

**LEGISLATIVE HISTORY CHECKLIST**  
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("Higher Education Equipment  
 Leasing Fund Act")

**NJSA:** 18A:72A-3

**LAWS OF:** 1993 **CHAPTER:** 136

**BILL NO:** A2351

**SPONSOR(S)** Rocco and others

**DATE INTRODUCED:** March 1, 1993

**COMMITTEE:** **ASSEMBLY:** Education; Appropriations  
**SENATE:** Budget

**AMENDED DURING PASSAGE:** Yes Amendments during passage  
 Second reprint enacted denoted by superscript numbers

**DATE OF PASSAGE:** **ASSEMBLY:** March 19, 1993  
**SENATE:** May 13, 1993

**DATE OF APPROVAL:** June 5, 1993

**FOLLOWING STATEMENTS ARE ATTACHED IF AVAILABLE:**

**SPONSOR STATEMENT:** Yes

**COMMITTEE STATEMENT:** **ASSEMBLY:** Yes 3-4-93 & 3-22-93  
**SENATE:** Yes

**FISCAL NOTE:** Yes

**VETO MESSAGE:** No

**MESSAGE ON SIGNING:** Yes

**FOLLOWING WERE PRINTED:**

**REPORTS:** No

**HEARINGS:** No

(over)

See newspaper clippings--attached:

"Florino signs bill establishing \$100 million equipment lease fund," 6-6-93,  
Star Ledger.

"Florino signs bill creating \$100 M college equipment fund," 6-6-93 Asbury  
Park Press.

"Lend-lease bonds to aid N.J. colleges," 6-6-93 Home News.

Governor's State of the State Message--as mentioned in press release!

974.901 New Jersey. Office of the Governor.

G52.2 Annual message to the Legislature...1993.

KBG:pp

[SECOND REPRINT]

ASSEMBLY, No. 2351

STATE OF NEW JERSEY

INTRODUCED MARCH 1, 1993

By Assemblymen ROCCO, DORIA, Charles, Garcia, Nickles,  
Assemblywoman Weber and Assemblyman Wolfe

1 AN ACT establishing a higher education equipment leasing fund  
2 in the New Jersey Educational Facilities Authority, amending  
3 N.J.S.18A:72A-3 and N.J.S.18A:72A-5, and supplementing  
4 chapter 72A of Title 18A of the New Jersey Statutes.

5

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

8 1. (New section) This act shall be known and may be cited as  
9 the "Higher Education Equipment Leasing Fund Act."

10 2. (New section) The Legislature finds and declares that:

11 a. Higher education plays a vital role in the economic  
12 development of the nation and the State by providing the  
13 education and training of the work force of the future and by  
14 advancing science and technology through research;

15 b. The rapid technological changes occurring throughout the  
16 world have a considerable impact on the quality of teaching,  
17 learning, and research at colleges and universities;

18 c. The current inventory of instructional and research  
19 equipment at the colleges and universities within the State is  
20 aging, both chronologically and technologically, and much of it  
21 has been rendered obsolete; and

22 d. The State Board of Higher Education, which is statutorily  
23 responsible for the coordination and planning of higher education  
24 in New Jersey, has identified a crucial need to establish a regular  
25 financing mechanism for scientific, engineering, technical,  
26 computer, communications, and instructional equipment at New  
27 Jersey's public and private institutions of higher education.

28 3. N.J.S.18A:72A-3 is amended to read as follows:

29 18A:72A-3. As used in this act, the following words and terms  
30 shall have the following meanings, unless the context indicates or  
31 requires another or different meaning or intent:

32 "Authority" means the New Jersey Educational Facilities  
33 Authority created by this chapter or any board, body,  
34 commission, department or officer succeeding to the principal  
35 functions thereof or to whom the powers conferred upon the  
36 authority by this chapter shall be given by law;

37 "Bond" means bonds or notes of the authority issued pursuant  
38 to this chapter;

39 "Dormitory" means a housing unit with necessary and usual  
40 attendant and related facilities and equipment;

41 "Educational facility" means a structure suitable for use as a  
42 dormitory, dining hall, student union, administration building,

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

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

1 Assembly AED committee amendments adopted March 4, 1993.

2 Assembly ADP committee amendments adopted March 12, 1993.

1 academic building, library, laboratory, research facility,  
2 classroom, athletic facility, health care facility, teaching  
3 hospital, and parking maintenance storage or utility facility and  
4 other structures or facilities related thereto or required or useful  
5 for the instruction of students or the conducting of research or  
6 the operation of an institution for higher education, and the  
7 necessary and usual attendant and related facilities and  
8 equipment, but shall not include any facility used or to be used  
9 for sectarian instruction or as a place for religious worship;

