

LEGISLATIVE HISTORY CHECKLIST
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(School bonds--Tupe II--amend provisions on publication of notice of sale)

NJSA: 18A:24-36 et al

LAWS OF: 1992 CHAPTER: 178

BILL NO: A1018

SPONSOR(S) Bagger

DATE INTRODUCED: February 27, 1992

COMMITTEE: ASSEMBLY: Education

SENATE: Education

AMENDED DURING PASSAGE: No

DATE OF PASSAGE: ASSEMBLY: June 4, 1992

SENATE: December 7, 1992

DATE OF APPROVAL: December 10, 1992

FOLLOWING STATEMENTS ARE ATTACHED IF AVAILABLE

SPONSOR STATEMENT: Yes

COMMITTEE STATEMENT: ASSEMBLY: Yes

SENATE: Yes

FISCAL NOTE: Yes

VETO MESSAGE: No

MESSAGE ON SIGNING: No

FOLLOWING WERE PRINTED:

REPORTS: No

HEARINGS: No

KBG:pp

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1 AN ACT concerning the publication of a notice of the sale of
2 Type II school district and municipal bonds and amending
3 N.J.S.18A:24-36, N.J.S.18A:24-37, N.J.S.40A:2-30, and
4 N.J.S.40A:2-31.

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

8 1. N.J.S.18A:24-36 is amended to read as follows:

9 18A:24-36. All bonds authorized and issued by type II school
10 districts in accordance with [this] chapter 24 of Title 18A of the
11 New Jersey Statutes, except bonds of authorized issues of
12 \$10,000.00 or less, shall be sold at public sale upon sealed
13 proposals [after at least seven days' notice published] provided
14 that a summary of the notice of public sale of these bonds as
15 described in subsection b. of N.J.S.18A:24-37 shall be advertised
16 at least once at least seven days prior thereto in a publication
17 carrying municipal bond notices and devoted primarily to
18 financial news or the subject of state and municipal bonds,
19 published in New York City or New Jersey, and [at least seven
20 days' notice published] a notice of public sale containing the
21 provisions described in subsection a. of N.J.S.18A:24-37 shall be
22 advertised at least once at least seven days prior thereto in a
23 newspaper published in the county and having a substantial
24 circulation in the school district. Bonds of authorized issues of
25 \$10,000.00 or less may be sold at private sale without previous
26 public offering.

27 (cf: N.J.S.18A:24-36)

28 2. N.J.S.18A:24-37 is amended to read as follows:

29 18A:24-37. [Such] a. The notice of sale of Type II school
30 district bonds required to be advertised pursuant to
31 N.J.S.18A:24-36 shall describe the bonds and set forth in
32 substance the terms and conditions of sale, including the principal
33 amount, date, denomination and maturities of the bonds offered
34 for sale and such other provisions as may be determined by the
35 Type II school district . As to interest to be borne by the bonds,
36 it shall specify a rate or rates or maximum rate, which rate or
37 the maximum rate shall in no event exceed 6% per annum. If
38 proposals are invited at more than one interest rate, the notice
39 shall also state that no proposals will be considered for bonds of a
40 rate higher than the lowest rate at which a legally acceptable
41 proposal is received.

42 b. A summary of the notice of public sale of Type II school

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

Matter underlined thus is new matter.

1 bonds and which is published in New York City or New Jersey. In
2 addition, the current law requires at least seven days' notice
3 published at least once in a newspaper published in the county and
4 having a substantial circulation in the school district.

5 Section 2 of this bill amends N.J.S.18A:24-37 by shortening and
6 simplifying the information that must be included in the
7 publication of the summary of the notice of public sale of the
8 Type II school district bonds in these financial publications.

9 This bill further amends N.J.S.40A:2-30 to require a summary
10 of the notice of public sale of municipal bonds to be advertised at
11 least once at least seven days prior to the sale of the bonds in a
12 publication that carries municipal bond notices, is devoted
13 primarily to financial news or the subject of State and municipal
14 bonds, and is published in the City of New York or in New
15 Jersey. Currently, the law requires that the notice of the public
16 sale of bonds, including the full terms and provisions of the sale
17 rather than a summary, be published in a newspaper qualified for
18 publication of a bond ordinance of the local unit as well as in a
19 publication carrying municipal bond notices and devoted primarily
20 to financial news.

