

40A:2-51 et al

LEGISLATIVE HISTORY CHECKLIST

(Amends "Municipal Qualified Bond Act"--
 H.R.S.A. 40A:2-51 et al Permits municipalities to issue qualified bonds
 for purpose of refunding certain outstanding bonds)
 LAWS OF 1978 CHAPTER 36
 Bill No. S955
 Sponsor(s) Weiss, Lipman, Rodgers
 Date Introduced February 27, 1978
 Committee: Assembly Municipal Government
 Senate Revenue, Finance, Appropriations

Amended during passage Yes Amendments during passage denoted by asterisks
 Date of Passage: Assembly June 5
 Senate May 1
 Date of approval June 19, 1978

Following statements are attached if available:

Sponsor statement	Yes	<input checked="" type="checkbox"/> (Below)
Committee Statement: Assembly	<input checked="" type="checkbox"/>	No
Senate	Yes	<input checked="" type="checkbox"/>
Fiscal Note	<input checked="" type="checkbox"/>	No
Veto Message	<input checked="" type="checkbox"/>	No
Message on signing	<input checked="" type="checkbox"/>	No
Following were printed:		
Reports	<input checked="" type="checkbox"/>	No
Hearings	<input checked="" type="checkbox"/>	No

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Sponsor's statement:
 This bill clarifies the authority of a municipality to issue refunding bonds. This bill and related amendments to the Municipal Qualified Bond Act will enable municipalities to issue qualified bonds, at low interest rates, for the purpose of refunding more costly outstanding bonds.

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SENATE, No. 955**STATE OF NEW JERSEY**

INTRODUCED FEBRUARY 27, 1978

By Senators WEISS, LIPMAN and RODGERS

Referred to Committee on Revenue, Finance and Appropriations

AN ACT concerning refunding of bonds of local units and amending sections 40A:2-51, 40A:2-52, 40A:2-53, 40A:2-55, 40A:2-58, 40A:2-60 and supplementing chapter 2 of Title 40A of the New Jersey Statutes.

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

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

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

8 a. Paying, funding or refunding outstanding bonds **[or notes or**
9 **any other indebtedness or liability whatsoever]** of the local unit,
10 including **[also]** emergency appropriations and amounts owing to
11 others for taxes levied in the local unit, or any renewals or exten-
12 sions thereof, or any bonds **[or notes]** issued to fund or refund
13 the same and *whether or not prior to the maturity or earliest*
14 *redemption date of the bonds to be refunded, and*

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

1 2. N. J. S. 40A:2-52 is amended to read as follows:

2 40A:2-52. Refunding bonds shall be authorized by a refunding
3 bond ordinance which shall be adopted in the manner prescribed for
4 adoption of a bond ordinance. No supplemental debt statement need
5 be made or filed with respect to such ordinance or sum appropriated
6 thereby as a down payment *and obligations *to be paid, funded or*

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

7 *refunded* with respect to which an ordinance authorizing the*
 8 *issuance of refunding bonds has been adopted pursuant to the pro-*
 9 *visions of this chapter and not otherwise deductible shall be*
 10 *deducted from the gross debt of the municipality.*

1 3. N. J. S. 40A :2-53 is amended to read as follows :

2 40A :2-53. A refunding bond ordinance shall contain in substance
 3 the following :

4 a. An authorization of the issuance of the refunding bonds,
 5 stating in brief and general terms sufficient for reasonable identi-
 6 fication the purpose or purposes for which said bonds are to be
 7 issued and the **[bonds, notes, indebtedness or liability]** *obligations*
 8 to be paid, funded or refunded, and the amount of the cost of
 9 issuing such bonds which is included in the authorized principal
 10 amount thereof; *and*

11 b. The principal amount of refunding bonds thereby authorized;
 12 *and*

13 **[c. the maturity date or dates of such refunding bonds; and]**

14 **[d.]** *c. In either the rfeunding bond ordinance or a resolution*
 15 *adopted prior to the issuance of the refunding bonds such further*
 16 *provisions as the local government board may require or approve*
 17 *as to deposit, securing, regulation, investment, reinvestment, dis-*
 18 *position or application of the proceeds of such refunding bonds, and*
 19 *matters in connection therewith, including the officer or officers of*
 20 *the local unit to be responsible therefor, and amortization or other*
 21 *provision for premiums or other losses incurred.*

22 **[The]** *Such refunding bond ordinance or resolution may also*
 23 *contain provisions, which shall be a part of the contract with the*
 24 *holders of such refunding bonds, as to the establishment of, and*
 25 *the making of appropriations for, reserves or sinking funds and the*
 26 *amount, source, securing, regulation and disposition thereof. Any*
 27 *matter relating to refunding bonds and not required to be contained*
 28 *in the refunding bond ordinance may be performed or determined*
 29 *by subsequent resolution of the governing body, or the performance*
 30 *or determination thereof delegated by resolution to a financial*
 31 *officer of the local unit.*

32 *The local unit may enter into any contracts or agreements to*
 33 *implement the refunding program, including agreements with*
 34 *banking institutions with respect to the application of moneys*
 35 *deposited in a sinking fund for the payment of the refunding*
 36 *bonds at their maturity date to the purchase of obligations of the*
 37 *United States Government or obligations the principal of and*
 38 *interest on which are guaranteed by the United States Government*
 39 *or obligations of any agency or instrumentality of the United States*