10 "Emerging needs program" means a program at one or more  
11 public or private institutions of higher education directed to  
12 meeting new and advanced technology needs or to supporting new  
13 academic programs in science and technology;

14 "Higher education equipment" means any property consisting  
15 of, or relating to, scientific, engineering, technical, computer,  
16 communications or instructional equipment;

17 "Participating college" means a public [college] institution of  
18 higher education or private college which, pursuant to the  
19 provisions of this chapter, participates with the authority in  
20 undertaking the financing and construction or acquisition of a  
21 project;

22 "Project" means a dormitory or an educational facility or any  
23 combination thereof;

24 "Private college" means an institution for higher education  
25 other than a public college, situated within the State and which,  
26 by virtue of law or charter, is a nonprofit educational institution  
27 empowered to provide a program of education beyond the high  
28 school level;

29 ["Public college" means Rutgers, The State University, the  
30 State colleges, the Newark College of Engineering, the New  
31 Jersey College of Medicine and Dentistry, the county colleges  
32 and any other public university or college now or hereafter  
33 established or authorized by law;]

34 "Private institution of higher education" means independent  
35 colleges or universities incorporated and located in New Jersey,  
36 which by virtue of law or charter or license, are nonprofit  
37 educational institutions authorized to grant academic degrees and  
38 which provide a level of education which is equivalent to the  
39 education provided by the State's public institutions of higher  
40 education as attested by the receipt of and continuation of  
41 regional accreditation by the Middle States Association of  
42 Colleges and Schools, and which are eligible to receive State aid;

43 "Public institution of higher education" means Rutgers, The  
44 State University, the State colleges, the New Jersey Institute of  
45 Technology, the University of Medicine and Dentistry of New  
46 Jersey, the county colleges and any other public university or  
47 college now or hereinafter established or authorized by law;

48 "University" means Rutgers; the State University.

49 (cf: P.L.1971, c.113, s.1)

50 4. N.J.S.18A:72A-5 is amended to read as follows:

51 18A:72A-5. The authority shall have power:

52 (a) To adopt by-laws for the regulation of its affairs and the  
53 conduct of its business:

54 (b) To adopt and have an official common seal and alter the

1 same at pleasure;

2 (c) To maintain an office at such place or places within the  
3 State as it may designate;

4 (d) To sue and be sued in its own name, and plead and be  
5 impleaded;

6 (e) To borrow money and to issue bonds and notes and other  
7 obligations of the authority and to provide for the rights of the  
8 holders thereof as provided in this chapter;

9 (f) To acquire, lease as lessee, hold and dispose of real and  
10 personal property or any interest therein, in the exercise of its  
11 powers and the performance of its duties under this chapter;

12 (g) To acquire in the name of the authority by purchase or  
13 otherwise, on such terms and conditions and in such manner as it  
14 may deem proper, or by the exercise of the power of eminent  
15 domain, any land or interest therein and other property which it  
16 may determine is reasonably necessary for any project, including  
17 any lands held by any county, municipality or other governmental  
18 subdivision of the State; and to hold and use the same and to sell,  
19 convey, lease or otherwise dispose of property so acquired, no  
20 longer necessary for the authority's purposes;

21 (h) To receive and accept, from any federal or other public  
22 agency or governmental entity, grants or loans for or in aid of the  
23 acquisition or construction of any project, and to receive and  
24 accept aid or contributions from any other source, of either  
25 money, property, labor or other things of value, to be held, used  
26 and applied only for the purposes for which such grants, loans and  
27 contributions may be made;

28 (i) To prepare or cause to be prepared plans, specifications,  
29 designs and estimates of costs for the construction and equipment  
30 of projects for participating colleges under the provisions of this  
31 chapter, and from time to time to modify such plans,  
32 specifications, designs or estimates;

33 (j) By contract or contracts or by its own employees to  
34 construct, acquire, reconstruct, rehabilitate and improve, and  
35 furnish and equip, projects for participating colleges; however, in  
36 any contract or contracts undertaken by the authority for the  
37 construction, reconstruction, rehabilitation or improvement of  
38 any public college project where the cost of such work will  
39 exceed \$25,000, the contracting agent shall advertise for and  
40 receive in the manner provided by law:

41 (1) separate bids for the following categories of work;

42 (a) the plumbing and gas fitting work;

43 (b) the heating and ventilating systems and equipment;

44 (c) the electrical work, including any electrical power plants;

45 (d) the structural steel and ornamental iron work;

46 (e) all other work and materials required for the completion of  
47 the project, or

48 (2) bids for all work and materials required to complete the  
49 entire project if awarded as a single contract; or

50 (3) both (1) and (2) above.