21 Section 4 of this bill amends N.J.S.40A:2-31 by shortening and
22 simplifying the information that must be included in the
23 publication of the summary of the notice of public sale of bonds
24 in these financial publications.

25 In the current financial marketplace, publication of the full
26 terms and provisions in the notice of the public sale of bonds in
27 two publications is redundant and extremely expensive. The cost
28 of advertisement to the Type II school district and the
29 municipality will be greatly reduced by requiring that only a
30 summary of the notice of sale of bonds be published in certain
31 financial publications such as the Bond Buyer, which has more
32 expensive advertising rates than local newspapers.

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37 Requires summary of notice of public sale of Type II school
38 district and municipal bonds to be advertised at least once in
39 certain financial publications.

1 district bonds required to be advertised pursuant to N.J.S.
2 18A:24-36 shall set forth: the principal amount, date,
3 denomination and maturities of the bonds offered for sale; the
4 rate or rates of interest or maximum rate or rates of interest to
5 be borne by the bonds; and a reference to where additional terms
6 and conditions of the public sale may be obtained.

7 (cf: N.J.S.18A:24-37)

8 3. N.J.S.40A:2-30 is amended to read as follows:

9 40A:2-30. A notice of public sale of bonds containing the
10 provisions described in subsection a. of N.J.S. 40A:2-31 shall be
11 advertised at least once at least 7 days prior thereto in a
12 newspaper qualified for publication of a bond ordinance of the
13 local unit [and]. A summary of the notice of public sale of bonds
14 as provided for in subsection b. of N.J.S.40A:2-31 shall be
15 advertised at least once at least seven days prior thereto in a
16 publication carrying municipal bond notices and devoted primarily
17 to financial news or the subject of State and municipal bonds and
18 published in the City of New York or in New Jersey.

19 (cf: N.J.S.40A:2-30)

20 4. N.J.S.40A:2-31 is amended to read as follows:

21 40A:2-31. a. A notice of public sale of bonds required to be
22 advertised pursuant to N.J.S.40A:2-30 shall set forth:

23 [a.] (1) the principal amount, date, denomination and
24 maturities of the bonds offered for sale;

25 [b.] (2) the rate or rates of interest or maximum rate or rates
26 of interest to be borne by the bonds;

27 [c.] (3) the terms and conditions of such public sale; and

28 [d.] (4) such other provisions as may be determined by the
29 governing body.

30 b. A summary of the notice of public sale of bonds required to
31 be advertised pursuant to N.J.S.40A:2-30 shall set forth:

32 (1) the principal amount, date, denomination and maturities
33 of the bonds offered for sale;

34 (2) the rate or rates of interest or maximum rate or rates of
35 interest to be borne by the bonds; and

36 (3) a reference to where additional terms and conditions of
37 the public sale may be obtained.

38 (cf: N.J.S.40A:2-31)

39 5. This act shall take effect immediately.

40 41 42 STATEMENT

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44 This bill amends N.J.S.18A:24-36 to require a summary of the
45 notice of public sale of Type II school district bonds to be
46 advertised at least once at least seven days prior to the sale of
47 the bonds in a publication that carries municipal bond notices, is
48 devoted primarily to financial news or the subject of State and
49 municipal bonds, and is published in the City of New York or in
50 New Jersey. Currently, the law provides that bonds must be sold
51 at public sale after at least seven days' notice, including the full
52 terms and conditions of sale, published at least once in a
53 publication carrying municipal bond notices which is devoted
54 primarily to financial news or the subject of State and municipal

1 bonds and which is published in New York City or New Jersey. In
2 addition, the current law requires at least seven days' notice
3 published at least once in a newspaper published in the county and
4 having a substantial circulation in the school district.

5 Section 2 of this bill amends N.J.S.18A:24-37 by shortening and
6 simplifying the information that must be included in the
7 publication of the summary of the notice of public sale of the
8 Type II school district bonds in these financial publications.

9 This bill further amends N.J.S.40A:2-30 to require a summary
10 of the notice of public sale of municipal bonds to be advertised at
11 least once at least seven days prior to the sale of the bonds in a
12 publication that carries municipal bond notices, is devoted
13 primarily to financial news or the subject of State and municipal
14 bonds, and is published in the City of New York or in New
15 Jersey. Currently, the law requires that the notice of the public
16 sale of bonds, including the full terms and provisions of the sale
17 rather than a summary, be published in a newspaper qualified for
18 publication of a bond ordinance of the local unit as well as in a
19 publication carrying municipal bond notices and devoted primarily
20 to financial news.

