franchises deemed by the sewerage  
46 authority to be necessary or useful and convenient therefor or in

1 connection therewith and the cost of retiring the present value of the  
2 unfunded accrued liability due and owing by a sewerage authority, as  
3 calculated by the system actuary for a date certain upon the request of  
4 a sewerage authority, for early retirement incentive benefits granted by  
5 the sewerage authority pursuant to P.L.1991, c.230 and P.L.1993,  
6 c.181, including interest or discount on bonds, cost of issuance of  
7 bonds, engineering and inspection costs and legal expenses, costs of  
8 financial, professional and other estimates and advice, organization,  
9 administrative, operating and other expenses of the sewerage  
10 authority prior to and during such acquisition or construction, and all  
11 such other expenses as may be necessary or incident to the financing,  
12 acquisition, construction and completion of said sewerage system or  
13 part thereof and the placing of the same in operation, and also such  
14 provision or reserves for working capital, operating, maintenance or  
15 replacement expenses or for payment or security of principal of or  
16 interest on bonds during or after such acquisition or construction as  
17 the sewerage authority may determine, and also reimbursements to the  
18 sewerage authority or any county, municipality or other person of any  
19 moneys theretofore expended for the purposes of the sewerage  
20 authority or to any county or municipality of any moneys theretofore  
21 expended for in connection with sanitation facilities;

22 (10) "Real property" shall mean lands both within and without the  
23 State, and improvements thereof or thereon, or any rights or interests  
24 therein;

25 (11) "Construct" and "construction" shall connote and include acts  
26 of construction, reconstruction, replacement, extension, improvement  
27 and betterment of a sewerage system;

28 (12) "Industrial wastes" shall mean liquid or other wastes resulting  
29 from any processes of industry, manufacture, trade or business or  
30 from the development of any natural resource;

31 (13) "Sewage" shall mean the water-carried wastes created in and  
32 carried, or to be carried, away from, or to be processed by on-site  
33 wastewater systems, residences, hotels, apartments, schools, hospitals,  
34 industrial establishments, or any other public or private building,  
35 together with such surface or ground water and industrial wastes as  
36 may be present;

37 (14) "On-site wastewater system" means any of several works,  
38 facilities, septic tanks or other devices, used to collect, treat, reclaim,  
39 or dispose of wastewater or sewage on or adjacent to the property on  
40 which the wastewater or sewage is produced, or to convey such  
41 wastewater or sewage from said property to such facilities as the  
42 authority may establish for its disposal;

43 (15) "Pollution" means the condition of water resulting from the  
44 introduction therein of substances of a kind and in quantities rendering  
45 it detrimental or immediately or potentially dangerous to the public  
46 health, or unfit for public or commercial use;

1 (16) "Ordinance" means a written act of the governing body of a  
2 municipality adopted and otherwise approved and published in the  
3 manner or mode of procedure prescribed for ordinances tending to  
4 obligate such municipality pecuniarily;

5 (17) "Resolution" means a written act of the governing body of a  
6 local unit adopted and otherwise approved in the manner or mode of  
7 procedure prescribed for resolutions tending to obligate such local unit  
8 pecuniarily;

9 (18) "Bonds" shall mean bonds or other obligations issued pursuant  
10 to this act; and

11 (19) "Compensating reservoir" shall mean the structures, facilities  
12 and appurtenances for the impounding, transportation and release of  
13 water for the replenishment in periods of drought or at other necessary  
14 times of all or a part of waters in or bordering the State diverted into  
15 a sewer, sewage treatment or sewage disposal system operated by the  
16 sewerage authority.

17 (cf: P.L.2001, c.123, s.1)

18

19 5. Section 3 of P.L.1957, c.183 (C.40:14B-3) is amended to read  
20 as follows:

21 3. As used in this act, unless a different meaning clearly appears  
22 from the context:

23 (1) "Municipality" shall mean any city of any class, any borough,  
24 village, town, township, or any other municipality other than a county  
25 or a school district, and except when used in section 4, 5, 6, 11, 12,  
26 13, 42 or 45 of this act, any agency thereof or any two or more thereof  
27 acting jointly or any joint meeting or other agency of any two or more  
28 thereof;

29 (2) "County" shall mean any county of any class;

30 (3) "Governing body" shall mean, in the case of a county, the board  
31 of chosen freeholders, or in the case of those counties organized  
32 pursuant to the provisions of the "Optional County Charter Law"  
33 P.L.1972, c.154; (C.40:41A-1 et seq.), the board of chosen  
34 freeholders and the county executive, the county supervisor or the  
35 county manager, as appropriate, and, in the case of a municipality, the  
36 commission, council, board or body, by whatever name it may be  
37 known, having charge of the finances of the municipality;

38 (4) "Person" shall mean any person, association, corporation,  
39 nation, state or any agency or subdivision thereof, other than a county  
40 or municipality of the State or a municipal authority;

41 (5) "Municipal or water reclamation authority" shall mean a public  
42 body created or organized pursuant to section 4, 5 or 6 of this act and  
43 shall include a municipal utilities authority created by one or more  
44 municipalities and a county utilities authority created by a county;

45 (6) Subject to the exceptions provided in section 10, 11 or 12 of  
46 this act, "district" shall mean the area within the territorial boundaries  
47 of the county, or of the municipality or municipalities, which created

1 or joined in or caused the creation or organization of a municipal  
2 authority;

3 (7) "Local unit" shall mean the county, or any municipality, which  
4 created or joined in or caused the creation or organization of a  
5 municipal authority;

6 (8) "Water system" shall mean the plants, structures and other real  
7 and personal property acquired, constructed or operated or to be  
8 acquired, constructed or operated by a municipal authority or by any  
9 person to whom a municipal authority has extended credit for this  
10 purpose for the purposes of the municipal authority, including  
11 reservoirs, basins, dams, canals, aqueducts, standpipes, conduits,  
12 pipelines, mains, pumping stations, water distribution systems,  
13 compensating reservoirs, waterworks or sources of water supply,  
14 wells, purification or filtration plants or other plants and works,  
15 connections, rights of flowage or division, and other plants, structures,  
16 boats, conveyances, and other real and personal property, and rights  
17 therein, and appurtenances necessary or useful and convenient for the  
18 accumulation, supply redistribution of water;

19 (9) "Sewerage system" shall mean the plants, structures, on-site  
20 wastewater systems and other real and personal property acquired,  
21 constructed or operated or to be acquired, constructed, maintained or  
22 operated by a municipal authority or by any person to whom a  
23 municipal authority has extended credit for this purpose for the  
24 purposes of the municipal authority, including sewers, conduits,  
25 pipelines, mains, pumping and ventilating stations, sewage treatment  
26 or disposal systems, plants and works, connections, outfalls,  
27 compensating reservoirs, and other plants, structures, boats,  
28 conveyances, and other real and personal property, and rights therein,  
29 and appurtenances necessary or useful and convenient for the  
30 collection, treatment, purification or disposal in a sanitary manner of  
31 any sewage, liquid or solid wastes, night soil or industrial wastes;

32 (10) "Utility system" shall mean a water system, solid waste  
33 system, sewerage system, or a hydroelectric system or any  
34 combination of such systems, acquired, constructed or operated or to  
35 be acquired, constructed or operated by a municipal authority or by  
36 any person to whom a municipal authority has extended credit for this  
37 purpose;

38 (11) "Cost" shall mean, in addition to the usual connotations  
39 thereof, the cost of acquisition or construction of all or any part of a  
40 utility system and of all or any property, rights, easements, privileges,  
41 agreements and franchises deemed by the municipal authority to be  
42 necessary or useful and convenient therefor or in connection therewith  
43 and the cost of retiring the present value of the unfunded accrued  
44 liability due and owing by a municipal authority, as calculated by the  
45 system actuary for a date certain upon the request of a municipal  
46 authority, for early retirement incentive benefits granted by the



1 municipal authority pursuant to P.L.1991, c.230 and P.L.1993, c.181,  
2 including interest or discount on bonds, cost of issuance of bonds,  
3 engineering and inspection costs and legal expenses, cost of financial,  
4 professional and other estimates and advice, organization,  
5 administrative, operating and other expenses of the municipal  
6 authority prior to and during such acquisition or construction, and all  
7 such other expenses as may be necessary or incident to the financing,  
8 acquisition, construction and completion of said utility system or part  
9 thereof and the placing of the same in operation, and also such  
10 provision or reserves for working capital, operating, maintenance or  
11 replacement expenses or for payment or security of principal of or  
12 interest on bonds during or after such acquisition or construction as  
13 the municipal authority may determine, and also reimbursements to the  
14 municipal authority or any county, municipality or other person of any  
15 moneys theretofore expended for the purposes of the municipal  
16 authority or to any county or municipality of any moneys theretofore  
17 expended for or in connection with water supply, solid waste, water  
18 distribution, sanitation or hydroelectric facilities;

19 (12) "Real property" shall mean lands both within or without the  
20 State, and improvements thereof or thereon, or any rights or interests  
21 therein;

22 (13) "Construct" and "construction" shall connote and include acts  
23 of construction, reconstruction, replacement, extension, improvement  
24 and betterment of a utility system;

25 (14) "Industrial wastes" shall mean liquid or other wastes resulting  
26 from any processes of industry, manufacture, trade or business or from  
27 the development of any natural resource, and shall include any  
28 chemical wastes or hazardous wastes;

29 (15) "Sewage" shall mean the water-carried wastes created in and  
30 carried, or to be carried, away from, or to be processed by on-site  
31 wastewater systems, residences, hotels, apartments, schools, hospitals,  
32 industrial establishments, or any other public or private building,  
33 together with such surface or ground water and industrial wastes and  
34 leacheate as may be present;

35 (16) "On-site wastewater system" means any of several facilities,  
36 septic tanks or other devices, used to collect, treat, reclaim, or dispose  
37 of wastewater or sewage on or adjacent to the property on which the  
38 wastewater or sewage is produced, or to convey such wastewater or  
39 sewage from said property to such facilities as the authority may  
40 establish for its disposal;

41 (17) "Pollution" means the condition of water resulting from the  
42 introduction therein of substances of a kind and in quantities rendering  
43 it detrimental or immediately or potentially dangerous to the public  
44 health, or unfit for public or commercial use;

45 (18) "Bonds" shall mean bonds or other obligations issued pursuant  
46 to this act;

1 (19) "Service charges" shall mean water service charges, solid  
2 waste service charges, sewer service charges, hydroelectric service  
3 charges or any combination of such charges, as said terms are defined  
4 in section 21 or 22 of this act or in section 7 of this amendatory and  
5 supplementary act;

6 (20) "Compensating reservoir" shall mean the structures, facilities  
7 and appurtenances for the impounding, transportation and release of  
8 water for the replenishment in periods of drought or at other necessary  
9 times of all or a part of waters in or bordering the State diverted into  
10 a utility system operated by a municipal authority;

11 (21) "Sewage or water reclamation authority" shall mean a public  
12 body created pursuant to the Sewerage Authorities Law P.L.1946,  
13 c.138 (C.40:14A-1 et.seq.) or the acts amendatory thereof or  
14 supplemental thereto;

15 (22) "County sewer authority" shall mean a sanitary sewer district  
16 authority created pursuant to the act entitled "An act relating to the  
17 establishment of sewerage districts in first- and second-class counties,  
18 the creation of Sanitary Sewer District Authorities by the establishing  
19 of such districts, prescribing the powers and duties of any such  
20 authority and of other public bodies in connection with the  
21 construction of sewers and sewage disposal facilities in any such  
22 district, and providing the ways and means for paying the costs of  
23 construction and operation thereof," approved April 23, 1946  
24 (P.L.1946, c.123), or the acts amendatory thereof or supplemental  
25 thereto;

26 (23) "Chemical waste" shall mean a material normally generated by  
27 or used in chemical, petrochemical, plastic, pharmaceutical,  
28 biochemical or microbiological manufacturing processes or petroleum  
29 refining processes, which has been selected for waste disposal and  
30 which is known to hydrolize, ionize or decompose, which is soluble,  
31 burns or oxidizes, or which may react with any of the waste materials  
32 which are introduced into the landfill, or which is buoyant on water,  
33 or which has a viscosity less than that of water or which produces a  
34 foul odor. Chemical waste may be either hazardous or nonhazardous;

35 (24) "Effluent" shall mean liquids which are treated in and  
36 discharged by sewage treatment plants;

37 (25) "Hazardous wastes" shall mean any waste or combination of  
38 waste which poses a present or potential threat to human health, living  
39 organisms or the environment. "Hazardous waste" shall include, but  
40 not be limited to, waste material that is toxic, corrosive, irritating,  
41 sensitizing, radioactive, biologically infectious, explosive or  
42 flammable;

43 (26) "Leachate" shall mean a liquid that has been in contact with  
44 solid waste and contains dissolved or suspended materials from that  
45 solid waste;

46 (27) "Recycling" shall mean the separation, collection, processing

1 or recovery of metals, glass, paper, solid waste and other materials for  
2 reuse or for energy production and shall include resource recovery;

3 (28) "Sludge" shall mean any solid, semisolid, or liquid waste  
4 generated from a municipal, industrial or other sewage treatment plant,  
5 water supply treatment plant, or air pollution control facility, or any  
6 other such waste having similar characteristics and effects; "sludge"  
7 shall not include effluent;

8 (29) "Solid waste" shall mean garbage, refuse, and other discarded  
9 materials resulting from industrial, commercial and agricultural  
10 operations, and from domestic and community activities, and shall  
11 include all other waste materials including sludge, chemical waste,  
12 hazardous wastes and liquids, except for liquids which are treated in  
13 public sewage treatment plants and except for solid animal and  
14 vegetable wastes collected by swine producers licensed by the State  
15 Department of Agriculture to collect, prepare and feed such wastes to  
16 swine on their own farms;

17 (30) "Solid waste system" shall mean and include the plants,  
18 structures and other real and personal property acquired, constructed  
19 or operated or to be acquired, constructed or operated by an authority  
20 or by any person to whom a municipal authority has extended credit  
21 for this purpose pursuant to the provisions of this act, including  
22 transfer stations, incinerators, recycling facilities, including facilities  
23 for the generation, transmission and distribution of energy derived  
24 from the processing of solid waste, sanitary landfill facilities or other  
25 property or plants for the collection, recycling or disposal of solid  
26 waste and all vehicles, equipment and other real and personal property  
27 and rights thereon and appurtenances necessary or useful and  
28 convenient for the collection, recycling, or disposal of solid waste in  
29 a sanitary manner;

30 (31) "Hydroelectric system" shall mean the plants, structures and  
31 other real and personal property acquired, constructed or operated or  
32 to be acquired, constructed or operated by an authority pursuant to the  
33 provisions of this act, including all that which is necessary or useful  
34 and convenient for the generation, transmission and sale of  
35 hydroelectric power at wholesale;

36 (32) "Hydroelectric power" shall mean the production of electric  
37 current by the energy of moving water;

38 (33) "Sale of hydroelectric power at wholesale" shall mean any sale  
39 of hydroelectric power to any person for purposes of resale of such  
40 power.

41 (cf: P.L.2001, c.123, s.3)

42

43 6. Section 2 of P.L.1960, c.183 (C.40:37A-45) is amended to read  
44 as follows:

45 2. As used in this act, unless a different meaning clearly appears  
46 from the context:

- 1 (a) "Authority" shall mean a public body created pursuant to this  
2 act;
- 3 (b) "Bond resolution" shall have the meaning ascribed thereto in  
4 section 17 of P.L.1960, c.183 (C.40:37A-60);
- 5 (c) "Bonds" shall mean bonds, notes or other obligations issued  
6 pursuant to this act;
- 7 (d) "Construct" and "construction" shall connote and include acts  
8 of clearance, demolition, construction, development or redevelopment,  
9 reconstruction, replacement, extension, improvement and betterment;
- 10 (e) "Cost" shall mean, in addition to the usual connotations thereof,  
11 the cost of planning, acquisition or construction of all or any part of  
12 any public facility or facilities of an authority and of all or any  
13 property, rights, easements, privileges, agreements and franchises  
14 deemed by the authority to be necessary or useful and convenient  
15 therefor or in connection therewith and the cost of retiring the present  
16 value of the unfunded accrued liability due and owing by the authority,  
17 as calculated by the system actuary for a date certain upon the request  
18 of the authority, for early retirement incentive benefits granted by the  
19 authority pursuant to P.L.1991, c.230 and P.L.1993, c.181, including  
20 interest or discount on bonds, cost of issuance of bonds, architectural,  
21 engineering and inspection costs and legal expenses, cost of financial,  
22 professional and other estimates and advice, organization,  
23 administrative, operating and other expenses of the authority prior to  
24 and during such acquisition or construction, and all such other  
25 expenses as may be necessary or incident to the financing, acquisition,  
26 construction and completion of such public facility or facilities or part  
27 thereof and the placing of the same fully in operation or the disposition  
28 of the same, and also such provision or reserves for working capital,  
29 operating, maintenance or replacement expenses or for payment or  
30 security of principal of or interest on bonds during or after such  
31 acquisition or construction as the authority may determine, and also  
32 reimbursements to the authority or any governmental unit or person of  
33 any moneys theretofore expended for the purposes of the authority;
- 34 (f) The term "county" shall mean any county of any class of the  
35 State and shall include, without limitation, the terms "the county" and  
36 "beneficiary county" defined in this act, and the term "the county" shall  
37 mean the county which created an authority pursuant to this act;
- 38 (g) "Development project" shall mean any lands, structures, or  
39 property or facilities acquired or constructed or to be acquired or  
40 constructed by an authority for the purposes of the authority described  
41 in subsection (e) of section 11 of P.L.1960, c.183 (C.40:37A-54);
- 42 (h) "Facility charges" shall have the meaning ascribed to said term  
43 in section 14 of P.L.1960, c.183 (C.40:37A-57);
- 44 (i) "Facility revenues" shall have the meaning ascribed to said term  
45 in subsection (e) of section 20 of P.L.1960, c.183 (C.40:37A-63);
- 46 (j) "Governing body" shall mean, in the case of a county, the board