40 *Government without regard to any limitations as to the investment*
 41 *or deposit of moneys.*

1 4. N. J. S. 40A:2-55 is amended to read as follows:

1A 40A:2-55. A certified copy of any refunding bond ordinance
 2 shall be filed with the director before final passage, together
 3 with a complete statement in form prescribed by the director and
 4 signed by the chief financial officer of the local unit as to the out-
 5 standing **【bonds or notes or indebtedness or liability】 obligations**
 6 to be paid, funded or refunded by issuance of the refunding bonds.
 7 No refunding bond ordinance or any resolution performing, deter-
 8 mining or authorizing matters or acts in connection with refund-
 9 ing bonds shall take effect until the consent of the local government
 10 board shall have been endorsed upon a certified copy thereof as
 11 adopted.

12 Any certification or endorsement of consent made by the local
 13 government board or by a majority of the members thereof or by
 14 the secretary thereof pursuant to its direction as to any issue of
 15 refunding bonds shall, after the issuance of such refunding bonds
 16 in reliance thereon, be conclusive as to its validity or regularity
 17 and shall not be contested in any action or proceeding relating to
 18 such refunding bonds instituted after the issuance of such bonds.

1 5. N. J. S. 40A:2-58 is amended to read as follows:

2 40A:2-58. Refunding bonds may be issued in 1 or more series
 3 and shall contain the word "refunding" in their title and shall
 4 recite that they are issued pursuant to this chapter and shall bear
 5 such date or dates, mature at such time or times not exceeding
 6 40 years *as may be approved by the Local Finance Board* from
 7 their date, bear interest at such rate or rates, payable at such time
 8 or times, be in such denomination and in such form, either coupon
 9 or registered, carry such registration privileges, be executed in
 10 such manner consistent with the provisions of this chapter for
 11 bonds of a local unit, be payable at such place or places, and be
 12 subject to such terms of redemption, with or without premium, as
 13 may be determined by the refunding bond ordinance or by sub-
 14 sequent resolution or resolutions of the governing body.

1 6. N. J. S. 40A:2-60 is amended to read as follows:

2 40A:2-60. Moneys or investments in any sinking fund or reserve
 3 fund of the local unit established or held for any **【bonds, notes,**
 4 **indebtedness or liability】 obligations** to be paid, funded or refunded
 5 by issuance of refunding bonds shall, unless the refunding bond
 6 ordinance provides otherwise, be applied to the payment or retire-
 7 ment of any such **【bonds, notes, indebtedness or liability】 obliga-**
 8 **tions. 【In the event that there shall be in any such fund any bonds**

9 or notes of the local unit other than those which are being paid,
10 funded or refunded, said bonds or notes shall be removed from
11 such fund and canceled but only to the extent that the moneys or
12 investment remaining in such fund shall be not less than the out-
13 standing bonds, notes, indebtedness or liability of the local unit
14 not funded or refunded and for which such fund was established
15 or held, but any excess of such moneys or investment may be
16 held for and applied to the payment of the principal of and interest
17 on the refunding bonds.】 *The refunding bond ordinance may*
18 *provide that the proceeds from the sale of any refunding bonds*
19 *shall be deposited in such sinking fund or reserve fund in trust to*
20 *provide for the payment and retirement of the obligations being*
21 *refunded at the maturity dates thereof or by redemption prior to*
22 *the maturity dates and provision may be made for the pledge and*
23 *disposition of any amounts in excess of the amounts required for*
24 *such purposes. Money in any such sinking fund may be invested*
25 *in (a) direct obligations of the United States Government, (b)*
26 *obligations the principal of and interest on which are guaranteed*
27 *by the United States Government, (c) to the extent then permitted*
28 *by law in obligations of any agency or instrumentality of the*
29 *United States Government, or (d) in certificates of deposit issued*
30 *by a bank or trust company located in this State if such certificates*
31 *shall be secured by a pledge of any of said obligations described*
32 *in (a), (b) or (c) above having an aggregate market value, exclusive*
33 *of accrued interest, equal at least to the principal amount of the*
34 *certificates so secured. Nothing herein shall be construed as a*
35 *limitation on the duration of any deposit in trust for the retirement*
36 *of obligations being refunded but which shall not have matured*
37 *and which shall not be presently redeemable or, if presently re-*
38 *deemable, shall not have been called for redemption.*

1 7. This act shall take effect immediately.

SENATE REVENUE, FINANCE AND
APPROPRIATIONS COMMITTEE

STATEMENT TO
SENATE, No. 955

—•—
STATE OF NEW JERSEY
—•—

DATED: APRIL 20, 1978

This bill clarifies the authority of a municipality or county to issue refunding bonds. Together with amendments and supplements to the Municipal Qualified Bond Act contained in Senate Bill No. 954, municipalities will be enabled to issue qualified bonds for the purpose of refunding outstanding bonds. The advantage in qualified bonds is reflected in reduced interest costs.

COMMITTEE AMENDMENTS

Committee amendments are technical in nature, found to be necessary after discussion of the bill with the State Treasurer during the committee meeting.