

49:2B-1

LEGISLATIVE HISTORY CHECKLIST
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(State general obligation bonds
--permit refinancing)

NJSA: 49:2B-1

LAWS OF: 1992 CHAPTER: 182

BILL NO: A27

SPONSOR(S) Bagger

DATE INTRODUCED: November 16, 1992

COMMITTEE: ASSEMBLY: Appropriations

SENATE: ---

AMENDED DURING PASSAGE: No

DATE OF PASSAGE: ASSEMBLY: November 30, 1992

SENATE: December 14, 1992

DATE OF APPROVAL: December 14, 1992

FOLLOWING STATEMENTS ARE ATTACHED IF AVAILABLE:

SPONSOR STATEMENT: Yes

COMMITTEE STATEMENT: ASSEMBLY: Yes

SENATE: No

FISCAL NOTE: No

VETO MESSAGE: No

MESSAGE ON SIGNING: Yes

FOLLOWING WERE PRINTED:

REPORTS: No

HEARINGS: No

KRG:pp

P.L.1992, CHAPTER 182, *approved December 14, 1992*
1992 Assembly No. 27

1 AN ACT concerning the refinancing of certain bonds pursuant to
2 the "Refunding Bond Act of 1985," amending P.L.1985, c.74.

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

6 1. Section 3 of P.L.1985, c.74 is amended to read as follows:

7 3. As used in this act:

8 a. "Outstanding bonds" means any bonds of the State of New
9 Jersey, and the interest coupons, if any, appertaining thereto,
10 which have heretofore been issued or which are hereafter issued
11 pursuant to any law of the State [in effect prior to the effective
12 date of this act] and which are direct obligations of the State for
13 which the faith and credit of the State are pledged for the
14 payment of the interest thereon as it shall become due and the
15 payment of the principal at maturity.

16 b. "Government securities" means any bonds or other
17 obligations which as to principal and interest constitute direct
18 obligations of, or are unconditionally guaranteed by, the United
19 States of America, including obligations of any federal agency to
20 the extent those obligations are unconditionally guaranteed by
21 the United States of America and any certificates or any other
22 evidences of any ownership interest in those obligations of, or
23 unconditionally guaranteed by, the United States of America or in
24 specified portions of those obligations (which may consist of the
25 principal of, or the interest on, those obligations).

26 c. "State Treasurer" means the Treasurer of the State of New
27 Jersey.

28 d. "Refinancing" means providing for the payment of an
29 obligation at or prior to its maturity or upon redemption, as
30 provided in this act.

31 e. "Refunding bonds" means bonds of the State issued under
32 this act.

33 (cf: P.L.1985, c.74, s.3)

34 2. Section 10 of P.L.1985, c.74 is amended to read as follows:

35 10. When refunding bonds are issued from time to time, the
36 refunding bonds of each issue shall constitute a separate series to
37 be designated by the issuing officials. Each series of refunding
38 bonds shall bear rates of interest as may be determined by the
39 issuing officials, which interest shall be payable [semiannually;
40 except that the first and last periods may be longer or shorter, in
41 order that intervening semiannual payments may be at convenient
42 dates] at such times and in such manner as may be determined by
43 the issuing officials.

44 (cf: P.L.1985, c.74, s.10)

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 3. This act shall take effect immediately.

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STATEMENT

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6 This bill permits the refinancing of all general obligation bonds
7 issued by the State to be accomplished pursuant to the
8 "Refunding Bond Act of 1985." The bill also permits the bond
9 issuing officials to establish the time and manner of making
10 interest payments on State refunding bonds.

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ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 27

STATE OF NEW JERSEY

DATED: NOVEMBER 23, 1992

The Assembly Appropriations Committee reports favorably Assembly Bill No. 27.

Assembly Bill No. 27 permits the refinancing of all general obligation bonds issued by the State to be accomplished pursuant to the "Refunding Bond Act of 1985." Refunding bonds are issued when interest rates decline in the bond market to exploit present value savings on the aggregate of principal and interest payable. The bill also permits the refunding bond issuing officials to establish the time and manner of making interest payments on State refunding bonds.

FISCAL IMPACT:

The elimination of the semi-annual interest payment requirement for refunding bonds allows the issuing officials, with Joint Budget Oversight Committee approval, the flexibility to schedule interest payments on refunding bond issues at intervals greater than six months. The extent that the flexibility to extend interest payments, and therefor debt service appropriations to make interest payments, to intervals in excess of six months will be useful depends on market rates of interest and the relative market demand for such refunding bonds. This bill was not certified for a fiscal note because at the present time the exact bonds to be refunded, the interest rate to be used, and the potential savings are unknown. Any refunding or refinancing pursuant to this legislation must produce debt service savings to the State.