1 of chosen freeholders, or in the case of a county operating under  
2 article 3 or 5 of the "Optional County Charter Law" (P.L.1972, c.154;  
3 C.40:41A-1 et seq.) as defined thereunder, and, in the case of a  
4 municipality, the commission, council, board or body, by whatever  
5 name it may be known, having charge of the finances of the  
6 municipality;

7 (k) "Governmental unit" shall mean the United States of America  
8 or the State or any county or municipality or any subdivision,  
9 department, agency, or instrumentality heretofore or hereafter created,  
10 designated or established by or for the United States of America or the  
11 State or any county or municipality;

12 (l) "Local bond law" shall mean chapter 2 of Title 40A,  
13 Municipalities and Counties, of the New Jersey Statutes (N.J.S.) as  
14 amended and supplemented;

15 (m) "Municipality" shall mean any city, borough, village, town, or  
16 township of the State but not a county or a school district;

17 (n) "Person" shall mean any person, partnership, association,  
18 corporation or entity other than a nation, state, county or municipality  
19 or any subdivision, department, agency or instrumentality thereof;

20 (o) "Project" shall have the meaning ascribed to said term in  
21 section 17 of P.L.1960, c.183 (C.40:37A-60);

22 (p) "Public facility" shall mean any lands, structures, franchises,  
23 equipment, or other property or facilities acquired, constructed,  
24 owned, financed, or leased by the authority or any other governmental  
25 unit or person to accomplish any of the purposes of an authority  
26 authorized by section 11 of P.L.1960, c.183 (C.40:37A-54);

27 (q) "Real property" shall mean lands within or without the State,  
28 above or below water, and improvements thereof or thereon, or any  
29 riparian or other rights or interests therein;

30 (r) "Garbage and solid waste disposal system" shall mean the  
31 plants, structures and other real and personal property acquired,  
32 constructed or operated or to be acquired, constructed or operated by  
33 a county improvement authority, including incinerators, sanitary  
34 landfill facilities or other plants for the treatment and disposal of  
35 garbage, solid waste and refuse matter and all other real and personal  
36 property and rights therein and appurtenances necessary or useful and  
37 convenient for the collection and treatment or disposal in a sanitary  
38 manner of garbage, solid waste and refuse matter (but not including  
39 sewage);

40 (s) "Garbage, solid waste or refuse matter" shall mean garbage,  
41 refuse and other discarded materials resulting from industrial,  
42 commercial and agricultural operations, and from domestic and  
43 community activities, and shall include all other waste materials  
44 including sludge, chemical waste, hazardous wastes and liquids, except  
45 for liquids which are treated in public sewage treatment plants and  
46 except for solid animal and vegetable wastes collected by swine

1 producers licensed by the State Department of Agriculture to collect,  
2 prepare and feed such wastes to swine on their own farms;

3 (t) "Blighted, deteriorated or deteriorating area" may include an  
4 area determined heretofore by the municipality to be blighted in  
5 accordance with the provisions of P.L.1949, c.187, repealed by  
6 P.L.1992, c.79 (C.40:55-21.1 et seq.) and, in addition, areas which are  
7 determined by the municipality, pursuant to the same procedures as  
8 provided in said law, to be blighted, deteriorated or deteriorating  
9 because of structures or improvements which are dilapidated or  
10 characterized by disrepair, lack of ventilation or light or sanitary  
11 facilities, faulty arrangement, location, or design, or other unhealthful  
12 or unsafe conditions;

13 (u) "Redevelopment" may include planning, replanning,  
14 conservation, rehabilitation, clearance, development and  
15 redevelopment; and the construction and rehabilitation and provision  
16 for construction and rehabilitation of residential, commercial,  
17 industrial, public or other structures and the grant or dedication or  
18 rededication 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 or  
21 appurtenant thereto, in accordance with a redevelopment plan  
22 approved by the governing body of a municipality;

23 (v) "Redevelopment plan" shall mean a plan as it exists from time  
24 to time for the redevelopment of all or any part of a redevelopment  
25 area, which plan shall be sufficiently complete to indicate such land  
26 acquisition, demolition and removal of structures, redevelopment,  
27 improvements, conservation or rehabilitation as may be proposed to  
28 be carried out in the area of the project, zoning and planning changes,  
29 if any, land uses, maximum densities, building requirements, the plan's  
30 relationship to definite local objectives respecting appropriate land  
31 uses, improved traffic, public transportation, public utilities,  
32 recreational and community facilities, and other public improvements  
33 and provision for relocation of any residents and occupants to be  
34 displaced in a manner which has been or is likely to be approved by the  
35 Department of Community Affairs pursuant to the "Relocation  
36 Assistance Law of 1967," P.L.1967, c.79 (C.52:31B-1 et seq.) and the  
37 "Relocation Assistance Act," P.L.1971, c.362 (C.20:4-1 et seq.) and  
38 rules and regulations pursuant thereto;

39 (w) "Redevelopment project" shall mean any undertakings and  
40 activities for the elimination, and for the prevention of the  
41 development or spread, of blighted, deteriorated, or deteriorating  
42 areas and may involve any work or undertaking pursuant to a  
43 redevelopment plan; such undertaking may include: (1) acquisition of  
44 real property and demolition, removal or rehabilitation of buildings and  
45 improvements thereon; (2) carrying out plans for a program of  
46 voluntary repair and rehabilitation of buildings or other improvements;

1 and (3) installation, construction or reconstruction of streets, utilities,  
2 parks, playgrounds or other improvements necessary for carrying out  
3 the objectives of the redevelopment project;

4 (x) "Redeveloper" shall mean any person or governmental unit that  
5 shall enter into or propose to enter into a contract with an authority  
6 for the redevelopment of an area or any part thereof under the  
7 provisions of this act;

8 (y) "Redevelopment area" shall mean an area of a municipality  
9 which the governing body thereof finds is a blighted area or an area in  
10 need of rehabilitation whose redevelopment is necessary to effectuate  
11 the public purposes declared in this act. A redevelopment area may  
12 include lands, buildings, or improvements which of themselves are not  
13 detrimental to the public health, safety or welfare, but whose inclusion  
14 is found necessary, with or without change in their condition, for the  
15 effective redevelopment of the area of which they are a part;

16 (z) "Sludge" shall mean any solid, semisolid, or liquid waste  
17 generated from a municipal, industrial or other sewage treatment plant,  
18 water supply treatment plant, or air pollution control facility, or any  
19 other such waste having similar characteristics and effects, but shall  
20 not include effluent; and

21 (aa) "Beneficiary county" shall mean any county that has not  
22 created an authority pursuant to this act.

23 (cf: P.L.1994, c.76, s.1)

24

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

27 30. a. A redevelopment entity shall have the power and is hereby  
28 authorized to issue, from time to time, its bonds, bond anticipation  
29 notes and other notes and obligations in such principal amounts as in  
30 its opinion shall be necessary to provide sufficient funds for achieving  
31 any of its corporate purposes, including, but not limited to: the  
32 making of mortgage loans, the payment, funding or refunding of the  
33 principal of, or interest or redemption premiums on, any bonds, bond  
34 anticipation notes and other notes and obligations issued by it whether  
35 or not such have become due; the establishment or increase of reserves  
36 to secure or to pay such bonds, bond anticipation notes and other  
37 notes and obligations or interest thereon; and all costs or expenses  
38 incident to and necessary or convenient to carry out its corporate  
39 purposes and powers, including but not limited to the payment of the  
40 cost of retiring the present value of the unfunded accrued liability due  
41 and owing by a redevelopment agency or housing authority, as  
42 calculated by the system actuary for a date certain upon the request of  
43 a redevelopment agency or housing authority, for early retirement  
44 incentive benefits granted by the redevelopment agency or housing  
45 authority pursuant to P.L.1991, c.230 and P.L.1993, c.181.

46 b. A redevelopment entity may issue such bonds, bond anticipation

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

18 c. Whether or not the bonds, bond anticipation notes and other  
19 notes and obligations issued pursuant to this act are of such form and  
20 character as to be negotiable instruments under the terms of Title 12A,  
21 Commercial Transactions, New Jersey Statutes, such bonds, bond  
22 anticipation notes and other notes and obligations and any coupon  
23 thereof are hereby made negotiable instruments within the meaning of  
24 and for all the purposes of Title 12A, subject only to the provisions of  
25 the bonds and notes for registration.

26 d. Bonds, bond anticipation notes and other notes and obligations  
27 of a redevelopment entity issued under the provisions of this act shall  
28 not be in any way a debt or liability of the State or of any political  
29 subdivision thereof other than the redevelopment entity and shall not  
30 create or constitute any indebtedness, liability or obligation of the  
31 State or of any political subdivision, nor be or constitute a pledge of  
32 the faith and credit of the State or of any political subdivision; but all  
33 such bonds, bond anticipation notes and other notes and obligations,  
34 unless funded or refunded by bonds, bond anticipation notes or other  
35 notes or obligations of the redevelopment entity shall be payable from  
36 revenues or funds pledged or available for their payment as authorized  
37 in this act. Each bond, bond anticipation note or other note or  
38 obligation shall contain on its face a statement to the effect that the  
39 redevelopment entity is obligated to pay the principal thereof or the  
40 interest thereon only from the revenues or funds of the redevelopment  
41 entity and that neither the State nor any political subdivision thereof  
42 is obligated to pay such principal or interest, and that neither the faith  
43 and credit nor the taxing power of the State or any political  
44 subdivision thereof is pledged to the payment of the principal of or the  
45 interest on such bonds, bond anticipation notes or other notes or  
46 obligations.



1 e. All expenses incurred in carrying out the provisions of this act  
2 shall be payable solely from revenues or funds provided or to be  
3 provided under the provisions of this act, and nothing in this act shall  
4 be construed to authorize a redevelopment entity to incur indebtedness  
5 or liability on behalf of or payable by this State or any political  
6 subdivision thereof.

7 (cf: P.L.2001, c.310, s.43)

8

9 <sup>2</sup>8. Section 11 of P.L.1960, c.183 (C.40:37A-54) is amended to  
10 read as follows:

11 11. The purposes of every authority shall be (a) provision within  
12 the county or any beneficiary county of public facilities for use by the  
13 State, the county or any beneficiary county, or any municipality in any  
14 such county, or any two or more or any subdivisions, departments,  
15 agencies or instrumentalities of any of the foregoing for any of their  
16 respective governmental purposes, (b) provision within the county or  
17 any beneficiary county of public facilities for use as convention halls,  
18 or the rehabilitation, improvement or enlargement of any convention  
19 hall, including appropriate and desirable appurtenances located within  
20 the convention hall or near, adjacent to or over it within boundaries  
21 determined at the discretion of the authority, including but not limited  
22 to office facilities, commercial facilities, community service facilities,  
23 parking facilities, hotel facilities and other facilities for the  
24 accommodation and entertainment of tourists and visitors, (c)  
25 provision within the county or any beneficiary county of structures,  
26 franchises, equipment and facilities for operation of public  
27 transportation or for terminal purposes, including development and  
28 improvement of port terminal structures, facilities and equipment for  
29 public use in counties in, along or through which a navigable river  
30 flows, (d) provision within the county or any beneficiary county of  
31 structures or other facilities used or operated by the authority or any  
32 governmental unit in connection with, or relative to development and  
33 improvement of, aviation for military or civilian purposes, including  
34 research in connection therewith, and including structures or other  
35 facilities for the accommodation of passengers, (e) provision within the  
36 county or any beneficiary county of a public facility for a combination  
37 of governmental and nongovernmental uses; provided that not more  
38 than 50% of the usable space in any such facility shall be made  
39 available for nongovernmental use under a lease or other agreement by  
40 or with the authority, (f) acquisition of any real property within the  
41 county or any beneficiary county, with or without the improvements  
42 thereof or thereon or personal property appurtenant or incidental  
43 thereto, from the United States of America or any department, agency  
44 or instrumentality heretofore or hereafter created, designated or  
45 established by or for it, and the clearance, development or  
46 redevelopment, improvement, use or disposition of the acquired lands

1 and premises in accordance with the provisions and for the purposes  
2 stated in this act, including the construction, reconstruction,  
3 demolition, rehabilitation, conversion, repair or alteration of  
4 improvements on or to said lands and premises, and structures and  
5 facilities incidental to the foregoing as may be necessary, convenient  
6 or desirable, (g) acquisition, construction, maintenance and operation  
7 of garbage and solid waste disposal systems for the purpose of  
8 collecting and disposing of garbage, solid waste or refuse matter,  
9 whether owned or operated by any person, the authority or any other  
10 governmental unit, within or without the county or any beneficiary  
11 county, (h) the improvement, furtherance and promotion of the tourist  
12 industries and recreational attractiveness of the county or any  
13 beneficiary county through the planning, acquisition, construction,  
14 improvement, maintenance and operation of facilities for the recreation  
15 and entertainment of the public, which facilities may include, without  
16 being limited to, a center for the performing and visual arts, (i)  
17 provision of loans and other financial assistance and technical  
18 assistance for the construction, reconstruction, demolition,  
19 rehabilitation, conversion, repair or alteration of buildings or facilities  
20 designed to provide decent, safe and sanitary dwelling units for  
21 persons of low and moderate income in need of housing, including the  
22 acquisition of land, equipment or other real or personal properties  
23 which the authority determines to be necessary, convenient or  
24 desirable appurtenances, all in accordance with the provisions of this  
25 act, as amended and supplemented, (j) planning, initiating and carrying  
26 out redevelopment projects for the elimination, and for the prevention  
27 of the development or spread of blighted, deteriorated or deteriorating  
28 areas and the disposition, for uses in accordance with the objectives of  
29 the redevelopment project, of any property or part thereof acquired in  
30 the area of such project, (k) any combination or combinations of the  
31 foregoing or following, and (l) subject to the prior approval of the  
32 Local Finance Board, the planning, design, acquisition, construction,  
33 improvement, renovation, installation, maintenance and operation of  
34 facilities or any other type of real or personal property within the  
35 county for a corporation or other person organized for any one or  
36 more of the purposes described in subsection a. of N.J.S.15A:2-1  
37 except those facilities or any other type of real or personal property  
38 which can be financed pursuant to the provisions of P.L.1972, c.29  
39 (C.26:2I-1 et seq.) as amended. A county improvement authority shall  
40 also have as its purpose the pooling of loans for any local  
41 governmental units within the county or any beneficiary county that  
42 are refunding bonds in order to achieve more favorable interest rates  
43 and terms for those local governmental units.<sup>2</sup>

44 (cf: P.L.1994, c.110, s.1)

45

46 <sup>2</sup>9. Section 12 of P.L.1960, c.183 (C.40:37A-55) is amended to

1 read as follows:

2 12. Every authority shall be a public body politic and corporate  
3 constituting a political subdivision of the State established as an  
4 instrumentality exercising public and essential governmental functions  
5 to provide for the public convenience, benefit and welfare and shall  
6 have perpetual succession and, for the effectuation of its purposes,  
7 have the following additional powers:

8 (a) To adopt and have a common seal and to alter the same at  
9 pleasure;

10 (b) To sue and be sued;

11 (c) To acquire, hold, use and dispose of its facility charges and  
12 other revenues and other moneys;

13 (d) To acquire, rent, hold, use and dispose of other personal  
14 property for the purposes of the authority;

15 (e) Subject to the provisions of section 26 of this act, to acquire by  
16 purchase, gift, condemnation or otherwise, or lease as lessee, real  
17 property and easements or interests therein necessary or useful and  
18 convenient for the purposes of the authority, whether subject to  
19 mortgages, deeds of trust or other liens or otherwise, and to hold and  
20 to use the same, and to dispose of property so acquired no longer  
21 necessary for the purposes of the authority; provided that the authority  
22 may dispose of such property at any time to any governmental unit or  
23 person if the authority shall receive a leasehold interest in the property  
24 for such term as the authority deems appropriate to fulfill its  
25 purposes;

26 (f) Subject to the provisions of section 13 of this act, to lease to  
27 any governmental unit or person, all or any part of any public facility  
28 for such consideration and for such period or periods of time and upon  
29 such other terms and conditions as it may fix and agree upon;

30 (g) To enter into agreements to lease, as lessee, public facilities for  
31 such term and under such conditions as the authority may deem  
32 necessary and desirable to fulfill its purposes, and to agree, pursuant  
33 thereto, to be unconditionally obligated to make payments for the term  
34 of the lease, without set-off or counterclaim, whether or not the public  
35 facility is completed, operating or operable, and notwithstanding the  
36 destruction of, damage to, or suspension, interruption, interference,  
37 reduction or curtailment of the availability or output of the public  
38 facility to which the agreement applies;

39 (h) To extend credit or make loans to any governmental unit or  
40 person for the planning, design, acquisition, construction, equipping  
41 and furnishing of a public facility, upon the terms and conditions that  
42 the loans be secured by loan and security agreements, mortgages,  
43 leases and other instruments, the payments on which shall be sufficient  
44 to pay the principal of and interest on any bonds issued for the purpose  
45 by the authority, and upon such other terms and conditions as the  
46 authority shall deem reasonable;

- 1 (i) Subject to the provisions of section 13 of this act, to make  
2 agreements of any kind with any governmental unit or person for the  
3 use or operation of all or any part of any public facility for such  
4 consideration and for such period or periods of time and upon such  
5 other terms and conditions as it may fix and agree upon;
- 6 (j) To borrow money and issue negotiable bonds or notes or other  
7 obligations and provide for and secure the payment of any bonds and  
8 the rights of the holders thereof, and to purchase, hold and dispose of  
9 any bonds;
- 10 (k) To apply for and to accept gifts or grants of real or personal  
11 property, money, material, labor or supplies for the purposes of the  
12 authority from any governmental unit or person, and to make and  
13 perform agreements and contracts and to do any and all things  
14 necessary or useful and convenient in connection with the procuring,  
15 acceptance or disposition of such gifts or grants;
- 16 (l) To determine the location, type and character of any public  
17 facility and all other matters in connection with all or any part of any  
18 public facility which it is authorized to own, construct, establish,  
19 effectuate or control;
- 20 (m) To make and enforce bylaws or rules and regulations for the  
21 management and regulation of its business and affairs and for the use,  
22 maintenance and operation of any public facility, and to amend the  
23 same;
- 24 (n) To do and perform any acts and things authorized by this act  
25 under, through or by means of its own officers, agents and employees,  
26 or by contract with any governmental unit or person;
- 27 (o) To acquire, purchase, construct, lease, operate, maintain and  
28 undertake any project and to fix and collect facility charges for the use  
29 thereof;
- 30 (p) To mortgage, pledge or assign or otherwise encumber all or  
31 any portion of its revenues and other income, real and personal  
32 property, projects and facilities for the purpose of securing its bonds,  
33 notes and other obligations or otherwise in furtherance of the purpose  
34 of this act;
- 35 (q) To extend credit or make loans to redevelopers for the  
36 planning, designing, acquiring, constructing, reconstructing,  
37 improving, equipping and furnishing any redevelopment project or  
38 redevelopment work;
- 39 (r) To conduct examinations and investigations, hear testimony and  
40 take proof, under oath at public or private hearings of any material  
41 matter, require the attendance of witnesses and the production of  
42 books and papers and issue commissions for the examination of  
43 witnesses who are out of the State, unable to attend, or excused from  
44 attendance;
- 45 (s) To authorize a committee designated by it consisting of one or  
46 more members, or counsel, or any officer or employee to conduct any

1 such investigation or examination, in which case such committee,  
2 counsel, officer or employee shall have power to administer oaths,  
3 take affidavits and issue subpoenas or commissions; and

4 (t) To enter into any and all agreements or contracts, execute any  
5 and all instruments, and do and perform any and all acts or things  
6 necessary, convenient or desirable for the purposes of the authority or  
7 to carry out any power expressly given in this act subject to P.L.1971,  
8 c. 198, "Local Public Contracts Law" (C. 40A:11-1 et seq.);

9 (u) To pool loans for any local governmental units within the  
10 county or any beneficiary county that are refunding bonds and do and  
11 perform any and all acts or things necessary, convenient or desirable  
12 for the purpose of the authority to achieve more favorable interest  
13 rates and terms for those local governmental units<sup>2</sup>.