51 All bids submitted shall set forth the names and license  
52 numbers of, and evidence of performance security from, all  
53 subcontractors to whom the bidder will subcontract the work  
54 described in the foregoing categories (1)(a) through (1)(e).

1 Contracts shall be awarded to the lowest responsible bidder  
2 whose bid, conforming to the invitation for bids, will be the most  
3 advantageous to the authority;

4 (k) To determine the location and character of any project to  
5 be undertaken pursuant to the provisions of this chapter, and to  
6 construct, reconstruct, maintain, repair, operate, lease, as lessee  
7 or lessor, and regulate the same; to enter into contracts for any  
8 or all such purposes; to enter into contracts for the management  
9 and operation of a project, and to designate a participating  
10 college as its agent to determine the location and character of a  
11 project undertaken by such participating college under the  
12 provisions of this chapter and, as the agent of the authority, to  
13 construct, reconstruct, maintain, repair, operate, lease, as lessee  
14 or lessor, and regulate the same, and, as agent of the authority,  
15 to enter into contracts for any and all such purposes including  
16 contracts for the management and operation of such project;

17 (l) To establish rules and regulations for the use of a project or  
18 any portion thereof and to designate a participating college as its  
19 agent to establish rules and regulations for the use of a project  
20 undertaken by such participating college;

21 (m) Generally to fix and revise from time to time and to  
22 charge and collect rates, rents, fees and other charges for the use  
23 of and for the services furnished or to be furnished by a project  
24 or any portion thereof and to contract with holders of its bonds  
25 and with any other person, party, association, corporation or  
26 other body, public or private, in respect thereof;

27 (n) To enter into any and all agreements or contracts, execute  
28 any and all instruments, and do and perform any and all acts or  
29 things necessary, convenient or desirable for the purposes of the  
30 authority or to carry out any power expressly given in this  
31 chapter;

32 (o) To invest any moneys held in reserve or sinking funds, or  
33 any moneys not required for immediate use or disbursement, at  
34 the discretion of the authority, in such obligations as are  
35 authorized by law for the investment of trust funds in the custody  
36 of the State Treasurer[.] ;

37 (p) To enter into any lease relating to higher education  
38 equipment with a public or private institution of higher education  
39 pursuant to the provisions of P.L. , c. (C. ) (now pending  
40 before the Legislature as this bill).

41 (cf: P.L.1992, c.61, s.4)

42 5. (New section) a. There is created within the New Jersey  
43 Educational Facilities Authority, established pursuant to chapter  
44 72A of Title 18A of the New Jersey Statutes, hereinafter  
45 referred to as the "authority," a higher education equipment  
46 leasing fund to finance the purchase of higher education  
47 equipment at public and private institutions of higher education.  
48 The authority shall issue bonds to finance the purchase of higher  
49 education equipment for lease to public and private institutions  
50 of higher education provided that the total outstanding principal  
51 amount of the bonds shall not exceed \$100,000,000 and the term  
52 of any bond issued shall not exceed 10 years. In computing the  
53 foregoing limitation as to amount, there shall be excluded all  
54 bonds which shall be issued for refunding purposes, provided that

1 the refunding shall be determined by the authority to result in a  
2 debt service savings. The State Treasurer is hereby authorized to  
3 enter into a contract with the authority pursuant to which the  
4 State Treasurer, subject to available appropriation, shall pay the  
5 amount necessary to pay the principal and interest on bonds and  
6 notes of the authority issued pursuant to this section. In entering  
7 into a lease agreement with a public or private institution of  
8 higher education, the authority shall include such lease provisions  
9 as may be necessary to insure that the institution shall pay an  
10 amount equal to 25% of the amount necessary to pay the  
11 principal and interest on the bonds and notes of the authority  
12 issued pursuant to this section to finance the purchase of higher  
13 education equipment at that institution. Upon receipt of such  
14 moneys from the public or private institution of higher education,  
15 the authority shall remit the moneys immediately to the State  
16 Treasurer.