21 Section 4 of this bill amends N.J.S.40A:2-31 by shortening and
22 simplifying the information that must be included in the
23 publication of the summary of the notice of public sale of bonds
24 in these financial publications.

25 In the current financial marketplace, publication of the full
26 terms and provisions in the notice of the public sale of bonds in
27 two publications is redundant and extremely expensive. The cost
28 of advertisement to the Type II school district and the
29 municipality will be greatly reduced by requiring that only a
30 summary of the notice of sale of bonds be published in certain
31 financial publications such as the Bond Buyer, which has more
32 expensive advertising rates than local newspapers.

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37 Requires summary of notice of public sale of Type II school
38 district and municipal bonds to be advertised at least once in
39 certain financial publications.

ASSEMBLY EDUCATION COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1018

STATE OF NEW JERSEY

DATED: MAY 4, 1992

The Assembly Education Committee reports favorably Assembly Bill No. 1018.

Assembly Bill No. 1018 provides that only a summary of the notice of sale of type II school district and municipal bonds need be advertised in a financial publication. The bill would still require, however, the full terms and conditions to be published in a local newspaper.

Current law provides that type II school district bonds and municipal bonds must be sold at public sale after at least seven days notice, including the full terms and conditions of the sale, published at least once in both a publication carrying municipal bond notices which is devoted primarily to financial news or the subject of State and municipal bonds, published in New York City or New Jersey, and in a local newspaper.

The summary of the notice of sale must set forth the principal amount of the issue, date, denomination and maturities of the bonds; the rate or rates of interest; and a reference to where additional information may be obtained.

A representative from the New Jersey School Boards Association testified in favor of the bill.

SENATE EDUCATION COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1018

STATE OF NEW JERSEY

DATED: NOVEMBER 16, 1992

The Senate Education Committee favorably reports this bill without committee amendments.

This bill provides that only a summary of the notice of sale of type II school district and municipal bonds need be advertised in a financial publication. The bill would still require, however, the full terms and conditions to be published in a local newspaper.

Current law provides that type II school district bonds and municipal bonds must be sold at public sale after at least seven days notice, including the full terms and conditions of the sale, published at least once in both a publication carrying municipal bond notices which is devoted primarily to financial news or the subject of State and municipal bonds, published in New York City or New Jersey, and in a local newspaper.

The summary of the notice of sale must set forth the principal amount of the issue, date, denomination and maturities of the bonds; the rate or rates of interest; and a reference to where additional information may be obtained.

LEGISLATIVE FISCAL ESTIMATE TO
ASSEMBLY, No. 1018
STATE OF NEW JERSEY

DATED: August 3, 1992

Assembly Bill No.1018 of 1992 provides that only a summary of the notice of sale of type II school district and municipal bonds need be advertised in a financial publication. The bill would still require, however, the full terms and conditions to be published in a local newspaper.

Current law provides that type II school district bonds and municipal bonds must be sold at public sale after at least seven days notice, including the full terms and conditions of the sale, published at least once in both a publication carrying municipal bond notices which is devoted primarily to financial news or the subject of State and municipal bonds, published in New York or New Jersey, and in a local newspaper.

The summary of the notice of sale must set forth the principal amount of the issue, date, denomination and maturities of the bonds; the rate or rates of interest; and a reference to where additional information may be obtained.

The Departments of Education and Community Affairs and the Office of Management and Budget did not provide a fiscal estimate of this bill.

The Office of Legislative Services estimates that this bill would have no fiscal impact on the State and may result in cost savings for local school districts and municipalities of between \$2,600 and \$6,525 per bond issue. The State would be unaffected because the publication of public bond sales is not a factor in determining State aid to schools or municipalities. Local school districts and municipalities should save costs as the amount of advertising space is reduced. According an industry estimate, bond advertising costs range from \$5,000 to \$8,000 per ad in a financial publication and \$200 to \$700 in a local newspaper. The reduction in advertising space could save between 50 and 75 percent of bond ad costs. However, the extent of these potential savings Statewide is unknown because the amount currently spent in the State on bond advertising and the number of bond sales is unknown.

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.