14 (cf: P.L.1982, c.113, s.8)

15

16 <sup>2</sup>10. Section 5 of P.L.1974, c.80 (C.34:1B-5) is amended to read  
17 as follows:

18 5. The authority shall have the following powers:

19 a. To adopt bylaws for the regulation of its affairs and the conduct  
20 of its business;

21 b. To adopt and have a seal and to alter the same at pleasure;

22 c. To sue and be sued;

23 d. To acquire in the name of the authority by purchase or  
24 otherwise, on such terms and conditions and such manner as it may  
25 deem proper, or by the exercise of the power of eminent domain in the  
26 manner provided by the "Eminent Domain Act of 1971," P.L.1971,  
27 c.361 (C.20:3-1 et seq.), any lands or interests therein or other  
28 property which it may determine is reasonably necessary for any  
29 project or school facilities project; provided, however, that the  
30 authority in connection with any project shall not take by exercise of  
31 the power of eminent domain any real property except upon consent  
32 thereto given by resolution of the governing body of the municipality  
33 in which such real property is located; and provided further that the  
34 authority shall be limited in its exercise of the power of eminent  
35 domain in connection with any project to municipalities receiving State  
36 aid under the provisions of P.L.1978, c.14 (C.52:27D-178 et seq.), or  
37 to municipalities which had a population, according to the latest  
38 federal decennial census, in excess of 10,000;

39 e. To enter into contracts with a person upon such terms and  
40 conditions as the authority shall determine to be reasonable, including,  
41 but not limited to, reimbursement for the planning, designing,  
42 financing, construction, reconstruction, improvement, equipping,  
43 furnishing, operation and maintenance of the project or the school  
44 facilities project and to pay or compromise any claims arising  
45 therefrom;

46 f. To establish and maintain reserve and insurance funds with

- 1 respect to the financing of the project or the school facilities project;
- 2 g. To sell, convey or lease to any person all or any portion of a  
3 project or school facilities project, for such consideration and upon  
4 such terms as the authority may determine to be reasonable;
- 5 h. To mortgage, pledge or assign or otherwise encumber all or any  
6 portion of a project, school facilities project or revenues, whenever it  
7 shall find such action to be in furtherance of the purposes of this act  
8 and P.L.2000, c.72 (C.18A:7G-1 et al.);
- 9 i. To grant options to purchase or renew a lease for any of its  
10 projects or school facilities projects on such terms as the authority may  
11 determine to be reasonable;
- 12 j. To contract for and to accept any gifts or grants or loans of  
13 funds or property or financial or other aid in any form from the United  
14 States of America or any agency or instrumentality thereof, or from  
15 the State or any agency, instrumentality or political subdivision  
16 thereof, or from any other source and to comply, subject to the  
17 provisions of P.L.1974, c.80 (C.34:1B-1 et seq.), section 6 of  
18 P.L.2001, c.401 (C.34:1B-4.1) and P.L.2000, c.72 (C.18A:7G-1 et  
19 al.), with the terms and conditions thereof;
- 20 k. In connection with any application for assistance under  
21 P.L.1974, c.80 (C.34:1B-1 et seq.), section 6 of P.L.2001, c.401  
22 (C.34:1B-4.1) or P.L.2000, c.72 (C.18A:7G-1 et al.) or commitments  
23 therefor, to require and collect such fees and charges as the authority  
24 shall determine to be reasonable;
- 25 l. To adopt, amend and repeal regulations to carry out the  
26 provisions of P.L.1974, c.80 (C.34:1B-1 et seq.), section 6 of  
27 P.L.2001, c.401 (C.34:1B-4.1) and P.L.2000, c.72 (C.18A:7G-1 et  
28 al.);
- 29 m. To acquire, purchase, manage and operate, hold and dispose of  
30 real and personal property or interests therein, take assignments of  
31 rentals and leases and make and enter into all contracts, leases,  
32 agreements and arrangements necessary or incidental to the  
33 performance of its duties;
- 34 n. To purchase, acquire and take assignments of notes, mortgages  
35 and other forms of security and evidences of indebtedness;
- 36 o. To purchase, acquire, attach, seize, accept or take title to any  
37 project or school facilities project by conveyance or by foreclosure,  
38 and sell, lease, manage or operate any project or school facilities  
39 project for a use specified in this act and P.L.2000, c.72 (C.18A:7G-1  
40 et al.);
- 41 p. To borrow money and to issue bonds of the authority and to  
42 provide for the rights of the holders thereof, as provided in P.L.1974,  
43 c.80 (C.34:1B-1 et seq.), section 6 of P.L.2001, c.401 (C.34:1B-4.1)  
44 and P.L.2000, c.72 (C.18A:7G-1 et al.);
- 45 q. To extend credit or make loans to any person for the planning,  
46 designing, acquiring, constructing, reconstructing, improving,

1 equipping and furnishing of a project or school facilities project, which  
2 credits or loans may be secured by loan and security agreements,  
3 mortgages, leases and any other instruments, upon such terms and  
4 conditions as the authority shall deem reasonable, including provision  
5 for the establishment and maintenance of reserve and insurance funds,  
6 and to require the inclusion in any mortgage, lease, contract, loan and  
7 security agreement or other instrument, such provisions for the  
8 construction, use, operation and maintenance and financing of a  
9 project or school facilities project as the authority may deem necessary  
10 or desirable;

11 r. To guarantee up to 90% of the amount of a loan to a person, if  
12 the proceeds of the loan are to be applied to the purchase and  
13 installation, in a building devoted to industrial or commercial  
14 purposes, or in an office building, of an energy improvement system;

15 s. To employ consulting engineers, architects, attorneys, real estate  
16 counselors, appraisers, and such other consultants and employees as  
17 may be required in the judgment of the authority to carry out the  
18 purposes of P.L.1974, c.80 (C.34:1B-1 et seq.), section 6 of P.L.2001,  
19 c.401 (C.34:1B-4.1) and P.L.2000, c.72 (C.18A:7G-1 et al.), and to  
20 fix and pay their compensation from funds available to the authority  
21 therefor, all without regard to the provisions of Title 11A of the New  
22 Jersey Statutes;

23 t. To do and perform any acts and things authorized by P.L.1974,  
24 c.80 (C.34:1B-1 et seq.), section 6 of P.L.2001, c.401 (C.34:1B-4.1)  
25 and P.L.2000, c.72 (C.18A:7G-1 et al.) under, through or by means of  
26 its own officers, agents and employees, or by contract with any  
27 person;

28 u. To procure insurance against any losses in connection with its  
29 property, operations or assets in such amounts and from such insurers  
30 as it deems desirable;

31 v. To do any and all things necessary or convenient to carry out its  
32 purposes and exercise the powers given and granted in P.L.1974, c.80  
33 (C.34:1B-1 et seq.), section 6 of P.L.2001, c.401 (C.34:1B-4.1) and  
34 P.L.2000, c.72 (C.18A:7G-1 et al.);

35 w. To construct, reconstruct, rehabilitate, improve, alter, equip,  
36 maintain or repair or provide for the construction, reconstruction,  
37 improvement, alteration, equipping or maintenance or repair of any  
38 development property and lot, award and enter into construction  
39 contracts, purchase orders and other contracts with respect thereto,  
40 upon such terms and conditions as the authority shall determine to be  
41 reasonable, including, but not limited to, reimbursement for the  
42 planning, designing, financing, construction, reconstruction,  
43 improvement, equipping, furnishing, operation and maintenance of any  
44 such development property and the settlement of any claims arising  
45 therefrom and the establishment and maintenance of reserve funds with  
46 respect to the financing of such development property; x. When

- 1 authorized by the governing body of a municipality exercising  
2 jurisdiction over an urban growth zone, to construct, cause to be  
3 constructed or to provide financial assistance to projects in an urban  
4 growth zone which shall be exempt from the terms and requirements  
5 of the land use ordinances and regulations, including, but not limited  
6 to, the master plan and zoning ordinances, of such municipality;
- 7 y. To enter into business employment incentive agreements as  
8 provided in the "Business Employment Incentive Program Act,"  
9 P.L.1996, c.26 (C.34:1B-124 et al.);
- 10 z. To undertake school facilities projects and to enter into  
11 agreements or contracts, execute instruments, and do and perform all  
12 acts or things necessary, convenient or desirable for the purposes of  
13 the authority to carry out any power expressly provided pursuant to  
14 P.L.1974, c.80 (C.34:1B-1 et seq.) and P.L.2000, c.72 (C.18A:7G-1  
15 et al.), including, but not limited to, entering into contracts with the  
16 State Treasurer, the Commissioner of Education, districts and any  
17 other entity which may be required in order to carry out the provisions  
18 of P.L.2000, c.72 (C.18A:7G-1 et al.);
- 19 aa. To enter into leases, rentals or other disposition of a real  
20 property interest in and of any school facilities project to or from any  
21 local unit pursuant to P.L.2000, c.72 (C.18A:7G-1 et al.);
- 22 bb. To make and contract to make loans or leases and to make  
23 grants to local units to finance the cost of school facilities projects and  
24 to acquire and contract to acquire bonds, notes or other obligations  
25 issued or to be issued by local units to evidence the loans or leases, all  
26 in accordance with the provisions of P.L.2000, c.72 (C.18A:7G-1 et  
27 al.);
- 28 cc. Subject to any agreement with holders of its bonds issued to  
29 finance a project or school facilities project, obtain as security or to  
30 provide liquidity for payment of all or any part of the principal of and  
31 interest and premium on the bonds of the authority or for the purchase  
32 upon tender or otherwise of the bonds, lines of credit, letters of credit,  
33 reimbursement agreements, interest rate exchange agreements,  
34 currency exchange agreements, interest rate floors or caps, options,  
35 puts or calls to hedge payment, currency, rate, spread or similar  
36 exposure or similar agreements, float agreements, forward agreements,  
37 insurance contract, surety bond, commitment to purchase or sell  
38 bonds, purchase or sale agreement, or commitments or other contracts  
39 or agreements, and other security agreements or instruments in any  
40 amounts and upon any terms as the authority may determine and pay  
41 any fees and expenses required in connection therewith;
- 42 dd. To charge to and collect from local units, the State and any  
43 other person, any fees and charges in connection with the authority's  
44 actions undertaken with respect to school facilities projects, including,  
45 but not limited to, fees and charges for the authority's administrative,  
46 organization, insurance, operating and other expenses incident to the



1 financing, construction and placing into service and maintenance of  
2 school facilities projects; and

3 ee. To make loans to refinance solid waste facility bonds through  
4 the issuance of bonds or other obligations and the execution of any  
5 agreements with counties or public authorities to effect the refunding  
6 or rescheduling of solid waste facility bonds, or otherwise provide for  
7 the payment of all or a portion of any series of solid waste facility  
8 bonds. Any county or public authority refunding or rescheduling its  
9 solid waste facility bonds pursuant to this subsection shall provide for  
10 the payment of not less than fifty percent of the aggregate debt service  
11 for the refunded or rescheduled debt of the particular county or public  
12 authority for the duration of the loan; except that, whenever the solid  
13 waste facility bonds to be refinanced were issued by a public authority  
14 and the county solid waste facility was utilized as a regional county  
15 solid waste facility, as designated in the respective adopted district  
16 solid waste management plans of the participating counties as  
17 approved by the department prior to November 10, 1997, and the  
18 utilization of the facility was established pursuant to tonnage  
19 obligations set forth in their respective interdistrict agreements, the  
20 public authority refunding or rescheduling its solid waste facility bonds  
21 pursuant to this subsection shall provide for the payment of a  
22 percentage of the aggregate debt service for the refunded or  
23 rescheduled debt of the public authority not to exceed the percentage  
24 of the specified tonnage obligation of the host county for the duration  
25 of the loan. Whenever the solid waste facility bonds are the obligation  
26 of a public authority, the relevant county shall execute a deficiency  
27 agreement with the authority, which shall provide that the county  
28 pledges to cover any shortfall and to pay deficiencies in scheduled  
29 repayment obligations of the public authority. All costs associated  
30 with the issuance of bonds pursuant to this subsection may be paid by  
31 the authority from the proceeds of these bonds. Any county or public  
32 authority is hereby authorized to enter into any agreement with the  
33 authority necessary, desirable or convenient to effectuate the  
34 provisions of this subsection.

35 The authority shall not issue bonds or other obligations to effect the  
36 refunding or rescheduling of solid waste facility bonds after  
37 December 31, 2002. The authority may refund its own bonds issued  
38 for the purposes herein at any time.

39 ff. To pool loans for any local governmental units that are  
40 refunding bonds and do and perform any and all acts or things  
41 necessary, convenient or desirable for the purpose of the authority to  
42 achieve more favorable interest rates and terms for those local  
43 governmental units.<sup>2</sup>

44 (cf: P.L.2001, c.401, s.3)

45

46 <sup>2</sup>[8.] 11.<sup>2</sup> This act shall take effect immediately.

1

\_\_\_\_\_

2

3 Permits local government units to issue refunding bonds to retire  
4 unfunded accrued liability resulting from early retirement benefits.

**SENATE, No. 577**

---

**STATE OF NEW JERSEY**  
**210th LEGISLATURE**

---

PRE-FILED FOR INTRODUCTION IN THE 2002 SESSION

**Sponsored by:**

**Senator RICHARD J. CODEY**

**District 27 (Essex)**

**Co-Sponsored by:**

**Senator Sweeney**

**SYNOPSIS**

Permits local government units to issue refunding bonds to retire unfunded accrued liability resulting from early retirement benefits.

**CURRENT VERSION OF TEXT**

Introduced Pending Technical Review by Legislative Counsel.



**(Sponsorship Updated As Of: 1/25/2002)**

S577 CODEY

2

1 AN ACT authorizing the issuance of refunding bonds to refund certain  
2 actuarial liabilities of local governments and boards of education,  
3 supplementing chapter 2 of Title 40A of the New Jersey Statutes  
4 and amending various parts of the statutory law.

5

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

8

9 1. (New section) Notwithstanding the provisions of N.J.S.40A:2-  
10 51 to the contrary, a county or municipality may incur indebtedness,  
11 borrow money, authorize and issue negotiable refunding bonds, in any  
12 amount determined to be necessary by the county or the municipality  
13 and approved by the Local Finance Board to effect the refunding for  
14 the purpose of retiring the present value of the unfunded accrued  
15 liability for early retirement incentive benefits granted pursuant to  
16 P.L.1991, c.229, P.L.1991, c.230, P.L.1993, c.138, P.L.1993, c.181,  
17 and P.L.1993, c.99, in addition to the other purposes for which it may  
18 do the same under N.J.S.40A:2-51. The system actuary shall calculate  
19 the present value of the unfunded liability due and owing by the  
20 municipality or county on a date certain upon the request of the county  
21 or municipality. For purposes of this section, "county" means any  
22 county of any class and all boards or commissions organized under  
23 such county, including but not limited to welfare boards, boards of  
24 social services, park commissions and mosquito control authorities.

25

26 2. Section 2 of P.L.1969, c.130 (C.18A:24-61.2) is amended to  
27 read as follows:

28 2. Notwithstanding the provisions of any other law or any debt  
29 limitation or requirement for down payment or for referendum or other  
30 action by legal voters, refunding bonds may be authorized and issued  
31 for the purpose of paying, funding or refunding : any refunded  
32 bonds; the cost of retiring the present value of the unfunded accrued  
33 liability due and owing by a board of education, as calculated by the  
34 system actuary for a date certain upon the request of a board of  
35 education, for early retirement incentive benefits granted by the board  
36 of education pursuant to P.L.1991, c.231 and P.L.1993, c.163; and  
37 **[paying]** the cost or expense of issuing refunding bonds including  
38 printing, advertising, accounting, financial, legal or other expense in  
39 connection therewith. Obligations to be paid, funded or refunded with  
40 respect to which an ordinance authorizing the issuance of refunding  
41 bonds has been adopted pursuant to this act and not otherwise  
42 deductible shall be excluded in calculating the net school debt of a  
43 municipality or a district. Refunding bonds shall be authorized (a) in

**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.**

S577 CODEY

1 the case of any county or municipality by refunding bond ordinance  
2 enacted in the manner or mode of procedure provided for adoption of  
3 a refunding bond ordinance pursuant to the Local Bond Law,  
4 constituting chapter 2 of Title 40A, Municipalities and Counties, of  
5 the New Jersey Statutes, and (b) in the case of a Type II school  
6 district by an ordinance (herein called the "refunding bond ordinance")  
7 adopted by the board of education of such school district as provided  
8 in this chapter.