17 b. The authority shall from time to time issue bonds or notes  
18 in an amount sufficient to finance the purchase of higher  
19 education equipment pursuant to lease agreements with public  
20 and private institutions of higher education and which shall also  
21 finance the administrative costs associated with the issuance of  
22 bonds or notes. The authority shall issue the bonds or notes in  
23 such manner as it shall determine in accordance with the  
24 provisions of P.L. , c. (C. ) (now pending before the  
25 Legislature as this bill) and the "New Jersey educational  
26 facilities authority law," N.J.S.18A:72A-1 et seq. The authority  
27 shall not issue any bonds or notes <sup>2</sup>pursuant to this section<sup>2</sup>  
28 without the prior written consent of the State Treasurer.

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

48 d. The State of New Jersey does hereby pledge to and  
49 covenant and agree with the holders of any bonds or notes issued  
50 pursuant to authorization of P.L. , c. (C. ) (now pending  
51 before the Legislature as this bill) that the State shall not limit  
52 or alter the rights or powers hereby vested in the authority to  
53 perform and fulfill the terms of any agreement made with the  
54 holders of the bonds or notes, or to fix, establish, charge and

1 collect such rents, fees, rates, payments, or other charges as may  
2 be convenient or necessary to produce sufficient revenues to  
3 meet all expenses of the authority and to fulfill the terms of any  
4 agreement made with the holders of the bonds and notes,  
5 together with interest thereon, with interest on any unpaid  
6 installments of interest, and all costs and expenses in connection  
7 with any action or proceedings by or on behalf of the holders,  
8 until the bonds and notes, together with interest thereon, are  
9 fully met and discharged or provided for.

10 6. (New section) The moneys deposited into the fund created  
11 pursuant to section 5 of P.L. , c. (C. ) (now pending  
12 before the Legislature as this bill) shall be allocated in the  
13 following manner:

14 a. A minimum of \$24,000,000 for the leasing of higher  
15 education equipment at the State colleges;

16 b. A minimum of \$19,440,000 for the leasing of higher  
17 education equipment at Rutgers, The State University;

18 c. A minimum of \$10,080,000 for the leasing of higher  
19 education equipment at the University of Medicine and Dentistry  
20 of New Jersey;

21 d. A minimum of \$6,480,000 for the leasing of higher  
22 education equipment at the New Jersey Institute of Technology;

23 e. A minimum of \$22,000,000 for the leasing of higher  
24 education equipment at the county colleges;

25 f. A minimum of \$10,500,000 for the leasing of higher  
26 education equipment at private institutions of higher education;  
27 and

28 g. A minimum of \$7,500,000 for the leasing of higher  
29 education equipment for emerging needs programs at public and  
30 private institutions of higher education.

31 The State Board of Higher Education may apportion the  
32 amounts authorized in subsection g. among any other amounts  
33 authorized in subsections a. through f.

34 <sup>1</sup>The State Board of Higher Education may reallocate any  
35 balance in the amounts authorized in subsections a. through g. of  
36 this section which have not been fully committed within 18  
37 months of the effective date of this act.<sup>1</sup>

38 The State Board of Higher Education shall determine the  
39 allocation of monies deposited into the fund resulting from the  
40 issuance by the authority of new bonds because of the retirement  
41 of bonds previously issued by the authority.

42 7. (New section) The authority may enter into a lease  
43 agreement with a public or private institution of higher education  
44 to finance the acquisition of higher education equipment by the  
45 institution and which provides for the lease of the equipment by  
46 the authority to the institution. <sup>2</sup>The higher education equipment  
47 shall have a useful life equal to or greater than the term of the  
48 bonds issued to finance the purchase of the equipment.<sup>2</sup> During  
49 the period of the lease, the authority shall hold title to the  
50 equipment. At such time as the liabilities of the authority  
51 incurred for the purchase of the higher education equipment have  
52 been met and the bonds of the authority issued therefor have  
53 been paid, or such liabilities and bonds have otherwise been  
54 discharged, the authority shall transfer title to the higher



1 education equipment to the institution to which the equipment is  
2 leased. However, if at any time prior thereto the institution  
3 ceases to operate, then title shall vest in the authority.

4 8. (New section) The authority shall not enter into a lease  
5 agreement with an institution of higher education unless the  
6 State Board of Higher Education has adopted a resolution which  
7 approves the purchase of the higher education equipment by the  
8 institution. The State board shall forward a copy of the  
9 resolution along with the amount of the approved purchase to the  
10 authority.

11 9. (New section) a. To assure the continued operation and  
12 solvency of the leasing fund program, the authority shall require  
13 that if an institution of higher education fails or is unable to pay  
14 to the authority in full, when due, any obligation of the  
15 institution to the authority, an amount sufficient to satisfy the  
16 deficiency shall be retained by the State Treasurer from State aid  
17 or an appropriation payable to the institution. As used in this  
18 section, obligation of the institution means any amount payable  
19 by the institution for equipment leasing pursuant to a lease  
20 agreement with the authority.

