

31:1-7

LEGISLATIVE HISTORY CHECKLIST

(School district & public authority bonds--interest--eliminate 6% limitation)

NJSA 31:1-7

LAWS 1981

CHAPTER 381

Bill No. A-3676

Sponsor(s) Herman

Date Introduced Nov 23, 1981

Committee: Assembly _____

Senate _____

Amended during passage Yes No

Date of Passage: Assembly Nov 30, 1981

Senate Dec. 10, 1981

Date of approval Dec 31, 1981

Following statements are attached if available:

Sponsor statement	Yes	<input checked="" type="checkbox"/>	No
Committee Statement:	Assembly	<input checked="" type="checkbox"/>	No
	Senate	<input checked="" type="checkbox"/>	No
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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6/22/81

ASSEMBLY, No. 3676

STATE OF NEW JERSEY

INTRODUCED NOVEMBER 23, 1981

By Assemblyman HERMAN

(Without Reference)

AN ACT to amend "An act temporarily suspending the statutory maximum rate of interest limitations applicable to borrowings by counties, municipalities, school, and other districts, State agencies and other public authorities and agencies," approved July 3, 1969 (P. L. 1969, c. 137), as said title was amended by P. L. 1970, c. 49.

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

1 1. Section 1 of P. L. 1969, c. 137 (C. 31:1-7) is amended to read
2 as follows:

3 1. Notwithstanding the provisions of any other law, statute or
4 regulation applicable to or constituting any limitation on the
5 maximum rate of interest per annum payable on bonds, notes or
6 other obligations, or as to annual interest cost to maturity of
7 money borrowed or received upon issuance of bonds, notes or other
8 obligations, every **[county, municipality,]** school district, body
9 corporate and politic, district or public authority, agency, com-
10 mission or other public institution heretofore or hereafter created
11 by the State, any county, or municipality or by one or more counties
12 or municipalities, is hereby authorized and empowered **[for the**
13 **period from the effective date of this act through December 31,**
14 **1981]** to contract to pay interest on or an interest cost per annum
15 for money borrowed and evidenced by bonds, notes or other obli-
16 gations without limit as to the rate of interest per annum payable
17 thereon or as to the annual interest cost to maturity of the money
18 borrowed.

1 2. This act shall take effect immediately.

STATEMENT

Since July 3, 1969 the maximum 6% interest rate limitations have been suspended as to interest payable on bonds, notes 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.

other obligations of every county, municipality, school district, body corporate and politic, district or public authority, agency, commission or other public institution theretofore or thereafter created by the State, any county or municipality or by any one or more counties or municipalities. P. L. 1981, c. 189, effective June 25, 1981, further continued that interest moratorium from June 30, 1981 to December 31, 1981.

The provisions of P. L. 1981, c. 215, effective June 20, 1981, repealed N. J. S. 40A:2-23, thereby completely eliminating that provision of the Local Bond Law applicable to all counties and municipalities with respect to the 6% interest limitation on their bonds and notes. Unless the interest rate moratorium of P. L. 1981, c. 189 is further extended, no bonds or notes can be issued after December 31, 1981, except by counties and municipalities, bearing interest higher than 6%. This will result in manifold defaults by school districts and public authorities which will not be able to borrow at a 6% or lower rate of interest per annum.

It is not reasonable to assume that interest rates will revert to the 6% level in the foreseeable future and enactment of P. L. 1981, c. 215 recognized this by its elimination of the original 6% limitation for counties and municipalities. Consistent with this concept, the above bill eliminates the 6% limitation as to school districts, public authorities and all other agencies referred to in the above bill.

At such time as interest costs revert to the 6% area, the Legislature could restore the 6% limitation as to counties and municipalities by reenactment of N. J. S. 40A:2-23, and by repeal of the above bill as to school districts and other public borrowing authorities and agencies referred to therein.

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10 mission or other public institution heretofore or hereafter created
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DECEMBER 31, 1981

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A-3048, sponsored by Assemblyman Albert Burstein (D-Bergen), amends the New Jersey Uniform Gifts to Minors Act by expanding the scope of such gifts to include gifts of life insurance or endowment policies, partnership interests and other types of property and financial interests. Provisions are also made for the "minor" to assume custody at 18 years of age and the class of eligible custodians is expanded to include any adult.

A-3676, sponsored by Assemblyman Martin Herman (D-Gloucester), eliminates the current six percent interest ceiling on money borrowed by school districts and public authorities. The six percent interest ceiling has been suspended since 1969 through a series of legislative moratoriums, however, with the continuing high interest rates A-3676 makes the moratorium permanent.

S-1543, sponsored by Senator Wayne Dumont, Jr. (R-Sussex), providing for the certification of county purchasing officials who have met specific educational requirements

Certification will be issued by the Director of the State Division of Local Government Services and can be revoked or suspended by the Director for dishonest or neglectful conduct on the part of the purchasing official.

Under the bill, officials could be certified if they are United States citizens, high school and college graduates (primary experience may be substituted for a college degree), and if they have completed certain purchasing courses offered by Rutgers University.

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