9 (cf: P.L.1978, c.75, s.2)

10

11 3. Section 8 of P.L.1948, c.198 (C.40:11A-8) is amended to read  
12 as follows:

13 8. Every authority shall have power to issue its bonds from time to  
14 time in its discretion for any of its corporate purposes, including: the  
15 paying or retiring of any bonds previously issued by it; ~~paying the cost~~  
16 of retiring the present value of the unfunded accrued liability due and  
17 owing by an authority, as calculated by the system actuary for a date  
18 certain upon the request of an authority, for early retirement incentive  
19 benefits granted by the authority pursuant to P.L.1991, c.230 and  
20 P.L.1993, c.181; and the payment of any expense incurred or  
21 expected to be incurred and payable by it. Said authority may issue  
22 such types of bonds as it may determine, including (without limiting  
23 the generality of the foregoing) bonds on which the principal and  
24 interest are payable (a) exclusively from the income and revenues of  
25 the parking project financed with the proceeds of such bonds; (b)  
26 exclusively from the income and revenues of certain designated  
27 parking projects whether or not they are financed in whole or in part  
28 with the proceeds of such bonds; or (c) from its revenues generally.  
29 Any such bonds may be additionally secured by a pledge of any grant  
30 or contributions from the Federal Government, State or county, or  
31 municipality, or a pledge of any income or revenues of the authority,  
32 or a mortgage of any parking project, projects or other property of  
33 the authority. This act shall be complete authority for the issuance of  
34 bonds by an authority, and the provisions of any other law shall not  
35 apply to the issuance of such bonds. Whenever and for so long as any  
36 authority has issued and has outstanding bonds pursuant to this act,  
37 it shall be the mandatory duty of the authority to fix, charge and  
38 collect rents, rates and other charges in accordance with clause (f) of  
39 paragraph (4) of section 6 of this act.

40 (cf: P.L.1958, c.22, s.4)

41

42 4. Section 3 of P.L.1946, c.138 (C.40:14A-3) is amended to read  
43 as follows:

44 3. As used in this act, unless a different meaning clearly appears  
45 from the context:

46 (1) "Municipality" shall mean any city of any class, any borough,

S577 CODEY

1 village, town, township, or any other municipality other than a county  
2 or a school district, and except when used in section 4 or 21 of this  
3 act, any agency thereof or any two or more thereof acting jointly or  
4 any joint meeting or other agency of any two or more thereof;

5 (2) "County" shall mean any county of any class;

6 (3) "Governing body" shall mean, in the case of a county, the  
7 board of chosen freeholders, or in the case of those counties organized  
8 pursuant to the provisions of the "Optional County Charter Law"  
9 (P.L.1972, c.154; C. 40:41A-1 et seq.), the board of chosen  
10 freeholders and the county executive, the county supervisor or the  
11 county manager, as appropriate, and, in the case of a municipality, the  
12 commission, council, board or body, by whatever name it may be  
13 known, having charge of the finances of the municipality;

14 (4) "Person" shall mean any person, association, corporation,  
15 nation, State or any agency or subdivision thereof, other than a county  
16 or municipality of the State or a sewerage authority;

17 (5) "Sewerage authority" shall mean a public body created  
18 pursuant to section 4 of this act;

19 (6) Subject to the exceptions provided in section 4 of this act,  
20 "district" shall mean the area within the territorial boundaries of the  
21 county, or of the municipality or municipalities, which created or  
22 joined in the creation of a sewerage authority;

23 (7) "Local unit" shall mean the county, or any municipality, which  
24 created or joined in the creation of a sewerage authority;

25 (8) "Sewerage system" shall mean the plants, structures, on-site  
26 waste-water systems, and other real and personal property acquired,  
27 constructed, maintained or operated or to be acquired, constructed,  
28 maintained or operated by a sewerage authority for the purposes of the  
29 sewerage authority, including sewers, conduits, pipe lines, mains,  
30 pumping and ventilating stations, sewage treatment or disposal  
31 systems, plants and works, connections, and outfalls, compensating  
32 reservoirs, and other plants, structures, boats, conveyances, and other  
33 real and personal property, and rights therein, and appurtenances  
34 necessary or useful and convenient for the collection, treatment,  
35 purification or disposal in a sanitary manner of any sewage, liquid or  
36 solid wastes, night soil or industrial wastes;

37 (9) "Cost" shall mean, in addition to the usual connotations  
38 thereof, the cost of acquisition or construction of all or any part of a  
39 sewerage system and of all or any property, rights, easements,  
40 privileges, agreements and franchises deemed by the sewerage  
41 authority to be necessary or useful and convenient therefor or in  
42 connection therewith and the cost of retiring the present value of the  
43 unfunded accrued liability due and owing by a sewerage authority, as  
44 calculated by the system actuary for a date certain upon the request of  
45 a sewerage authority, for early retirement incentive benefits granted by  
46 the sewerage authority pursuant to P.L.1991, c.230 and P.L.1993,

1 c.181, including interest or discount on bonds, cost of issuance of  
2 bonds, engineering and inspection costs and legal expenses, costs of  
3 financial, professional and other estimates and advice, organization,  
4 administrative, operating and other expenses of the sewerage  
5 authority prior to and during such acquisition or construction, and all  
6 such other expenses as may be necessary or incident to the financing,  
7 acquisition, construction and completion of said sewerage system or  
8 part thereof and the placing of the same in operation, and also such  
9 provision or reserves for working capital, operating, maintenance or  
10 replacement expenses or for payment or security of principal of or  
11 interest on bonds during or after such acquisition or construction as  
12 the sewerage authority may determine, and also reimbursements to the  
13 sewerage authority or any county, municipality or other person of any  
14 moneys theretofore expended for the purposes of the sewerage  
15 authority or to any county or municipality of any moneys theretofore  
16 expended for in connection with sanitation facilities;

17 (10) "Real property" shall mean lands both within and without the  
18 State, and improvements thereof or thereon, or any rights or interests  
19 therein;

20 (11) "Construct" and "construction" shall connote and include  
21 acts of construction, reconstruction, replacement, extension,  
22 improvement and betterment of a sewerage system;

23 (12) "Industrial wastes" shall mean liquid or other wastes resulting  
24 from any processes of industry, manufacture, trade or business or  
25 from the development of any natural resource;

26 (13) "Sewage" shall mean the water-carried wastes created in and  
27 carried, or to be carried, away from, or to be processed by on-site  
28 wastewater systems, residences, hotels, apartments, schools,  
29 hospitals, industrial establishments, or any other public or private  
30 building, together with such surface or ground water and industrial  
31 wastes as may be present;

32 (14) "On-site wastewater system" means any of several works,  
33 facilities, septic tanks or other devices, used to collect, treat, reclaim,  
34 or dispose of wastewater or sewage on or adjacent to the property on  
35 which the wastewater or sewage is produced, or to convey such  
36 wastewater or sewage from said property to such facilities as the  
37 authority may establish for its disposal;

38 (15) "Pollution" means the condition of water resulting from the  
39 introduction therein of substances of a kind and in quantities rendering  
40 it detrimental or immediately or potentially dangerous to the public  
41 health, or unfit for public or commercial use;

42 (16) "Ordinance" means a written act of the governing body of a  
43 municipality adopted and otherwise approved and published in the  
44 manner or mode of procedure prescribed for ordinances tending to  
45 obligate such municipality pecuniarily;

S577 CODEY

1 (17) "Resolution" means a written act of the governing body of a  
2 local unit adopted and otherwise approved in the manner or mode of  
3 procedure prescribed for resolutions tending to obligate such local unit  
4 pecuniarily;

5 (18) "Bonds" shall mean bonds or other obligations issued  
6 pursuant to this act; and

7 (19) "Compensating reservoir" shall mean the structures, facilities  
8 and appurtenances for the impounding, transportation and release of  
9 water for the replenishment in periods of drought or at other necessary  
10 times of all or a part of waters in or bordering the State diverted into  
11 a sewer, sewage treatment or sewage disposal system operated by the  
12 sewerage authority.

13 (cf: P.L.1980, c.77, s.1)

14

15 5. Section 3 of P.L.1957, c.183 (C.40:14B-3) is amended to read  
16 as follows:

17 3. As used in this act, unless a different meaning clearly appears  
18 from the context:

19 (1) "Municipality" shall mean any city of any class, any borough,  
20 village, town, township, or any other municipality other than a county  
21 or a school district, and except when used in section 4, 5, 6, 11, 12,  
22 13, 42 or 45 of this act, any agency thereof or any two or more  
23 thereof acting jointly or any joint meeting or other agency of any two  
24 or more thereof;

25 (2) "County" shall mean any county of any class;

26 (3) "Governing body" shall mean, in the case of a county, the  
27 board of chosen freeholders, or in the case of those counties organized  
28 pursuant to the provisions of the "Optional County Charter Law"  
29 (P.L.1972, c.154; C.40:41A-1 et seq.), the board of chosen  
30 freeholders and the county executive, the county supervisor or the  
31 county manager, as appropriate, and, in the case of a municipality, the  
32 commission, council, board or body, by whatever name it may be  
33 known, having charge of the finances of the municipality;

34 (4) "Person" shall mean any person, association, corporation,  
35 nation, state or any agency or subdivision thereof, other than a county  
36 or municipality of the State or a municipal authority;

37 (5) "Municipal authority" shall mean a public body created or  
38 organized pursuant to section 4, 5 or 6 of this act and shall include a  
39 municipal utilities authority created by one or more municipalities and  
40 a county utilities authority created by a county;

41 (6) Subject to the exceptions provided in section 10, 11 or 12 of  
42 this act, "district" shall mean the area within the territorial boundaries  
43 of the county, or of the municipality or municipalities, which created  
44 or joined in or caused the creation or organization of a municipal  
45 authority;



S577 CODEY

1 (7) "Local unit" shall mean the county, or any municipality, which  
2 created or joined in or caused the creation or organization of a  
3 municipal authority;

4 (8) "Water system" shall mean the plants, structures and other real  
5 and personal property acquired, constructed or operated or to be  
6 acquired, constructed or operated by a municipal authority or by any  
7 person to whom a municipal authority has extended credit for this  
8 purpose for the purposes of the municipal authority, including  
9 reservoirs, basins, dams, canals, aqueducts, standpipes, conduits,  
10 pipelines, mains, pumping stations, water distribution systems,  
11 compensating reservoirs, waterworks or sources of water supply,  
12 wells, purification or filtration plants or other plants and works,  
13 connections, rights of flowage or division, and other plants,  
14 structures, boats, conveyances, and other real and personal property,  
15 and rights therein, and appurtenances necessary or useful and  
16 convenient for the accumulation, supply or distribution of water;

17 (9) "Sewerage system" shall mean the plants, structures, on-site  
18 wastewater systems and other real and personal property acquired,  
19 constructed or operated or to be acquired, constructed, maintained or  
20 operated by a municipal authority or by any person to whom a  
21 municipal authority has extended credit for this purpose for the  
22 purposes of the municipal authority, including sewers, conduits,  
23 pipelines, mains, pumping and ventilating stations, sewage treatment  
24 or disposal systems, plants and works, connections, outfalls,  
25 compensating reservoirs, and other plants, structures, boats,  
26 conveyances, and other real and personal property, and rights therein,  
27 and appurtenances necessary or useful and convenient for the  
28 collection, treatment, purification or disposal in a sanitary manner of  
29 any sewage, liquid or solid wastes, night soil or industrial wastes;

30 (10) "Utility system" shall mean a water system, solid waste  
31 system, sewerage system, or a hydroelectric system or any  
32 combination of such systems, acquired, constructed or operated or to  
33 be acquired, constructed or operated by a municipal authority or by  
34 any person to whom a municipal authority has extended credit for this  
35 purpose;

36 (11) "Cost" shall mean, in addition to the usual connotations  
37 thereof, the cost of acquisition or construction of all or any part of a  
38 utility system and of all or any property, rights, easements, privileges,  
39 agreements and franchises deemed by the municipal authority to be  
40 necessary or useful and convenient therefor or in connection therewith  
41 and the cost of retiring the present value of the unfunded accrued  
42 liability due and owing by a municipal authority, as calculated by the  
43 system actuary for a date certain upon the request of a municipal  
44 authority, for early retirement incentive benefits granted by the  
45 municipal authority pursuant to P.L.1991, c.230 and P.L.1993, c.181,  
46 including interest or discount on bonds, cost of issuance of bonds,

S577 CODEY

1 engineering and inspection costs and legal expenses, cost of financial,  
2 professional and other estimates and advice, organization,  
3 administrative, operating and other expenses of the municipal  
4 authority prior to and during such acquisition or construction, and all  
5 such other expenses as may be necessary or incident to the financing,  
6 acquisition, construction and completion of said utility system or part  
7 thereof and the placing of the same in operation, and also such  
8 provision or reserves for working capital, operating, maintenance or  
9 replacement expenses or for payment or security of principal of or  
10 interest on bonds during or after such acquisition or construction as  
11 the municipal authority may determine, and also reimbursements to the  
12 municipal authority or any county, municipality or other person of any  
13 moneys theretofore expended for the purposes of the municipal  
14 authority or to any county or municipality of any moneys theretofore  
15 expended for or in connection with water supply, solid waste, water  
16 distribution, sanitation or hydroelectric facilities;

17 (12) "Real property" shall mean lands both within or without the  
18 State, and improvements thereof or thereon, or any rights or interests  
19 therein;

20 (13) "Construct" and "construction" shall connote and include  
21 acts of construction, reconstruction, replacement, extension,  
22 improvement and betterment of a utility system;

23 (14) "Industrial wastes" shall mean liquid or other wastes resulting  
24 from any processes of industry, manufacture, trade or business or  
25 from the development of any natural resource, and shall include any  
26 chemical wastes or hazardous wastes;

27 (15) "Sewage" shall mean the water-carried wastes created in and  
28 carried, or to be carried, away from, or to be processed by on-site  
29 wastewater systems, residences, hotels, apartments, schools,  
30 hospitals, industrial establishments, or any other public or private  
31 building, together with such surface or ground water and industrial  
32 wastes and leacheate as may be present;

33 (16) "On-site wastewater system" means any of several facilities,  
34 septic tanks or other devices, used to collect, treat, reclaim, or dispose  
35 of wastewater or sewage on or adjacent to the property on which the  
36 wastewater or sewage is produced, or to convey such wastewater or  
37 sewage from said property to such facilities as the authority may  
38 establish for its disposal;

39 (17) "Pollution" means the condition of water resulting from the  
40 introduction therein of substances of a kind and in quantities rendering  
41 it detrimental or immediately or potentially dangerous to the public  
42 health, or unfit for public or commercial use;

43 (18) "Bonds" shall mean bonds or other obligations issued  
44 pursuant to this act;

45 (19) "Service charges" shall mean water service charges, solid  
46 waste service charges, sewer service charges, hydroelectric service

1 charges or any combination of such charges, as said terms are defined  
2 in section 21 or 22 of this act or in section 7 of this amendatory and  
3 supplementary act;

4 (20) "Compensating reservoir" shall mean the structures, facilities  
5 and appurtenances for the impounding, transportation and release of  
6 water for the replenishment in periods of drought or at other necessary  
7 times of all or a part of waters in or bordering the State diverted into  
8 a utility system operated by a municipal authority;

9 (21) "Sewage authority" shall mean a public body created pursuant  
10 to the Sewerage Authorities Law (P.L.1946, c. 138) or the acts  
11 amendatory thereof or supplemental thereto;

12 (22) "County sewer authority" shall mean a sanitary sewer district  
13 authority created pursuant to the act entitled "An act relating to the  
14 establishment of sewerage districts in first- and second-class counties,  
15 the creation of Sanitary Sewer District Authorities by the establishing  
16 of such districts, prescribing the powers and duties of any such  
17 authority and of other public bodies in connection with the  
18 construction of sewers and sewage disposal facilities in any such  
19 district, and providing the ways and means for paying the costs of  
20 construction and operation thereof," approved April 23, 1946  
21 (P.L.1946, c.123), or the acts amendatory thereof or supplemental  
22 thereto;

23 (23) "Chemical waste" shall mean a material normally generated  
24 by or used in chemical, petrochemical, plastic, pharmaceutical,  
25 biochemical or microbiological manufacturing processes or petroleum  
26 refining processes, which has been selected for waste disposal and  
27 which is known to hydrolize, ionize or decompose, which is soluble,  
28 burns or oxidizes, or which may react with any of the waste materials  
29 which are introduced into the landfill, or which is buoyant on water,  
30 or which has a viscosity less than that of water or which produces a  
31 foul odor. Chemical waste may be either hazardous or nonhazardous;

32 (24) "Effluent" shall mean liquids which are treated in and  
33 discharged by sewage treatment plants;

34 (25) "Hazardous wastes" shall mean any waste or combination of  
35 waste which poses a present or potential threat to human health,  
36 living organisms or the environment. "Hazardous waste" shall  
37 include, but not be limited to, waste material that is toxic, corrosive,  
38 irritating, sensitizing, radioactive, biologically infectious, explosive or  
39 flammable;

40 (26) "Leachate" shall mean a liquid that has been in contact with  
41 solid waste and contains dissolved or suspended materials from that  
42 solid waste;

43 (27) "Recycling" shall mean the separation, collection, processing  
44 or recovery of metals, glass, paper, solid waste and other materials for  
45 reuse or for energy production and shall include resource recovery;

1 (28) "Sludge" shall mean any solid, semisolid, or liquid waste  
2 generated from a municipal, industrial or other sewage treatment plant,  
3 water supply treatment plant, or air pollution control facility, or any  
4 other such waste having similar characteristics and effects; "sludge"  
5 shall not include effluent;

6 (29) "Solid waste" shall mean garbage, refuse, and other discarded  
7 materials resulting from industrial, commercial and agricultural  
8 operations, and from domestic and community activities, and shall  
9 include all other waste materials including sludge, chemical waste,  
10 hazardous wastes and liquids, except for liquids which are treated in  
11 public sewage treatment plants and except for solid animal and  
12 vegetable wastes collected by swine producers licensed by the State  
13 Department of Agriculture to collect, prepare and feed such wastes to  
14 swine on their own farms;

15 (30) "Solid waste system" shall mean and include the plants,  
16 structures and other real and personal property acquired, constructed  
17 or operated or to be acquired, constructed or operated by an authority  
18 or by any person to whom a municipal authority has extended credit  
19 for this purpose pursuant to the provisions of this act, including  
20 transfer stations, incinerators, recycling facilities, including facilities  
21 for the generation, transmission and distribution of energy derived  
22 from the processing of solid waste, sanitary landfill facilities or other  
23 property or plants for the collection, recycling or disposal of solid  
24 waste and all vehicles, equipment and other real and personal property  
25 and rights thereon and appurtenances necessary or useful and  
26 convenient for the collection, recycling, or disposal of solid waste in  
27 a sanitary manner;

28 (31) "Hydroelectric system" shall mean the plants, structures and  
29 other real and personal property acquired, constructed or operated or  
30 to be acquired, constructed or operated by an authority pursuant to  
31 the provisions of this act, including all that which is necessary or  
32 useful and convenient for the generation, transmission and sale of  
33 hydroelectric power at wholesale;

34 (32) "Hydroelectric power" shall mean the production of electric  
35 current by the energy of moving water;

36 (33) "Sale of hydroelectric power at wholesale" shall mean any  
37 sale of hydroelectric power to any person for purposes of resale of  
38 such power.