21 b. The amount retained by the State Treasurer shall be  
22 deducted from the corresponding appropriation or apportionment  
23 of State aid payable to the institution of higher education and  
24 shall not obligate the State to make, nor entitle the institution to  
25 receive. any additional appropriation or apportionment.

26 10. (New section) The State Board of Higher Education shall  
27 annually submit a report to the Governor and the Legislature on  
28 the higher education equipment purchases at public and private  
29 institutions of higher education which have been approved by the  
30 State board and financed by the New Jersey Educational  
31 Facilities Authority pursuant to lease agreements with the  
32 institutions.

33 11. (New section) The State Board of Higher Education, in  
34 consultation with the New Jersey Educational Facilities  
35 Authority, shall adopt, pursuant to the "Administrative Procedure  
36 Act," P.L.1968, c.410 (C.52:14B-1 et seq.), the rules and  
37 regulations necessary to carry out the provisions of this act.

38 12. This act shall take effect immediately.

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42

43 Establishes a \$100,000,000 higher education equipment leasing  
44 fund in the New Jersey Educational Facilities Authority.

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2 institution. The State board shall forward a copy of the  
3 resolution along with the amount of the approved purchase to the  
4 authority.

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16 deducted from the corresponding appropriation or apportionment  
17 of State aid payable to the institution of higher education and  
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19 receive, any additional appropriation or apportionment.

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29 Authority, shall adopt, pursuant to the "Administrative Procedure  
30 Act," P.L.1968, c.410 (C.52:14B-1 et seq.), the rules and  
31 regulations necessary to carry out the provisions of this act.

32 12. This act shall take effect immediately.

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#### STATEMENT

37 This bill establishes a higher education equipment leasing fund  
38 in the New Jersey Educational Facilities Authority and authorizes  
39 the authority to issue bonds in a total outstanding principal  
40 amount of \$100,000,000 to finance the purchase of scientific,  
41 engineering, technical, computer, communications, and  
42 instructional equipment for lease to public and private  
43 institutions of higher education. The bill provides that the State  
44 Treasurer, subject to available appropriations, shall pay the  
45 amount necessary to pay the principal and interest on bonds and  
46 notes of the authority. In entering into a lease agreement with a  
47 public or private institution of higher education, the authority is  
48 to include such lease provisions as may be necessary to insure  
49 that the institution shall pay an amount equal to 25% of the  
50 amount necessary to pay the principal and interest on the bonds  
51 and notes of the authority issued to finance the purchase of  
52 equipment at that institution. Upon receipt of the moneys from  
53 the institution, the authority is to remit the moneys immediately  
54 to the State Treasurer. The authority is to issue the bonds or

1 notes in such manner as it determines in accordance with the  
2 bill's provisions and the provisions of the "New Jersey  
3 educational facilities authority law," N.J.S.A.18A:72A-1 et seq.,  
4 however the term of any bond issued shall not exceed 10 years.  
5 Also, the authority would only issue bonds or notes upon finalizing  
6 a lease agreement with an institution of higher education.

7 The bill provides that the authority may enter into a lease  
8 agreement with a public or private institution of higher education  
9 to finance the acquisition of higher education equipment by the  
10 institution and which provides for the lease of the equipment by  
11 the authority to the institution. During the period of the lease,  
12 the authority shall hold title to the equipment. At such time as  
13 the liabilities of the authority incurred for the purchase of the  
14 higher education equipment have been met and the bonds of the  
15 authority issued to finance the purchase have been paid, the  
16 authority is to transfer title of the equipment to the institution.

17 The bill further provides that the authority shall not enter into  
18 a lease agreement with an institution unless the State Board of  
19 Higher Education has adopted a resolution which approves the  
20 purchase of the higher education equipment by the institution.  
21 The State board is to forward a copy of the resolution to the  
22 authority which includes the amount of the purchase which has  
23 been approved. The authority shall not issue any bonds pursuant  
24 to the bill's provisions without the prior written consent of the  
25 State Treasurer.

26 The bill also stipulates that in order to assure the continued  
27 operation and solvency of the leasing fund program, if an  
28 institution of higher education is unable to make payment to the  
29 authority on its debt service obligations, an amount sufficient to  
30 satisfy the deficiency shall be retained by the State Treasurer  
31 from State aid or any appropriation payable to the institution.

32 Finally, the bill provides that the State Board of Higher  
33 Education shall determine the allocation of moneys deposited into  
34 the fund resulting from the issuance by the authority of new  
35 bonds because of the retirement of bonds previously issued by the  
36 authority.

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41 Establishes a \$100,000,000 higher education equipment leasing  
42 fund in the New Jersey Educational Facilities Authority.

ASSEMBLY EDUCATION COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2351

with Assembly committee amendments

STATE OF NEW JERSEY

DATED: MARCH 4, 1993

The Assembly Education Committee reports favorably Assembly Bill No. 2351 with committee amendments.

This bill, as amended, establishes a higher education equipment leasing fund in the New Jersey Educational Facilities Authority and authorizes the authority to issue bonds in a total outstanding principal amount of \$100,000,000 to finance the purchase of scientific, engineering, technical, computer, communications, and instructional equipment for lease to public and private institutions of higher education.

The bill provides that the State Treasurer, subject to available appropriations, shall pay the amount necessary to pay the principal and interest on bonds and notes of the authority. In entering into a lease agreement with a public or private institution of higher education, the authority is to include any lease provisions which are necessary to insure that the institution shall pay an amount equal to 25% of the amount necessary to pay the principal and interest on the bonds and notes of the authority issued to finance the purchase of equipment at that institution. Upon receipt of the moneys from the institution, the authority is to remit the moneys immediately to the State Treasurer. The authority is to issue the bonds or notes in the manner specified by the bill's provisions and the provisions of the "New Jersey educational facilities authority law," N.J.S.A.18A:72A-1 et seq., however the term of any bond issued shall not exceed 10 years. Also, the authority may only issue bonds or notes upon finalizing a lease agreement with an institution of higher education. Finally, the authority may not issue any bonds pursuant to the bill's provisions without the prior written consent of the State Treasurer.

The authority may enter into a lease agreement with a public or private institution of higher education to finance the acquisition of higher education equipment by the institution. During the period of the lease, the authority shall hold title to the equipment. At such time as the liabilities of the authority incurred for the purchase of the higher education equipment have been met and the bonds of the authority issued to finance the purchase have been paid, the authority is to transfer title of the equipment to the institution. The authority may not enter into a lease agreement with an institution unless the State Board of Higher Education has adopted a resolution which approves the purchase of the higher education equipment by the institution.

Finally, the bill stipulates that in order to assure the continued operation and solvency of the leasing fund program, if an institution

of higher education is unable to make payment to the authority on its debt service obligations, an amount sufficient to satisfy the deficiency shall be retained by the State Treasurer from State aid or any appropriation payable to the institution.

The committee amendments authorize the State Board of Higher Education to reallocate the funds among the various groups of institutions of higher education if they are not fully committed after 18 months.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

[FIRST REPRINT]

ASSEMBLY, No. 2351

with Assembly committee amendments

STATE OF NEW JERSEY

DATED: MARCH 22, 1993

The Assembly Appropriations Committee reports favorably Assembly Bill No. 2351 (1R), with committee amendments.

Assembly Bill No. 2351 (1R), as amended, establishes a higher education equipment leasing fund in the New Jersey Educational Facilities Authority and authorizes the authority to issue bonds in a total outstanding principal amount of \$100,000,000 to finance the purchase of scientific, engineering, technical, computer, communications, and instructional equipment for lease to public and private institutions of higher education.

The bill provides that the State Treasurer, subject to available appropriations, shall pay the amount necessary to pay the principal and interest on bonds and notes of the authority. In entering into a lease agreement with a public or private institution of higher education, the authority is to include any lease provisions which are necessary to ensure that the institution pays an amount equal to 25% of the amount necessary to pay the principal and interest on the bonds and notes of the authority issued to finance the purchase of equipment at that institution. Upon receipt of the moneys from the institution, the authority is to remit the moneys immediately to the State Treasurer. The authority is to issue the bonds or notes in the manner specified by the bill's provisions and the provisions of the "New Jersey educational facilities authority law," N.J.S.A.18A:72A-1 et seq., however the term of any bond issued shall not exceed 10 years. The authority may only issue bonds or notes upon pursuant to lease agreement with an institution of higher education. Finally, the authority may not issue any equipment bonds without the prior written consent of the State Treasurer.

The authority may enter into a lease agreement with a public or private institution of higher education to finance the acquisition of higher education equipment by the institution. During the period of the lease, the authority shall hold title to the equipment. At such time as the liabilities of the authority incurred for the purchase of the higher education equipment have been met and the bonds of the authority issued to finance the purchase have been paid, the authority is to transfer title of the equipment to the institution. The authority may not enter into a lease agreement with an institution unless the State Board of Higher Education has adopted a resolution which approves the purchase of the higher education equipment by the institution.