39 (cf: P.L.1984, c.178, s.1)

40

41 6. Section 2 of P.L.1960, c.183 (C.40:37A-45) is amended to read  
42 as follows:

43 2. As used in this act, unless a different meaning clearly appears  
44 from the context:

45 (a) "Authority" shall mean a public body created pursuant to this  
46 act;

- 1 (b) "Bond resolution" shall have the meaning ascribed thereto in  
2 section 17 of P.L.1960, c.183 (C.40:37A-60);
- 3 (c) "Bonds" shall mean bonds, notes or other obligations issued  
4 pursuant to this act;
- 5 (d) "Construct" and "construction" shall connote and include acts  
6 of clearance, demolition, construction, development or redevelopment,  
7 reconstruction, replacement, extension, improvement and betterment;
- 8 (e) "Cost" shall mean, in addition to the usual connotations thereof,  
9 the cost of planning, acquisition or construction of all or any part of  
10 any public facility or facilities of an authority and of all or any  
11 property, rights, easements, privileges, agreements and franchises  
12 deemed by the authority to be necessary or useful and convenient  
13 therefor or in connection therewith and the cost of retiring the present  
14 value of the unfunded accrued liability due and owing by the authority,  
15 as calculated by the system actuary for a date certain upon the request  
16 of the authority, for early retirement incentive benefits granted by the  
17 authority pursuant to P.L.1991, c.230 and P.L.1993, c.181, including  
18 interest or discount on bonds, cost of issuance of bonds, architectural,  
19 engineering and inspection costs and legal expenses, cost of financial,  
20 professional and other estimates and advice, organization,  
21 administrative, operating and other expenses of the authority prior to  
22 and during such acquisition or construction, and all such other  
23 expenses as may be necessary or incident to the financing, acquisition,  
24 construction and completion of such public facility or facilities or part  
25 thereof and the placing of the same fully in operation or the disposition  
26 of the same, and also such provision or reserves for working capital,  
27 operating, maintenance or replacement expenses or for payment or  
28 security of principal of or interest on bonds during or after such  
29 acquisition or construction as the authority may determine, and also  
30 reimbursements to the authority or any governmental unit or person of  
31 any moneys theretofore expended for the purposes of the authority;
- 32 (f) The term "county" shall mean any county of any class of the  
33 State and shall include, without limitation, the terms "the county" and  
34 "beneficiary county" defined in this act, and the term "the county" shall  
35 mean the county which created an authority pursuant to this act;
- 36 (g) "Development project" shall mean any lands, structures, or  
37 property or facilities acquired or constructed or to be acquired or  
38 constructed by an authority for the purposes of the authority described  
39 in subsection (e) of section 11 of P.L.1960, c.183 (C.40:37A-54);
- 40 (h) "Facility charges" shall have the meaning ascribed to said term  
41 in section 14 of P.L.1960, c.183 (C.40:37A-57);
- 42 (i) "Facility revenues" shall have the meaning ascribed to said term  
43 in subsection (e) of section 20 of P.L.1960, c.183 (C.40:37A-63);
- 44 (j) "Governing body" shall mean, in the case of a county, the board  
45 of chosen freeholders, or in the case of a county operating under  
46 article 3 or 5 of the "Optional County Charter Law" (P.L.1972, c.154;

1 C.40:41A-1 et seq.) as defined thereunder, and, in the case of a  
2 municipality, the commission, council, board or body, by whatever  
3 name it may be known, having charge of the finances of the  
4 municipality;

5 (k) "Governmental unit" shall mean the United States of America  
6 or the State or any county or municipality or any subdivision,  
7 department, agency, or instrumentality heretofore or hereafter created,  
8 designated or established by or for the United States of America or the  
9 State or any county or municipality;

10 (l) "Local bond law" shall mean chapter 2 of Title 40A,  
11 Municipalities and Counties, of the New Jersey Statutes (N.J.S.) as  
12 amended and supplemented;

13 (m) "Municipality" shall mean any city, borough, village, town, or  
14 township of the State but not a county or a school district;

15 (n) "Person" shall mean any person, partnership, association,  
16 corporation or entity other than a nation, state, county or municipality  
17 or any subdivision, department, agency or instrumentality thereof;

18 (o) "Project" shall have the meaning ascribed to said term in  
19 section 17 of P.L.1960, c.183 (C.40:37A-60);

20 (p) "Public facility" shall mean any lands, structures, franchises,  
21 equipment, or other property or facilities acquired, constructed,  
22 owned, financed, or leased by the authority or any other governmental  
23 unit or person to accomplish any of the purposes of an authority  
24 authorized by section 11 of P.L.1960, c.183 (C.40:37A-54);

25 (q) "Real property" shall mean lands within or without the State,  
26 above or below water, and improvements thereof or thereon, or any  
27 riparian or other rights or interests therein;

28 (r) "Garbage and solid waste disposal system" shall mean the  
29 plants, structures and other real and personal property acquired,  
30 constructed or operated or to be acquired, constructed or operated by  
31 a county improvement authority, including incinerators, sanitary  
32 landfill facilities or other plants for the treatment and disposal of  
33 garbage, solid waste and refuse matter and all other real and personal  
34 property and rights therein and appurtenances necessary or useful and  
35 convenient for the collection and treatment or disposal in a sanitary  
36 manner of garbage, solid waste and refuse matter (but not including  
37 sewage);

38 (s) "Garbage, solid waste or refuse matter" shall mean garbage,  
39 refuse and other discarded materials resulting from industrial,  
40 commercial and agricultural operations, and from domestic and  
41 community activities, and shall include all other waste materials  
42 including sludge, chemical waste, hazardous wastes and liquids, except  
43 for liquids which are treated in public sewage treatment plants and  
44 except for solid animal and vegetable wastes collected by swine  
45 producers licensed by the State Department of Agriculture to collect,  
46 prepare and feed such wastes to swine on their own farms;

1 (t) "Blighted, deteriorated or deteriorating area" may include an  
2 area determined heretofore by the municipality to be blighted in  
3 accordance with the provisions of P.L.1949, c.187, repealed by  
4 P.L.1992, c.79 (C.40:55-21.1 et seq.) and, in addition, areas which are  
5 determined by the municipality, pursuant to the same procedures as  
6 provided in said law, to be blighted, deteriorated or deteriorating  
7 because of structures or improvements which are dilapidated or  
8 characterized by disrepair, lack of ventilation or light or sanitary  
9 facilities, faulty arrangement, location, or design, or other unhealthful  
10 or unsafe conditions;

11 (u) "Redevelopment" may include planning, replanning,  
12 conservation, rehabilitation, clearance, development and  
13 redevelopment; and the construction and rehabilitation and provision  
14 for construction and rehabilitation of residential, commercial,  
15 industrial, public or other structures and the grant or dedication or  
16 rededication of spaces as may be appropriate or necessary in the  
17 interest of the general welfare for streets, parks, playgrounds, or other  
18 public purposes including recreational and other facilities incidental or  
19 appurtenant thereto, in accordance with a redevelopment plan  
20 approved by the governing body of a municipality;

21 (v) "Redevelopment plan" shall mean a plan as it exists from time  
22 to time for the redevelopment of all or any part of a redevelopment  
23 area, which plan shall be sufficiently complete to indicate such land  
24 acquisition, demolition and removal of structures, redevelopment,  
25 improvements, conservation or rehabilitation as may be proposed to  
26 be carried out in the area of the project, zoning and planning changes,  
27 if any, land uses, maximum densities, building requirements, the plan's  
28 relationship to definite local objectives respecting appropriate land  
29 uses, improved traffic, public transportation, public utilities,  
30 recreational and community facilities, and other public improvements  
31 and provision for relocation of any residents and occupants to be  
32 displaced in a manner which has been or is likely to be approved by the  
33 Department of Community Affairs pursuant to the "Relocation  
34 Assistance Law of 1967," P.L.1967, c.79 (C.52:31B-1 et seq.) and the  
35 "Relocation Assistance Act," P.L.1971, c.362 (C.20:4-1 et seq.) and  
36 rules and regulations pursuant thereto;

37 (w) "Redevelopment project" shall mean any undertakings and  
38 activities for the elimination, and for the prevention of the  
39 development or spread, of blighted, deteriorated, or deteriorating  
40 areas and may involve any work or undertaking pursuant to a  
41 redevelopment plan; such undertaking may include: (1) acquisition of  
42 real property and demolition, removal or rehabilitation of buildings and  
43 improvements thereon; (2) carrying out plans for a program of  
44 voluntary repair and rehabilitation of buildings or other improvements;  
45 and (3) installation, construction or reconstruction of streets, utilities,  
46 parks, playgrounds or other improvements necessary for carrying out

1 the objectives of the redevelopment project;

2 (x) "Redeveloper" shall mean any person or governmental unit that  
3 shall enter into or propose to enter into a contract with an authority  
4 for the redevelopment of an area or any part thereof under the  
5 provisions of this act;

6 (y) "Redevelopment area" shall mean an area of a municipality  
7 which the governing body thereof finds is a blighted area or an area in  
8 need of rehabilitation whose redevelopment is necessary to effectuate  
9 the public purposes declared in this act. A redevelopment area may  
10 include lands, buildings, or improvements which of themselves are not  
11 detrimental to the public health, safety or welfare, but whose inclusion  
12 is found necessary, with or without change in their condition, for the  
13 effective redevelopment of the area of which they are a part;

14 (z) "Sludge" shall mean any solid, semisolid, or liquid waste  
15 generated from a municipal, industrial or other sewage treatment plant,  
16 water supply treatment plant, or air pollution control facility, or any  
17 other such waste having similar characteristics and effects, but shall  
18 not include effluent; and

19 (aa) "Beneficiary county" shall mean any county that has not  
20 created an authority pursuant to this act.

21 (cf: P.L.1994, c.76, s.1)

22

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

25 30. a. A redevelopment agency or housing authority shall have the  
26 power and is hereby authorized to issue, from time to time, its bonds,  
27 bond anticipation notes and other notes and obligations in such  
28 principal amounts as in its opinion shall be necessary to provide  
29 sufficient funds for achieving any of its corporate purposes, including,  
30 but not limited to: the making of mortgage loans, the payment,  
31 funding or refunding of the principal of, or interest or redemption  
32 premiums on, any bonds, bond anticipation notes and other notes and  
33 obligations issued by it whether or not such have become due; the  
34 establishment or increase of reserves to secure or to pay such bonds,  
35 bond anticipation notes and other notes and obligations or interest  
36 thereon; and all costs or expenses incident to and necessary or  
37 convenient to carry out its corporate purposes and powers, including  
38 but not limited to the payment of the cost of retiring the present value  
39 of the unfunded accrued liability due and owing by a redevelopment  
40 agency or housing authority, as calculated by the system actuary for  
41 a date certain upon the request of a redevelopment agency or housing  
42 authority, for early retirement incentive benefits granted by the  
43 redevelopment agency or housing authority pursuant to P.L.1991,  
44 c.230 and P.L.1993, c.181.

45 b. A redevelopment agency or housing authority may issue such  
46 bonds, bond anticipation notes or other notes or obligations as it may



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

18 c. Whether or not the bonds, bond anticipation notes and other  
19 notes and obligations issued pursuant to this act are of such form and  
20 character as to be negotiable instruments under the terms of Title 12A,  
21 Commercial Transactions, New Jersey Statutes, such bonds, bond  
22 anticipation notes and other notes and obligations and any coupon  
23 thereof are hereby made negotiable instruments within the meaning of  
24 and for all the purposes of Title 12A, subject only to the provisions of  
25 the bonds and notes for registration.

26 d. Bonds, bond anticipation notes and other notes and obligations  
27 of a redevelopment agency or housing authority issued under the  
28 provisions of this act shall not be in any way a debt or liability of the  
29 State or of any political subdivision thereof other than the  
30 redevelopment agency or housing authority and shall not create or  
31 constitute any indebtedness, liability or obligation of the State or of  
32 any political subdivision, nor be or constitute a pledge of the faith and  
33 credit of the State or of any political subdivision; but all such bonds,  
34 bond anticipation notes and other notes and obligations, unless funded  
35 or refunded by bonds, bond anticipation notes or other notes or  
36 obligations of the redevelopment agency or housing authority shall be  
37 payable from revenues or funds pledged or available for their payment  
38 as authorized in this act. Each bond, bond anticipation note or other  
39 note or obligation shall contain on its face a statement to the effect  
40 that the redevelopment agency or housing authority is obligated to pay  
41 the principal thereof or the interest thereon only from the revenues or  
42 funds of the redevelopment agency or housing authority, and that  
43 neither the State nor any political subdivision thereof is obligated to  
44 pay such principal or interest, and that neither the faith and credit nor  
45 the taxing power of the State or any political subdivision thereof is  
46 pledged to the payment of the principal of or the interest on such

1 bonds, bond anticipation notes or other notes or obligations.  
2 e. All expenses incurred in carrying out the provisions of this act  
3 shall be payable solely from revenues or funds provided or to be  
4 provided under the provisions of this act, and nothing in this act shall  
5 be construed to authorize a redevelopment agency or housing  
6 authority to incur indebtedness or liability on behalf of or payable by  
7 this State or any political subdivision thereof.

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

9  
10 8. This act shall take effect immediately.

11  
12  
13 STATEMENT

14  
15 This bill would allow units of local governments to issue refunding  
16 bonds to retire the unfunded accrued liability of the local unit due to  
17 the State's various pension systems created through the granting of  
18 early retirement benefits to employees of the local unit.

19 At present, hundreds of local units have individual unfunded  
20 liabilities within the State administered pension systems. These  
21 unfunded liabilities, which were created when eligible employees of a  
22 local unit accepted the early retirement benefits offered by the local  
23 unit pursuant to a series of laws adopted and effective in 1991 and  
24 1993, must be paid off by the local unit over a period of thirty-three  
25 years, although some local units have opted to fund the liability over  
26 shorter periods of time. In calendar year 2000, these units will make  
27 payments in excess of \$66 million on these debts. The present value  
28 of these debts is believed to exceed \$600 million.

29 The unfunded liability of a local unit accrues interest at 8.75%, the  
30 actuarially established rate of return for the State's various pension  
31 systems. This bill would allow a local unit to issue refunding bonds to  
32 fund the present value of the accrued liability, effectively financing an  
33 existing debt at a lower rate of interest. This bill would offer this  
34 option to counties, municipalities, boards of education and local  
35 boards, authorities and commissions that have unfunded liabilities due  
36 to early retirement benefits granted under the 1991 and 1993 laws.

37 This bill is permissive. It would not require local units to refund  
38 their unfunded liability related to early retirement. It would not  
39 authorize local units to borrow in excess of amounts needed to pay off  
40 the existing unfunded liability, including the transactional costs  
41 associated with the borrowing. It would not create the authority to  
42 issue bonds to any local unit which is not presently authorized to do  
43 so. Under this legislation, the decision to issue such bonds would  
44 remain with the local unit currently authorized to issue bonds. The  
45 adoption procedure and issuance mechanism would be the same  
46 procedure that exists under current law for the issuance of refunding

1 bonds by the local unit.

2 This bill would supplement the "Local Bond Law," N.J.S.40A:2-1  
3 et seq., to authorize counties and municipalities to issue refunding  
4 bonds for the purpose of funding an unfunded accrued liability.  
5 Similarly, the bill amends the school bond law, the "Parking Authority  
6 Law," P.L.1948, c.198 (C.40:11A-1 et seq.), the "sewerage authorities  
7 law," P.L.1946, c.138 (C.40:14A-1 et seq.), the "municipal and county  
8 utilities authorities law," P.L.1957, c.183 (C.40:14B-1 et seq.), the  
9 "county improvement authorities law," P.L.1960, c.183 (C.40:37A-44  
10 et seq.), and the "Local Redevelopment and Housing Law," P.L.1992,  
11 c.79 (C.40A:12A-1 et seq.) to permit local units with independent  
12 bonding authority to issue refunding bonds for the purpose of funding  
13 the present value of their existing unfunded liability associated with  
14 early retirement benefits.

ASSEMBLY HOUSING AND LOCAL GOVERNMENT  
COMMITTEE

STATEMENT TO

[First Reprint]

**SENATE, No. 577**

**STATE OF NEW JERSEY**

DATED: MAY 9, 2002

The Assembly Housing and Local Government Committee reports favorably Senate Bill No. 577 (1R).

This bill would allow units of local governments to issue refunding bonds to retire the unfunded accrued liability of the local unit due to the State's various pension systems created through the granting of early retirement benefits to employees of the local unit. The bill would also allow units of local governments to utilize refunding bonds when they offer early retirement incentive programs for employees affected by consolidation agreements.

At present, hundreds of local units have individual unfunded liabilities within the State administered pension systems. These unfunded liabilities, which were created when eligible employees of a local unit accepted the early retirement benefits offered by the local unit pursuant to a series of laws adopted and effective during the 1990's, must be paid off by the local unit over a period of thirty-three years, although some local units have opted to fund the liability over shorter periods of time. In calendar year 2000, these units will make payments in excess of \$66 million on these debts. The present value of these debts is believed to exceed \$600 million.

The unfunded liability of a local unit accrues interest at 8.75%, the actuarially established rate of return for the State's various pension systems. This bill would allow a local unit to issue refunding bonds to fund the present value of the accrued liability, effectively financing an existing debt at a lower rate of interest. This bill would offer this option to counties, municipalities, boards of education and local boards, authorities and commissions that have unfunded liabilities due to early retirement benefits granted under the 1991 and 1993 laws.

This bill is permissive. It would not require local units to refund their unfunded liability related to early retirement. It would not authorize local units to borrow in excess of amounts needed to pay off the existing unfunded liability, including the transactional costs associated with the borrowing. It would not create the authority to issue bonds to any local unit which is not presently authorized to do

so. Under this legislation, the decision to issue such bonds would remain with the local unit currently authorized to issue bonds. The adoption procedure and issuance mechanism would be the same procedure that exists under current law for the issuance of refunding bonds by the local unit.

This bill would supplement the "Local Bond Law," N.J.S.40A:2-1 et seq., to authorize counties and municipalities to issue refunding bonds for the purpose of funding an unfunded accrued liability. Similarly, the bill amends the school bond law, the "Parking Authority Law," P.L.1948, c.198 (C.40:11A-1 et seq.), the "sewerage authorities law," P.L.1946, c.138 (C.40:14A-1 et seq.), the "municipal and county utilities authorities law," P.L.1957, c.183 (C.40:14B-1 et seq.), the "county improvement authorities law," P.L.1960, c.183 (C.40:37A-44 et seq.), and the "Local Redevelopment and Housing Law," P.L.1992, c.79 (C.40A:12A-1 et seq.) to permit local units with independent bonding authority to issue refunding bonds for the purpose of funding the present value of their existing unfunded liability associated with early retirement benefits.

# SENATE COMMUNITY AND URBAN AFFAIRS COMMITTEE

## STATEMENT TO

### **SENATE, No. 577**

with committee amendments

# **STATE OF NEW JERSEY**

DATED: FEBRUARY 25, 2002

The Senate Community and Urban Affairs Committee reports favorably and with committee amendments Senate Bill No. 577.

As amended by the committee, this bill would allow units of local governments to issue refunding bonds to retire the unfunded accrued liability of the local unit due to the State's various pension systems created through the granting of early retirement benefits to employees of the local unit.

At present, hundreds of local units have individual unfunded liabilities within the State administered pension systems. These unfunded liabilities, which were created when eligible employees of a local unit accepted the early retirement benefits offered by the local unit pursuant to a series of laws adopted and effective during the 1990's, must be paid off by the local unit over a period of thirty-three years, although some local units have opted to fund the liability over shorter periods of time. In calendar year 2000, these units will make payments in excess of \$66 million on these debts. The present value of these debts is believed to exceed \$600 million.

The unfunded liability of a local unit accrues interest at 8.75%, the actuarially established rate of return for the State's various pension systems. This bill would allow a local unit to issue refunding bonds to fund the present value of the accrued liability, effectively financing an existing debt at a lower rate of interest. This bill would offer this option to counties, municipalities, boards of education and local boards, authorities and commissions that have unfunded liabilities due to early retirement benefits granted under the 1991 and 1993 laws.

This bill is permissive. It would not require local units to refund their unfunded liability related to early retirement. It would not authorize local units to borrow in excess of amounts needed to pay off the existing unfunded liability, including the transactional costs associated with the borrowing. It would not create the authority to issue bonds to any local unit which is not presently authorized to do so. Under this legislation, the decision to issue such bonds would remain with the local unit currently authorized to issue bonds. The adoption procedure and issuance mechanism would be the same procedure that exists under current law for the issuance of refunding

bonds by the local unit.

This bill would supplement the "Local Bond Law," N.J.S.40A:2-1 et seq., to authorize counties and municipalities to issue refunding bonds for the purpose of funding an unfunded accrued liability. Similarly, the bill amends the school bond law, the "Parking Authority Law," P.L.1948, c.198 (C.40:11A-1 et seq.), the "sewerage authorities law," P.L.1946, c.138 (C.40:14A-1 et seq.), the "municipal and county utilities authorities law," P.L.1957, c.183 (C.40:14B-1 et seq.), the "county improvement authorities law," P.L.1960, c.183 (C.40:37A-44 et seq.), and the "Local Redevelopment and Housing Law," P.L.1992, c.79 (C.40A:12A-1 et seq.) to permit local units with independent bonding authority to issue refunding bonds for the purpose of funding the present value of their existing unfunded liability associated with early retirement benefits.

The committee amended the bill to add a reference to a provision of law that authorized local units to offer early retirement incentive programs for employees affected by consolidation agreements thereby allowing such local units to utilize refunding bonds.

This bill was prefiled for introduction in the 2002 session pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.

STATEMENT TO  
[First Reprint]  
**SENATE, No. 577**

with Assembly Floor Amendments  
(Proposed By Assemblyman BURZICHELLI)

ADOPTED: MAY 20, 2002

This floor amendment would permit county improvement authorities and the Economic Development Authority to pool early retirement benefit refunding bonds from local units in order to obtain better interest rates and terms.



# LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 577

STATE OF NEW JERSEY

210th LEGISLATURE

DATED: MARCH 11, 2002

## SUMMARY

- Synopsis:** Permits local government units to issue refunding bonds to retire unfunded accrued liability resulting from early retirement incentive benefits.
- Type of Impact:** Reduction in expenditures for local government units.
- Agencies Affected:** Counties, municipalities, boards of education, local boards, authorities and commissions.

### Office of Legislative Services Estimate

<b>Fiscal Impact</b>	<b><u>Year 1</u></b>	<b><u>Year 2</u></b>	<b><u>Year 3</u></b>
<b>Local Reduction</b>	Indeterminate -See Comments Below		

- ! Presently, hundreds of local units have individual unfunded liabilities within the State administered pension systems for the cost of early retirement incentive programs. In CY 2000, these units made payments in excess of \$66 million on these debts. The present value of these debts is believed to be \$600 million.
- ! Local units under this bill may pay private market bondholders rather than the State administered retirement systems to retire the existing unfunded accrued liability resulting from the granting of early retirement incentive benefits to their employees. Thus, local units will have the capacity to finance existing debt at a lower rate of interest. Because this bill is permissive, the potential cost reduction for local units is indeterminable.

## BILL DESCRIPTION

Senate Bill No. 577 (1R) of 2002 would allow units of local governments to issue refunding bonds to retire the unfunded accrued liability resulting from the granting of early retirement incentive benefits to employees of their local units under the State's various pension systems. In essence, the bill would permit local units to "refinance" certain of their existing pension liabilities.

This bill would supplement the "Local Bond Law," N.J.S.40A:2-1 et seq., to authorize counties and municipalities to issue refunding bonds for the purpose of funding an unfunded accrued liability. Similarly, the bill amends the school bond law, the "Parking Authority Law," P.L.1948, c.198 (C.40:11A-1 et seq.), the "sewerage authorities law," P.L.1946, c.138 (C.40:14A-1 et seq.), the "municipal and county utilities authorities law," P.L.1957, c.183

(C.40:14B-1 et seq.), the "county improvement authorities law," P.L.1960, c.183 (C.40:37A-44 et seq.), and the "Local Redevelopment and Housing Law," P.L.1992, c.79 (C.40A:12A-1 et seq.) to permit local units with independent bonding authority to issue refunding bonds for the purpose of funding the present value of their existing unfunded liability associated with early retirement incentive benefits.

The unfunded liability of a local unit accrues interest at 8.75 percent, the actuarially established rate of return for the State's various pension systems. This bill would allow a local unit to issue refunding bonds to fund the present value of the accrued liability, effectively financing an existing debt at a lower rate of interest. This bill would offer this option to counties, municipalities, boards of education and local boards, authorities and commissions that have unfunded liabilities due to early retirement incentive benefits granted under the 1991 and 1993 laws, and under P.L.1999, c.59.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

### ***OFFICE OF LEGISLATIVE SERVICES***

At present, according to the Division of Pensions and Benefits, hundreds of local units have individual unfunded liabilities within the State administered pension systems. These unfunded liabilities were created when eligible employees of a local unit accepted the early retirement incentive benefits offered by the local unit pursuant to a series of laws adopted and effective in 1991 and 1993, and pursuant to P.L.1999, c59. These unfunded liabilities must be paid off by the local unit over a period of thirty-three years, although some local units have opted to fund the liability over shorter periods of time. In CY 2000, these units made payments in excess of \$66 million on these debts. As of June 30, 1999, the present value of these debts were believed to exceed \$594 million.

Under this bill, local units will be able to lower the cost of their future liabilities by issuing refunding bonds. That lower cost is the result of the difference between the cost to the local units of issuing and paying debt service on the refunding bonds authorized by this bill and the payments they now make to the State administered pension systems. In short, the local units, under this bill, may pay private market bondholders to pay off the existing unfunded liability rather than the State administered retirement system for the benefits granted employees under the early retirement incentive benefit programs. Thus, local units will have the capacity to finance existing debt at a lower rate of interest. Since this bill is permissive, the potential cost reduction for local units is indeterminable.

Section: *State Government*

Analyst: *Aggie Szilagyi*  
*Section Chief*

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

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

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

# ASSEMBLY, No. 1745

## STATE OF NEW JERSEY 210th LEGISLATURE

INTRODUCED FEBRUARY 4, 2002

**Sponsored by:**

**Assemblyman JOHN J. BURZICHELLI**  
**District 3 (Salem, Cumberland and Gloucester)**  
**Assemblyman ALBIO SIRES**  
**District 33 (Hudson)**

**Co-Sponsored by:**

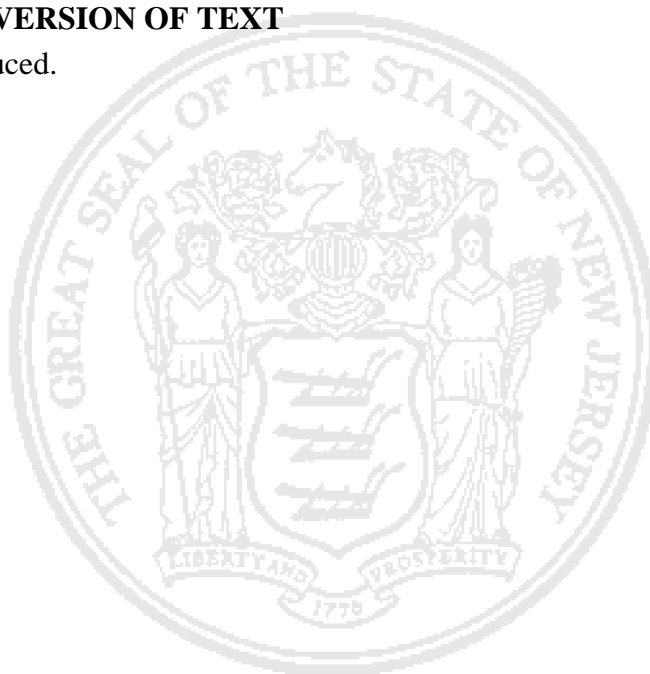
**Assemblyman Sarlo**

**SYNOPSIS**

Permits local government units to issue refunding bonds to retire unfunded accrued liability resulting from early retirement benefits.

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 5/10/2002)**

1 AN ACT authorizing the issuance of refunding bonds to refund certain  
2 actuarial liabilities of local governments and boards of education,  
3 supplementing chapter 2 of Title 40A of the New Jersey Statutes  
4 and amending various parts of the statutory law.

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

8  
9 1. (New section) Notwithstanding the provisions of N.J.S.40A:2-  
10 51 to the contrary, a county or municipality may incur indebtedness,  
11 borrow money, authorize and issue negotiable refunding bonds, in any  
12 amount determined to be necessary by the county or the municipality  
13 and approved by the Local Finance Board to effect the refunding for  
14 the purpose of retiring the present value of the unfunded accrued  
15 liability for early retirement incentive benefits granted pursuant to  
16 P.L.1991, c.229, P.L.1991, c.230, P.L.1993, c.138, P.L.1993, c.181,  
17 and P.L.1993, c.99, in addition to the other purposes for which it may  
18 do the same under N.J.S.40A:2-51. The system actuary shall calculate  
19 the present value of the unfunded liability due and owing by the  
20 municipality or county on a date certain upon the request of the county  
21 or municipality. For purposes of this section, "county" means any  
22 county of any class and all boards or commissions organized under  
23 such county, including but not limited to welfare boards, boards of  
24 social services, park commissions and mosquito control authorities.

25  
26 2. Section 2 of P.L.1969, c.130 (C.18A:24-61.2) is amended to  
27 read as follows:

28 2. Notwithstanding the provisions of any other law or any debt  
29 limitation or requirement for down payment or for referendum or other  
30 action by legal voters, refunding bonds may be authorized and issued  
31 for the purpose of paying, funding or refunding : any refunded  
32 bonds; the cost of retiring the present value of the unfunded accrued  
33 liability due and owing by a board of education, as calculated by the  
34 system actuary for a date certain upon the request of a board of  
35 education, for early retirement incentive benefits granted by the board  
36 of education pursuant to P.L.1991, c.231 and P.L.1993, c.163; and  
37 **[paying]** the cost or expense of issuing refunding bonds including  
38 printing, advertising, accounting, financial, legal or other expense in  
39 connection therewith. Obligations to be paid, funded or refunded with  
40 respect to which an ordinance authorizing the issuance of refunding  
41 bonds has been adopted pursuant to this act and not otherwise  
42 deductible shall be excluded in calculating the net school debt of a  
43 municipality or a district. Refunding bonds shall be authorized (a) in

**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 the case of any county or municipality by refunding bond ordinance  
2 enacted in the manner or mode of procedure provided for adoption of  
3 a refunding bond ordinance pursuant to the Local Bond Law,  
4 constituting chapter 2 of Title 40A, Municipalities and Counties, of  
5 the New Jersey Statutes, and (b) in the case of a Type II school  
6 district by an ordinance (herein called the "refunding bond ordinance")  
7 adopted by the board of education of such school district as provided  
8 in this chapter.

9 (cf: P.L.1978, c.75, s.2)

10

11 3. Section 8 of P.L.1948, c.198 (C.40:11A-8) is amended to read  
12 as follows:

13 8. Every authority shall have power to issue its bonds from time to  
14 time in its discretion for any of its corporate purposes, including: the  
15 paying or retiring of any bonds previously issued by it; paying the cost  
16 of retiring the present value of the unfunded accrued liability due and  
17 owing by an authority, as calculated by the system actuary for a date  
18 certain upon the request of an authority, for early retirement incentive  
19 benefits granted by the authority pursuant to P.L.1991, c.230 and  
20 P.L.1993, c.181; and the payment of any expense incurred or  
21 expected to be incurred and payable by it. Said authority may issue  
22 such types of bonds as it may determine, including (without limiting  
23 the generality of the foregoing) bonds on which the principal and  
24 interest are payable (a) exclusively from the income and revenues of  
25 the parking project financed with the proceeds of such bonds; (b)  
26 exclusively from the income and revenues of certain designated  
27 parking projects whether or not they are financed in whole or in part  
28 with the proceeds of such bonds; or (c) from its revenues generally.  
29 Any such bonds may be additionally secured by a pledge of any grant  
30 or contributions from the Federal Government, State or county, or  
31 municipality, or a pledge of any income or revenues of the authority,  
32 or a mortgage of any parking project, projects or other property of  
33 the authority. This act shall be complete authority for the issuance of  
34 bonds by an authority, and the provisions of any other law shall not  
35 apply to the issuance of such bonds. Whenever and for so long as any  
36 authority has issued and has outstanding bonds pursuant to this act,  
37 it shall be the mandatory duty of the authority to fix, charge and  
38 collect rents, rates and other charges in accordance with clause (f) of  
39 paragraph (4) of section 6 of this act.