Finally, the bill stipulates that in order to assure the continued operation and solvency of the leasing fund program, if an institution

of higher education is unable to make payment to the authority on its lease payment obligation, an amount sufficient to satisfy the deficiency shall be retained by the State Treasurer from State aid or any appropriation payable to the institution.

FISCAL IMPACT:

The Office of Legislative Services stated that due to the large number of contingencies and variables involved, it was not able to estimate the cost of this bill. However, if an interest rate of 6 percent is assumed, when the outstanding principal amount of bonds reaches the maximum of \$100,000,000, the State's annual debt service obligation is estimated to be \$13,586,796. One quarter of that amount will be payable to the treasury by the participating institutions of higher education. Public institutions participation in the program may require additional State support. Increases in tuition to pay the institutions' share of costs may impact on the State Tuition Aid Grant program. Such costs can not be determined at this time.

COMMITTEE AMENDMENTS:

The amendments require that the useful life of higher education equipment be equal to or greater than the term of the bonds issued to finance the purchase of the equipment, and clarify a technical reference.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

[SECOND REPRINT]

ASSEMBLY, No. 2351

STATE OF NEW JERSEY

DATED: MAY 10, 1993

The Senate Budget and Appropriations Committee reports favorably Assembly Bill No. 2351 (2R).

Assembly Bill No. 2351 (2R) establishes a higher education equipment leasing fund in the New Jersey Educational Facilities Authority and authorizes the authority to issue bonds in a total outstanding principal amount of \$100,000,000. The funds would finance the purchase of scientific, engineering, technical, computer, communications, and instructional equipment for lease to public and private institutions of higher education. The bonds may only be issued when a lease agreement is finalized with an institution of higher education. Each agreement requires approval of the State Treasurer and the State Board of Higher Education. The maximum term of any bond issued by the authority is to be ten years and the useful life of the equipment must be equal to or greater than the term of the bonds issued to finance the purchase.

The bill provides that the State Treasurer, subject to available appropriations, will pay the principal and interest on the bonds and notes of the authority.

The authority may enter into a lease agreement with a public or private institution of higher education to finance the acquisition of higher education equipment by the institution. During the period of the lease, the authority will hold title to the equipment. At such time as the liabilities of the authority incurred for the purchase of the higher education equipment have been met and the bonds of the authority issued to finance the purchase have been paid, the authority is to transfer title of the equipment to the institution.

Finally, the bill stipulates that in order to assure the continued operation and solvency of the leasing fund program, if an institution of higher education is unable to make payment to the authority on its debt service obligations, an amount sufficient to satisfy the deficiency shall be retained by the State Treasurer from State aid or any other State appropriation payable to the institution.

As reported by the committee, this bill is identical to Senate Bill 1625 of 1992 as amended and reported by this committee on May 10, 1993.

FISCAL IMPACT

A fiscal estimate prepared by the Office of Legislative Services (OLS) estimates that when the total outstanding principal amount of the bonds reaches the maximum of \$100,000,000, the State's annual debt service obligation will be \$13,586,796, assuming an interest rate of 6 percent. Twenty-five percent of that amount will be repaid to the treasury by the participating institutions of higher education. The bill provides that the State Treasurer, subject to available appropriations, will pay the principal and interest on the bonds and notes of the authority.



OLS notes that, to the extent that public institutions participate in the program, there may be secondary costs to this bill in the form of additional State support. Further, if the institutions have to increase tuition in order to pay their share of debt service, there could be an impact on the State's Tuition Aid Grant program. However, there is no way to determine the extent of these potential costs at this time.

LEGISLATIVE FISCAL ESTIMATE TO

[FIRST REPRINT]

ASSEMBLY, No. 2351

STATE OF NEW JERSEY

DATED: April 6, 1993

Assembly Bill No. 2351 [1R] of 1993 establishes a higher education equipment leasing fund in the New Jersey Educational Facilities Authority and authorizes the authority to issue bonds in a total outstanding principal amount of \$100,000,000 to finance the purchase of scientific, engineering, technical, computer, communications, and instructional equipment for lease to public and private institutions of higher education. These bonds may only be issued when a lease agreement is finalized with an institution of higher education. Each agreement requires approval of the State Treasurer and the State Board of Higher Education. The maximum term of any bond issued by the authority is ten years.