40 (cf: P.L.1958, c.22, s.4)

41

42 4. Section 3 of P.L.1946, c.138 (C.40:14A-3) is amended to read  
43 as follows:

44 3. As used in this act, unless a different meaning clearly appears  
45 from the context:

46 (1) "Municipality" shall mean any city of any class, any borough,

1 village, town, township, or any other municipality other than a county  
2 or a school district, and except when used in section 4 or 21 of this  
3 act, any agency thereof or any two or more thereof acting jointly or  
4 any joint meeting or other agency of any two or more thereof;

5 (2) "County" shall mean any county of any class;

6 (3) "Governing body" shall mean, in the case of a county, the board  
7 of chosen freeholders, or in the case of those counties organized  
8 pursuant to the provisions of the "Optional County Charter Law"  
9 P.L.1972, c.154 (C.40:41A-1 et seq.), the board of chosen freeholders  
10 and the county executive, the county supervisor or the county  
11 manager, as appropriate, and, in the case of a municipality, the  
12 commission, council, board or body, by whatever name it may be  
13 known, having charge of the finances of the municipality;

14 (4) "Person" shall mean any person, association, corporation,  
15 nation, State or any agency or subdivision thereof, other than a county  
16 or municipality of the State or a sewerage authority;

17 (5) "Sewerage or water reclamation authority" shall mean a public  
18 body created pursuant to section 4 of this act;

19 (6) Subject to the exceptions provided in section 4 of this act,  
20 "district" shall mean the area within the territorial boundaries of the  
21 county, or of the municipality or municipalities, which created or  
22 joined in the creation of a sewerage authority;

23 (7) "Local unit" shall mean the county, or any municipality, which  
24 created or joined in the creation of a sewerage authority;

25 (8) "Sewerage system" shall mean the plants, structures, on-site  
26 waste-water systems, and other real and personal property acquired,  
27 constructed, maintained or operated or to be acquired, constructed,  
28 maintained or operated by a sewerage authority for the purposes of the  
29 sewerage authority, including sewers, conduits, pipe lines, mains,  
30 pumping and ventilating stations, sewage treatment or disposal  
31 systems, plants and works, connections, and outfalls, compensating  
32 reservoirs, and other plants, structures, boats, conveyances, and other  
33 real and personal property, and rights therein, and appurtenances  
34 necessary or useful and convenient for the collection, treatment,  
35 purification or disposal in a sanitary manner of any sewage, liquid or  
36 solid wastes, night soil or industrial wastes;

37 (9) "Cost" shall mean, in addition to the usual connotations  
38 thereof, the cost of acquisition or construction of all or any part of a  
39 sewerage system and of all or any property, rights, easements,  
40 privileges, agreements and franchises deemed by the sewerage  
41 authority to be necessary or useful and convenient therefor or in  
42 connection therewith and the cost of retiring the present value of the  
43 unfunded accrued liability due and owing by a sewerage authority, as  
44 calculated by the system actuary for a date certain upon the request of  
45 a sewerage authority, for early retirement incentive benefits granted by  
46 the sewerage authority pursuant to P.L.1991, c.230 and P.L.1993,

1 c.181, including interest or discount on bonds, cost of issuance of  
2 bonds, engineering and inspection costs and legal expenses, costs of  
3 financial, professional and other estimates and advice, organization,  
4 administrative, operating and other expenses of the sewerage authority  
5 prior to and during such acquisition or construction, and all such other  
6 expenses as may be necessary or incident to the financing, acquisition,  
7 construction and completion of said sewerage system or part thereof  
8 and the placing of the same in operation, and also such provision or  
9 reserves for working capital, operating, maintenance or replacement  
10 expenses or for payment or security of principal of or interest on  
11 bonds during or after such acquisition or construction as the sewerage  
12 authority may determine, and also reimbursements to the sewerage  
13 authority or any county, municipality or other person of any moneys  
14 theretofore expended for the purposes of the sewerage authority or to  
15 any county or municipality of any moneys theretofore expended for in  
16 connection with sanitation facilities;

17 (10) "Real property" shall mean lands both within and without the  
18 State, and improvements thereof or thereon, or any rights or interests  
19 therein;

20 (11) "Construct" and "construction" shall connote and include acts  
21 of construction, reconstruction, replacement, extension, improvement  
22 and betterment of a sewerage system;

23 (12) "Industrial wastes" shall mean liquid or other wastes resulting  
24 from any processes of industry, manufacture, trade or business or from  
25 the development of any natural resource;

26 (13) "Sewage" shall mean the water-carried wastes created in and  
27 carried, or to be carried, away from, or to be processed by on-site  
28 wastewater systems, residences, hotels, apartments, schools, hospitals,  
29 industrial establishments, or any other public or private building,  
30 together with such surface or ground water and industrial wastes as  
31 may be present;

32 (14) "On-site wastewater system" means any of several works,  
33 facilities, septic tanks or other devices, used to collect, treat, reclaim,  
34 or dispose of wastewater or sewage on or adjacent to the property on  
35 which the wastewater or sewage is produced, or to convey such  
36 wastewater or sewage from said property to such facilities as the  
37 authority may establish for its disposal;

38 (15) "Pollution" means the condition of water resulting from the  
39 introduction therein of substances of a kind and in quantities rendering  
40 it detrimental or immediately or potentially dangerous to the public  
41 health, or unfit for public or commercial use;

42 (16) "Ordinance" means a written act of the governing body of a  
43 municipality adopted and otherwise approved and published in the  
44 manner or mode of procedure prescribed for ordinances tending to  
45 obligate such municipality pecuniarily;

46 (17) "Resolution" means a written act of the governing body of a



1 local unit adopted and otherwise approved in the manner or mode of  
2 procedure prescribed for resolutions tending to obligate such local unit  
3 pecuniarily;

4 (18) "Bonds" shall mean bonds or other obligations issued pursuant  
5 to this act; and

6 (19) "Compensating reservoir" shall mean the structures, facilities  
7 and appurtenances for the impounding, transportation and release of  
8 water for the replenishment in periods of drought or at other necessary  
9 times of all or a part of waters in or bordering the State diverted into  
10 a sewer, sewage treatment or sewage disposal system operated by the  
11 sewerage authority.

12 (cf: P.L.2001, c.123, s.1)

13

14 5. Section 3 of P.L.1957, c.183 (C.40:14B-3) is amended to read  
15 as follows:

16 3. As used in this act, unless a different meaning clearly appears  
17 from the context:

18 (1) "Municipality" shall mean any city of any class, any borough,  
19 village, town, township, or any other municipality other than a county  
20 or a school district, and except when used in section 4, 5, 6, 11, 12,  
21 13, 42 or 45 of this act, any agency thereof or any two or more thereof  
22 acting jointly or any joint meeting or other agency of any two or more  
23 thereof;

24 (2) "County" shall mean any county of any class;

25 (3) "Governing body" shall mean, in the case of a county, the board  
26 of chosen freeholders, or in the case of those counties organized  
27 pursuant to the provisions of the "Optional County Charter Law"  
28 P.L.1972, c.154 (C.40:41A-1 et seq.), the board of chosen freeholders  
29 and the county executive, the county supervisor or the county  
30 manager, as appropriate, and, in the case of a municipality, the  
31 commission, council, board or body, by whatever name it may be  
32 known, having charge of the finances of the municipality;

33 (4) "Person" shall mean any person, association, corporation,  
34 nation, state or any agency or subdivision thereof, other than a county  
35 or municipality of the State or a municipal authority;

36 (5) "Municipal or water reclamation authority" shall mean a public  
37 body created or organized pursuant to section 4, 5 or 6 of this act and  
38 shall include a municipal utilities authority created by one or more  
39 municipalities and a county utilities authority created by a county;

40 (6) Subject to the exceptions provided in section 10, 11 or 12 of  
41 this act, "district" shall mean the area within the territorial boundaries  
42 of the county, or of the municipality or municipalities, which created  
43 or joined in or caused the creation or organization of a municipal  
44 authority;

45 (7) "Local unit" shall mean the county, or any municipality, which  
46 created or joined in or caused the creation or organization of a

1 municipal authority;

2 (8) "Water system" shall mean the plants, structures and other real  
3 and personal property acquired, constructed or operated or to be  
4 acquired, constructed or operated by a municipal authority or by any  
5 person to whom a municipal authority has extended credit for this  
6 purpose for the purposes of the municipal authority, including  
7 reservoirs, basins, dams, canals, aqueducts, standpipes, conduits,  
8 pipelines, mains, pumping stations, water distribution systems,  
9 compensating reservoirs, waterworks or sources of water supply,  
10 wells, purification or filtration plants or other plants and works,  
11 connections, rights of flowage or division, and other plants, structures,  
12 boats, conveyances, and other real and personal property, and rights  
13 therein, and appurtenances necessary or useful and convenient for the  
14 accumulation, supply or distribution of water;

15 (9) "Sewerage system" shall mean the plants, structures, on-site  
16 wastewater systems and other real and personal property acquired,  
17 constructed or operated or to be acquired, constructed, maintained or  
18 operated by a municipal authority or by any person to whom a  
19 municipal authority has extended credit for this purpose for the  
20 purposes of the municipal authority, including sewers, conduits,  
21 pipelines, mains, pumping and ventilating stations, sewage treatment  
22 or disposal systems, plants and works, connections, outfalls,  
23 compensating reservoirs, and other plants, structures, boats,  
24 conveyances, and other real and personal property, and rights therein,  
25 and appurtenances necessary or useful and convenient for the  
26 collection, treatment, purification or disposal in a sanitary manner of  
27 any sewage, liquid or solid wastes, night soil or industrial wastes;

28 (10) "Utility system" shall mean a water system, solid waste system,  
29 sewerage system, or a hydroelectric system or any combination of such  
30 systems, acquired, constructed or operated or to be acquired,  
31 constructed or operated by a municipal authority or by any person to  
32 whom a municipal authority has extended credit for this purpose;

33 (11) "Cost" shall mean, in addition to the usual connotations  
34 thereof, the cost of acquisition or construction of all or any part of a  
35 utility system and of all or any property, rights, easements, privileges,  
36 agreements and franchises deemed by the municipal authority to be  
37 necessary or useful and convenient therefor or in connection therewith  
38 and the cost of retiring the present value of the unfunded accrued  
39 liability due and owing by a municipal authority, as calculated by the  
40 system actuary for a date certain upon the request of a municipal  
41 authority, for early retirement incentive benefits granted by the  
42 municipal authority pursuant to P.L.1991, c.230 and P.L.1993, c.181,  
43 including interest or discount on bonds, cost of issuance of bonds,  
44 engineering and inspection costs and legal expenses, cost of financial,  
45 professional and other estimates and advice, organization,  
46 administrative, operating and other expenses of the municipal authority

1 prior to and during such acquisition or construction, and all such other  
2 expenses as may be necessary or incident to the financing, acquisition,  
3 construction and completion of said utility system or part thereof and  
4 the placing of the same in operation, and also such provision or  
5 reserves for working capital, operating, maintenance or replacement  
6 expenses or for payment or security of principal of or interest on  
7 bonds during or after such acquisition or construction as the municipal  
8 authority may determine, and also reimbursements to the municipal  
9 authority or any county, municipality or other person of any moneys  
10 theretofore expended for the purposes of the municipal authority or to  
11 any county or municipality of any moneys theretofore expended for or  
12 in connection with water supply, solid waste, water distribution,  
13 sanitation or hydroelectric facilities;

14 (12) "Real property" shall mean lands both within or without the  
15 State, and improvements thereof or thereon, or any rights or interests  
16 therein;

17 (13) "Construct" and "construction" shall connote and include acts  
18 of construction, reconstruction, replacement, extension, improvement  
19 and betterment of a utility system;

20 (14) "Industrial wastes" shall mean liquid or other wastes resulting  
21 from any processes of industry, manufacture, trade or business or from  
22 the development of any natural resource, and shall include any  
23 chemical wastes or hazardous wastes;

24 (15) "Sewage" shall mean the water-carried wastes created in and  
25 carried, or to be carried, away from, or to be processed by on-site  
26 wastewater systems, residences, hotels, apartments, schools, hospitals,  
27 industrial establishments, or any other public or private building,  
28 together with such surface or ground water and industrial wastes and  
29 leachate as may be present;

30 (16) "On-site wastewater system" means any of several facilities,  
31 septic tanks or other devices, used to collect, treat, reclaim, or dispose  
32 of wastewater or sewage on or adjacent to the property on which the  
33 wastewater or sewage is produced, or to convey such wastewater or  
34 sewerage from said property to such facilities as the authority may  
35 establish for its disposal;

36 (17) "Pollution" means the condition of water resulting from the  
37 introduction therein of substances of a kind and in quantities rendering  
38 it detrimental or immediately or potentially dangerous to the public  
39 health, or unfit for public or commercial use;

40 (18) "Bonds" shall mean bonds or other obligations issued pursuant  
41 to this act;

42 (19) "Service charges" shall mean water service charges, solid  
43 waste service charges, sewer service charges, hydroelectric service  
44 charges or any combination of such charges, as said terms are defined  
45 in section 21 or 22 of this act or in section 7 of this amendatory and  
46 supplementary act;

1 (20) "Compensating reservoir" shall mean the structures, facilities  
2 and appurtenances for the impounding, transportation and release of  
3 water for the replenishment in periods of drought or at other necessary  
4 times of all or a part of waters in or bordering the State diverted into  
5 a utility system operated by a municipal authority;

6 (21) "Sewerage or water reclamation authority" shall mean a public  
7 body created pursuant to the Sewerage Authorities Law, P.L.1946,  
8 c.138 (C.40:14A-1 et seq.) or the acts amendatory thereof or  
9 supplemental thereto;

10 (22) "County sewer authority" shall mean a sanitary sewer district  
11 authority created pursuant to the act entitled "An act relating to the  
12 establishment of sewerage districts in first- and second-class counties,  
13 the creation of Sanitary Sewer District Authorities by the establishing  
14 of such districts, prescribing the powers and duties of any such  
15 authority and of other public bodies in connection with the  
16 construction of sewers and sewage disposal facilities in any such  
17 district, and providing the ways and means for paying the costs of  
18 construction and operation thereof," approved April 23, 1946  
19 (P.L.1946, c. 123), or the acts amendatory thereof or supplemental  
20 thereto;

21 (23) "Chemical waste" shall mean a material normally generated by  
22 or used in chemical, petrochemical, plastic, pharmaceutical,  
23 biochemical or microbiological manufacturing processes or petroleum  
24 refining processes, which has been selected for waste disposal and  
25 which is known to hydrolize, ionize or decompose, which is soluble,  
26 burns or oxidizes, or which may react with any of the waste materials  
27 which are introduced into the landfill, or which is buoyant on water,  
28 or which has a viscosity less than that of water or which produces a  
29 foul odor. Chemical waste may be either hazardous or nonhazardous;

30 (24) "Effluent" shall mean liquids which are treated in and  
31 discharged by sewage treatment plants;

32 (25) "Hazardous wastes" shall mean any waste or combination of  
33 waste which poses a present or potential threat to human health, living  
34 organisms or the environment. "Hazardous waste" shall include, but  
35 not be limited to, waste material that is toxic, corrosive, irritating,  
36 sensitizing, radioactive, biologically infectious, explosive or  
37 flammable;

38 (26) "Leachate" shall mean a liquid that has been in contact with  
39 solid waste and contains dissolved or suspended materials from that  
40 solid waste;

41 (27) "Recycling" shall mean the separation, collection, processing  
42 or recovery of metals, glass, paper, solid waste and other materials for  
43 reuse or for energy production and shall include resource recovery;

44 (28) "Sludge" shall mean any solid, semisolid, or liquid waste  
45 generated from a municipal, industrial or other sewage treatment plant,  
46 water supply treatment plant, or air pollution control facility, or any

1 other such waste having similar characteristics and effects; "sludge"  
2 shall not include effluent;

3 (29) "Solid waste" shall mean garbage, refuse, and other discarded  
4 materials resulting from industrial, commercial and agricultural  
5 operations, and from domestic and community activities, and shall  
6 include all other waste materials including sludge, chemical waste,  
7 hazardous wastes and liquids, except for liquids which are treated in  
8 public sewage treatment plants and except for solid animal and  
9 vegetable wastes collected by swine producers licensed by the State  
10 Department of Agriculture to collect, prepare and feed such wastes to  
11 swine on their own farms;

12 (30) "Solid waste system" shall mean and include the plants,  
13 structures and other real and personal property acquired, constructed  
14 or operated or to be acquired, constructed or operated by an authority  
15 or by any person to whom a municipal authority has extended credit  
16 for this purpose pursuant to the provisions of this act, including  
17 transfer stations, incinerators, recycling facilities, including facilities  
18 for the generation, transmission and distribution of energy derived  
19 from the processing of solid waste, sanitary landfill facilities or other  
20 property or plants for the collection, recycling or disposal of solid  
21 waste and all vehicles, equipment and other real and personal property  
22 and rights thereon and appurtenances necessary or useful and  
23 convenient for the collection, recycling, or disposal of solid waste in  
24 a sanitary manner;

25 (31) "Hydroelectric system" shall mean the plants, structures and  
26 other real and personal property acquired, constructed or operated or  
27 to be acquired, constructed or operated by an authority pursuant to the  
28 provisions of this act, including all that which is necessary or useful  
29 and convenient for the generation, transmission and sale of  
30 hydroelectric power at wholesale;

31 (32) "Hydroelectric power" shall mean the production of electric  
32 current by the energy of moving water;

33 (33) "Sale of hydroelectric power at wholesale" shall mean any sale  
34 of hydroelectric power to any person for purposes of resale of such  
35 power.