The authority may enter into a lease agreement with a public or private institution of higher education to finance the acquisition of higher education equipment by the institution. During the period of the lease, the authority shall hold title to the equipment. At such time as the liabilities of the authority incurred for the purchase of the higher education equipment have been met and the bonds of the authority issued to finance the purchase have been paid, the authority is to transfer title of the equipment to the institution.

Finally, the bill stipulates that in order to assure the continued operation and solvency of the leasing fund program, if an institution of higher education is unable to make payment to the authority on its debt service obligations, an amount sufficient to satisfy the deficiency shall be retained by the State Treasurer from State aid or any other State appropriation payable to the institution.

The Office of Legislative Services (OLS) is not able to estimate the cost of this bill, due to the large number of contingencies and variables involved in its implementation. However, if we assume an interest rate of 6 percent, the OLS estimates that when the total outstanding principal amount of the bonds reaches the maximum of \$100,000,000, the State's annual debt service obligation will be \$13,586,796. Twenty-five percent of that amount will be repaid to the treasury by the participating institutions of higher education.

The OLS also notes that, to the extent that public institutions participate in the program, there may be secondary costs to this bill in the form of additional State support. Further, if the institutions have to increase tuition in order to pay their share of debt service, there could be an impact on the State's Tuition Aid Grant program. However, there is no way to determine the extent of these potential costs at this time.

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.

974.201

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## OFFICE OF THE GOVERNOR NEWS RELEASE

**CN-001**  
**Contact:**

**TRENTON, N.J. 08625**  
**Release:**

Audrey Kelly  
908/355-0214

Saturday  
June 5, 1993

### *GOVERNOR SIGNS BILL GIVING COLLEGES HELPING HAND TO READY STUDENTS FOR WORKFORCE*

PRINCETON -- In an effort to help tomorrow's workers prepare for the jobs of the future, Governor Jim Florio today signed legislation creating a \$100 million equipment leasing fund so the state's colleges and universities can purchase the essential tools necessary to educate and train New Jersey students today.

"We live in an age of change, both evolutionary and revolutionary. Profound economic forces are reshaping our economy," said Governor Florio, who signed the bill at Drumthwacket, the Executive Residence. "This bill will help New Jersey adapt to those changes and create the high-tech, high-paying jobs of the future. Our new Higher Education Equipment Leasing Fund will help New Jersey keep our competitive edge razor sharp by fostering the skilled minds and research and development that attracts businesses on the cutting edge of growth. "

The legislation signed today is part of the Governor's Jobs of the Future initiative outlined in his 1993 State of the State Address. A second component, a \$200 million bond issue to finance state-of-the-art instructional, laboratory, communication and research facilities, unanimously passed the State Senate on May 13 and is awaiting consideration in the Assembly Appropriations Committee. Governor Florio encouraged passage of the legislation as an equally essential measure in readying the state's future workforce.

The equipment leasing pool addresses a critical need to keep New Jersey's colleges and universities competitive in the national and international arenas. The new law creates a \$100 million equipment-leasing fund to provide a renewable financing mechanism for New Jersey's colleges and universities to purchase equipment.

Under the new law, the New Jersey Education Facilities Authority (EFA) would issue revenue bonds to purchase computers, and scientific, engineering and other instructional equipment for lease to colleges and universities. Once lease payments to EFA are completed, the institution would take ownership of the equipment. The state will pay 75 percent of the principal and interest on the bonds and the

colleges/universities will pay the remaining 25 percent. The state Board of Higher Education will report annually to the Governor and Legislature on equipment purchases financed through the legislation.

The equipment lease funds will be allocated as follows:

- A minimum of \$24 million to lease equipment at state colleges;
- A minimum of \$19,440,000 to lease equipment at Rutgers University
- A minimum of \$10,080,000 to lease equipment at the University of Medicine and Dentistry of New Jersey
- A minimum of \$6,480,000 to lease equipment at the New Jersey Institute of Technology.
- A minimum of \$22,000,000 to lease equipment at county colleges
- A minimum of \$10,500,000 to lease equipment at private institutions
- A minimum of \$7,500,000 to lease equipment for emerging needs programs at public and private institutions.

"Higher education plays a vital role in the economic development of the nation by providing the education and training of the workforce of the future," said Higher Education Chancellor Edward D. Goldberg. "New Jersey faces a key challenge during this decade, specifically how to ensure that colleges and universities have both the facilities and the equipment required to meet current and emerging high technology educational and research needs. The equipment leasing fund addresses an important part of that challenge by providing an ongoing financing mechanism for equipment purchases at our institutions."

A 2351/S 1625 was sponsored by Assemblypersons Joseph Doria and John Rocco, and Senators Joseph Palaia and John Lynch.

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