36 (cf: P.L.2001, c.123, s.3)

37

38 6. Section 2 of P.L.1960, c.183 (C.40:37A-45) is amended to read  
39 as follows:

40 2. As used in this act, unless a different meaning clearly appears  
41 from the context:

42 (a) "Authority" shall mean a public body created pursuant to this  
43 act;

44 (b) "Bond resolution" shall have the meaning ascribed thereto in  
45 section 17 of P.L.1960, c.183 (C.40:37A-60);

46 (c) "Bonds" shall mean bonds, notes or other obligations issued

1 pursuant to this act;

2 (d) "Construct" and "construction" shall connote and include acts  
3 of clearance, demolition, construction, development or redevelopment,  
4 reconstruction, replacement, extension, improvement and betterment;

5 (e) "Cost" shall mean, in addition to the usual connotations thereof,  
6 the cost of planning, acquisition or construction of all or any part of  
7 any public facility or facilities of an authority and of all or any  
8 property, rights, easements, privileges, agreements and franchises  
9 deemed by the authority to be necessary or useful and convenient  
10 therefor or in connection therewith and the cost of retiring the present  
11 value of the unfunded accrued liability due and owing by the authority,  
12 as calculated by the system actuary for a date certain upon the request  
13 of the authority, for early retirement incentive benefits granted by the  
14 authority pursuant to P.L.1991, c.230 and P.L.1993, c.181, including  
15 interest or discount on bonds, cost of issuance of bonds, architectural,  
16 engineering and inspection costs and legal expenses, cost of financial,  
17 professional and other estimates and advice, organization,  
18 administrative, operating and other expenses of the authority prior to  
19 and during such acquisition or construction, and all such other  
20 expenses as may be necessary or incident to the financing, acquisition,  
21 construction and completion of such public facility or facilities or part  
22 thereof and the placing of the same fully in operation or the disposition  
23 of the same, and also such provision or reserves for working capital,  
24 operating, maintenance or replacement expenses or for payment or  
25 security of principal of or interest on bonds during or after such  
26 acquisition or construction as the authority may determine, and also  
27 reimbursements to the authority or any governmental unit or person of  
28 any moneys theretofore expended for the purposes of the authority;

29 (f) The term "county" shall mean any county of any class of the  
30 State and shall include, without limitation, the terms "the county" and  
31 "beneficiary county" defined in this act, and the term "the county" shall  
32 mean the county which created an authority pursuant to this act;

33 (g) "Development project" shall mean any lands, structures, or  
34 property or facilities acquired or constructed or to be acquired or  
35 constructed by an authority for the purposes of the authority described  
36 in subsection (e) of section 11 of P.L.1960, c.183 (C.40:37A-54);

37 (h) "Facility charges" shall have the meaning ascribed to said term  
38 in section 14 of P.L.1960, c.183 (C.40:37A-57);

39 (i) "Facility revenues" shall have the meaning ascribed to said term  
40 in subsection (e) of section 20 of P.L.1960, c.183 (C.40:37A-63);

41 (j) "Governing body" shall mean, in the case of a county, the board  
42 of chosen freeholders, or in the case of a county operating under  
43 article 3 or 5 of the "Optional County Charter Law" (P.L.1972, c.154;  
44 C.40:41A-1 et seq.) as defined thereunder, and, in the case of a  
45 municipality, the commission, council, board or body, by whatever  
46 name it may be known, having charge of the finances of the

1 municipality;

2 (k) "Governmental unit" shall mean the United States of America  
3 or the State or any county or municipality or any subdivision,  
4 department, agency, or instrumentality heretofore or hereafter created,  
5 designated or established by or for the United States of America or the  
6 State or any county or municipality;

7 (l) "Local bond law" shall mean chapter 2 of Title 40A,  
8 Municipalities and Counties, of the New Jersey Statutes (N.J.S.) as  
9 amended and supplemented;

10 (m) "Municipality" shall mean any city, borough, village, town, or  
11 township of the State but not a county or a school district;

12 (n) "Person" shall mean any person, partnership, association,  
13 corporation or entity other than a nation, state, county or municipality  
14 or any subdivision, department, agency or instrumentality thereof;

15 (o) "Project" shall have the meaning ascribed to said term in  
16 section 17 of P.L.1960, c.183 (C.40:37A-60);

17 (p) "Public facility" shall mean any lands, structures, franchises,  
18 equipment, or other property or facilities acquired, constructed,  
19 owned, financed, or leased by the authority or any other governmental  
20 unit or person to accomplish any of the purposes of an authority  
21 authorized by section 11 of P.L.1960, c.183 (C.40:37A-54);

22 (q) "Real property" shall mean lands within or without the State,  
23 above or below water, and improvements thereof or thereon, or any  
24 riparian or other rights or interests therein;

25 (r) "Garbage and solid waste disposal system" shall mean the  
26 plants, structures and other real and personal property acquired,  
27 constructed or operated or to be acquired, constructed or operated by  
28 a county improvement authority, including incinerators, sanitary  
29 landfill facilities or other plants for the treatment and disposal of  
30 garbage, solid waste and refuse matter and all other real and personal  
31 property and rights therein and appurtenances necessary or useful and  
32 convenient for the collection and treatment or disposal in a sanitary  
33 manner of garbage, solid waste and refuse matter (but not including  
34 sewage);

35 (s) "Garbage, solid waste or refuse matter" shall mean garbage,  
36 refuse and other discarded materials resulting from industrial,  
37 commercial and agricultural operations, and from domestic and  
38 community activities, and shall include all other waste materials  
39 including sludge, chemical waste, hazardous wastes and liquids, except  
40 for liquids which are treated in public sewage treatment plants and  
41 except for solid animal and vegetable wastes collected by swine  
42 producers licensed by the State Department of Agriculture to collect,  
43 prepare and feed such wastes to swine on their own farms;

44 (t) "Blighted, deteriorated or deteriorating area" may include an  
45 area determined heretofore by the municipality to be blighted in  
46 accordance with the provisions of P.L.1949, c.187, repealed by

1 P.L.1992, c.79 (C.40:55-21.1 et seq.) and, in addition, areas which are  
2 determined by the municipality, pursuant to the same procedures as  
3 provided in said law, to be blighted, deteriorated or deteriorating  
4 because of structures or improvements which are dilapidated or  
5 characterized by disrepair, lack of ventilation or light or sanitary  
6 facilities, faulty arrangement, location, or design, or other unhealthful  
7 or unsafe conditions;

8 (u) "Redevelopment" may include planning, replanning,  
9 conservation, rehabilitation, clearance, development and  
10 redevelopment; and the construction and rehabilitation and provision  
11 for construction and rehabilitation of residential, commercial,  
12 industrial, public or other structures and the grant or dedication or  
13 rededication of spaces as may be appropriate or necessary in the  
14 interest of the general welfare for streets, parks, playgrounds, or other  
15 public purposes including recreational and other facilities incidental or  
16 appurtenant thereto, in accordance with a redevelopment plan  
17 approved by the governing body of a municipality;

18 (v) "Redevelopment plan" shall mean a plan as it exists from time  
19 to time for the redevelopment of all or any part of a redevelopment  
20 area, which plan shall be sufficiently complete to indicate such land  
21 acquisition, demolition and removal of structures, redevelopment,  
22 improvements, conservation or rehabilitation as may be proposed to  
23 be carried out in the area of the project, zoning and planning changes,  
24 if any, land uses, maximum densities, building requirements, the plan's  
25 relationship to definite local objectives respecting appropriate land  
26 uses, improved traffic, public transportation, public utilities,  
27 recreational and community facilities, and other public improvements  
28 and provision for relocation of any residents and occupants to be  
29 displaced in a manner which has been or is likely to be approved by the  
30 Department of Community Affairs pursuant to the "Relocation  
31 Assistance Law of 1967," P.L.1967, c.79 (C.52:31B-1 et seq.) and the  
32 "Relocation Assistance Act," P.L.1971, c.362 (C.20:4-1 et seq.) and  
33 rules and regulations pursuant thereto;

34 (w) "Redevelopment project" shall mean any undertakings and  
35 activities for the elimination, and for the prevention of the  
36 development or spread, of blighted, deteriorated, or deteriorating  
37 areas and may involve any work or undertaking pursuant to a  
38 redevelopment plan; such undertaking may include: (1) acquisition of  
39 real property and demolition, removal or rehabilitation of buildings and  
40 improvements thereon; (2) carrying out plans for a program of  
41 voluntary repair and rehabilitation of buildings or other improvements;  
42 and (3) installation, construction or reconstruction of streets, utilities,  
43 parks, playgrounds or other improvements necessary for carrying out  
44 the objectives of the redevelopment project;

45 (x) "Redeveloper" shall mean any person or governmental unit that  
46 shall enter into or propose to enter into a contract with an authority



1 for the redevelopment of an area or any part thereof under the  
2 provisions of this act;

3 (y) "Redevelopment area" shall mean an area of a municipality  
4 which the governing body thereof finds is a blighted area or an area in  
5 need of rehabilitation whose redevelopment is necessary to effectuate  
6 the public purposes declared in this act. A redevelopment area may  
7 include lands, buildings, or improvements which of themselves are not  
8 detrimental to the public health, safety or welfare, but whose inclusion  
9 is found necessary, with or without change in their condition, for the  
10 effective redevelopment of the area of which they are a part;

11 (z) "Sludge" shall mean any solid, semisolid, or liquid waste  
12 generated from a municipal, industrial or other sewage treatment plant,  
13 water supply treatment plant, or air pollution control facility, or any  
14 other such waste having similar characteristics and effects, but shall  
15 not include effluent; and

16 (aa) "Beneficiary county" shall mean any county that has not  
17 created an authority pursuant to this act.

18 (cf: P.L.1994, c.76, s.1)

19

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

22 30. a. A redevelopment entity shall have the power and is hereby  
23 authorized to issue, from time to time, its bonds, bond anticipation  
24 notes and other notes and obligations in such principal amounts as in  
25 its opinion shall be necessary to provide sufficient funds for achieving  
26 any of its corporate purposes, including, but not limited to: the  
27 making of mortgage loans, the payment, funding or refunding of the  
28 principal of, or interest or redemption premiums on, any bonds, bond  
29 anticipation notes and other notes and obligations issued by it whether  
30 or not such have become due; the establishment or increase of reserves  
31 to secure or to pay such bonds, bond anticipation notes and other  
32 notes and obligations or interest thereon; and all costs or expenses  
33 incident to and necessary or convenient to carry out its corporate  
34 purposes and powers, including but not limited to the payment of the  
35 cost of retiring the present value of the unfunded accrued liability due  
36 and owing by a redevelopment entity, as calculated by the system  
37 actuary for a date certain upon the request of a redevelopment entity,  
38 for early retirement incentive benefits granted by the redevelopment  
39 entity pursuant to P.L.1991, c.230 and P.L.1993, c.181.

40 b. A redevelopment entity may issue such bonds, bond  
41 anticipation notes or other notes or obligations as it may determine,  
42 including bonds, bond anticipation notes or other notes or obligations  
43 as to which the principal and interest are payable: (1) exclusively from  
44 the income and revenues of the redevelopment entity resulting from  
45 projects financed with the proceeds of such bonds, bond anticipation  
46 notes or other notes or obligations; (2) exclusively from the income

1 and revenues of the redevelopment entity resulting from certain  
2 projects, whether or not such projects were financed in whole or in  
3 part from the proceeds of such bonds, bond anticipation notes or other  
4 notes or obligations; or, (3) from its revenues generally. Any bonds,  
5 bond anticipation notes or other notes or obligations may be  
6 additionally secured by a pledge of any grant, subsidy or contribution  
7 from the United States of America or an agency or instrumentality  
8 thereof or the State or any agency, instrumentality or political  
9 subdivision thereof, or any person, firm or corporation or a pledge of  
10 any income or revenues, funds or moneys of the redevelopment entity  
11 from any source whatsoever.

12 c. Whether or not the bonds, bond anticipation notes and other  
13 notes and obligations issued pursuant to this act are of such form and  
14 character as to be negotiable instruments under the terms of Title 12A,  
15 Commercial Transactions, New Jersey Statutes, such bonds, bond  
16 anticipation notes and other notes and obligations and any coupon  
17 thereof are hereby made negotiable instruments within the meaning of  
18 and for all the purposes of Title 12A, subject only to the provisions of  
19 the bonds and notes for registration.

20 d. Bonds, bond anticipation notes and other notes and obligations  
21 of a redevelopment entity issued under the provisions of this act shall  
22 not be in any way a debt or liability of the State or of any political  
23 subdivision thereof other than the redevelopment entity and shall not  
24 create or constitute any indebtedness, liability or obligation of the  
25 State or of any political subdivision, nor be or constitute a pledge of  
26 the faith and credit of the State or of any political subdivision; but all  
27 such bonds, bond anticipation notes and other notes and obligations,  
28 unless funded or refunded by bonds, bond anticipation notes or other  
29 notes or obligations of the redevelopment entity shall be payable from  
30 revenues or funds pledged or available for their payment as authorized  
31 in this act. Each bond, bond anticipation note or other note or  
32 obligation shall contain on its face a statement to the effect that the  
33 redevelopment entity is obligated to pay the principal thereof or the  
34 interest thereon only from the revenues or funds of the redevelopment  
35 entity, and that neither the State nor any political subdivision thereof  
36 is obligated to pay such principal or interest, and that neither the faith  
37 and credit nor the taxing power of the State or any political  
38 subdivision thereof is pledged to the payment of the principal of or the  
39 interest on such bonds, bond anticipation notes or other notes or  
40 obligations.

41 e. All expenses incurred in carrying out the provisions of this act  
42 shall be payable solely from revenues or funds provided or to be  
43 provided under the provisions of this act, and nothing in this act shall  
44 be construed to authorize a redevelopment entity to incur indebtedness  
45 or liability on behalf of or payable by this State or any political  
46 subdivision thereof.

47 (cf: P.L.2001, c.310, s.43)

1 8. This act shall take effect immediately.

2  
3  
4 STATEMENT

5  
6 This bill would allow units of local governments to issue refunding  
7 bonds to retire the unfunded accrued liability of the local unit due to  
8 the State's various pension systems created through the granting of  
9 early retirement benefits to employees of the local unit.

10 At present, hundreds of local units have individual unfunded  
11 liabilities within the State administered pension systems. These  
12 unfunded liabilities, which were created when eligible employees of a  
13 local unit accepted the early retirement benefits offered by the local  
14 unit pursuant to a series of laws adopted and effective in 1991 and  
15 1993, must be paid off by the local unit over a period of thirty-three  
16 years, although some local units have opted to fund the liability over  
17 shorter periods of time. The present value of these debts is believed  
18 to exceed \$600 million.

19 The unfunded liability of a local unit accrues interest at 8.75%, the  
20 actuarially established rate of return for the State's various pension  
21 systems. This bill would allow a local unit to issue refunding bonds to  
22 fund the present value of the accrued liability, effectively financing an  
23 existing debt at a lower rate of interest. This bill would offer this  
24 option to counties, municipalities, boards of education and local  
25 boards, authorities and commissions that have unfunded liabilities due  
26 to early retirement benefits granted under the 1991 and 1993 laws.

27 This bill is permissive. It would not require local units to refund  
28 their unfunded liability related to early retirement. It would not  
29 authorize local units to borrow in excess of amounts needed to pay off  
30 the existing unfunded liability, including the transactional costs  
31 associated with the borrowing. It would not create the authority to  
32 issue bonds to any local unit which is not presently authorized to do  
33 so. Under this legislation, the decision to issue such bonds would  
34 remain with the local unit currently authorized to issue bonds. The  
35 adoption procedure and issuance mechanism would be the same  
36 procedure that exists under current law for the issuance of refunding  
37 bonds by the local unit.

38 This bill would supplement the "Local Bond Law," N.J.S.40A:2-1  
39 et seq., to authorize counties and municipalities to issue refunding  
40 bonds for the purpose of funding an unfunded accrued liability.  
41 Similarly, the bill amends the school bond law, the "Parking Authority  
42 Law," P.L.1948, c.198 (C.40:11A-1 et seq.), the "sewerage authorities  
43 law," P.L.1946, c.138 (C.40:14A-1 et seq.), the "municipal and county  
44 utilities authorities law," P.L.1957, c.183 (C.40:14B-1 et seq.), the  
45 "county improvement authorities law," P.L.1960, c.183 (C.40:37A-44  
46 et seq.), and the "Local Redevelopment and Housing Law," P.L.1992,

**A1745 BURZICHELLI, SIRES**

17

- 1 c.79 (C.40A:12A-1 et seq.) to permit local units with independent
- 2 bonding authority to issue refunding bonds for the purpose of funding
- 3 the present value of their existing unfunded liability associated with
- 4 early retirement benefits.

ASSEMBLY HOUSING AND LOCAL GOVERNMENT  
COMMITTEE

STATEMENT TO

**ASSEMBLY, No. 1745**

with committee amendments

**STATE OF NEW JERSEY**

DATED: MAY 9, 2002

The Assembly Housing and Local Government Committee reports favorably and with committee amendments Assembly Bill No. 1745.

This bill as amended would allow units of local governments to issue refunding bonds to retire the unfunded accrued liability of the local unit due to the State's various pension systems created through the granting of early retirement benefits to employees of the local unit.

At present, hundreds of local units have individual unfunded liabilities within the State administered pension systems. These unfunded liabilities, which were created when eligible employees of a local unit accepted the early retirement benefits offered by the local unit pursuant to a series of laws adopted and effective in 1991 and 1993, must be paid off by the local unit over a period of thirty-three years, although some local units have opted to fund the liability over shorter periods of time. The present value of these debts is believed to exceed \$600 million.

The unfunded liability of a local unit accrues interest at 8.75%, the actuarially established rate of return for the State's various pension systems. This bill would allow a local unit to issue refunding bonds to fund the present value of the accrued liability, effectively financing an existing debt at a lower rate of interest. As amended, this bill would offer this option to counties, municipalities, boards of education and local boards, authorities and commissions that have unfunded liabilities due to early retirement benefits granted under the 1991, 1993 and 1999 laws.

This bill is permissive. It would not require local units to refund their unfunded liability related to early retirement. It would not authorize local units to borrow in excess of amounts needed to pay off the existing unfunded liability, including the transactional costs associated with the borrowing. It would not create the authority to issue bonds to any local unit which is not presently authorized to do so. Under this legislation, the decision to issue such bonds would remain with the local unit currently authorized to issue bonds. The adoption procedure and issuance mechanism would be the same

procedure that exists under current law for the issuance of refunding bonds by the local unit.

This bill would supplement the "Local Bond Law," N.J.S.40A:2-1 et seq., to authorize counties and municipalities to issue refunding bonds for the purpose of funding an unfunded accrued liability. Similarly, the bill amends the school bond law, the "Parking Authority Law," P.L.1948, c.198 (C.40:11A-1 et seq.), the "sewerage authorities law," P.L.1946, c.138 (C.40:14A-1 et seq.), the "municipal and county utilities authorities law," P.L.1957, c.183 (C.40:14B-1 et seq.), the "county improvement authorities law," P.L.1960, c.183 (C.40:37A-44 et seq.), and the "Local Redevelopment and Housing Law," P.L.1992, c.79 (C.40A:12A-1 et seq.) to permit local units with independent bonding authority to issue refunding bonds for the purpose of funding the present value of their existing unfunded liability associated with early retirement benefits.

COMMITTEE AMENDMENTS:

The committee amended the bill to add a reference to a provision of law that authorized local units to offer early retirement incentive programs for employees affected by consolidation agreements thereby allowing such local units to utilize refunding bonds.

As amended this bill is identical to S577 (1R).