

18A:58-33.3 to 33.5

April 30, 1971

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LEGISLATIVE HISTORY OF R.S. 18A:58-33.3 to 33.5
(Permits school district to issue anticipation notes - additional
State school building aid)

L. 1970, Chapter 125 - A938

Introduced April 20, 1970 by Ewing, Curcio, A.S. Smith
& others.

Not amended during passage.

No statement.

Fiscal note (cop. enc.)

This bill listed as "Approved" with reasons, in:

974.905 State Federation District Boards of Education.

L51 Legislative bulletin, no. 5, 5/7/70, p. 12.

" This bill is a validation act for the \$90 million emergency
building aid law enacted in 1969. Bonding attorneys have felt
that interest could not be paid on bond anticipation notes
unless certain legislative changes were made. The Legislative
Committee supports this bill."

RSL/PC

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6-3-70

ASSEMBLY, No. 938

STATE OF NEW JERSEY

INTRODUCED APRIL 20, 1970

By Assemblymen EWING, CURCIO, A. S. SMITH, DAWES,
ROBERTSON, AZZOLINA, COLEMAN, WOODSON
and OWENS

Referred to Committee on Education

AN ACT amending an act entitled "An act concerning education and supplementing Title 18A of the New Jersey Statutes," approved July 19, 1968 (P. L. 1968, c. 177).

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

1 1. Section 2 of P. L. 1968, chapter 177 (C. 18A:58-33.3) is
2 amended to read as follows:

3 2. (a) If the findings of said investigation show, to the satisfac-
4 tion of the State Board of Education, that such school district is
5 not able to provide the necessary facilities to comply with the
6 provisions of said section 18A:33-1, the State Board of Education
7 may by its resolution make its determination (1) that such school
8 district is entitled to additional State school building aid in an
9 amount (*hereinafter sometimes referred to as the "allocation"*)
10 not to exceed \$25.00 per student in **[average daily]** *resident* enroll-
11 ment *on September 30, 1968*, and (2) that the school district projects
12 or educational facilities authorized to be undertaken or provided
13 pursuant to **[a proposed]** ordinance or proposal submitted with
14 said application will assist the school, **[districts]** *district* in pro-
15 viding necessary facilities as aforesaid and the bonds authorized
16 in said ordinance or proposal for financing such projects or educa-
17 tional facilities shall constitute and shall be bonds entitled to the
18 benefits or provisions of this act. The Commissioner of Education
19 shall be and is hereby authorized to **[indorse]** *endorse* upon any
20 copy of such ordinance or proposal a certification thereof as being
21 the ordinance or proposal as to which a determination of the State
22 Board of Education has been made as aforesaid, and such **[indorse-**

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

23 ment] endorsement shall be made in such form or manner as the
24 commissioner shall determine.

25 (b) Any resolution of the State Board of Education adopted
26 prior to April 1, 1970, setting forth a declaration or determination
27 as to the amount of additional State school building aid to which
28 any school district shall be entitled under this act by reference to
29 the average daily enrollment of such school district shall be held
30 and construed to be a reference to the resident enrollment of
31 students of such school district on September 30, 1968, and the
32 amount of such additional State school building aid shall constitute
33 the allocation with respect to such school district for any and all
34 purposes provided in this act and the amount to be received
35 annually by or with respect to such school district pursuant to the
36 provisions of this act.

37 (c) The Commissioner of Education, the State Board of Educa-
38 tion, the State Treasurer and the local finance board are each hereby
39 authorized and empowered to consider any application of any school
40 district with respect to additional State school building aid in con-
41 nection with any school district projects or educational facilities
42 authorized to be undertaken or provided pursuant to an ordinance
43 or proposal submitted with such application, notwithstanding that
44 such ordinance or proposal was adopted, approved or became effec-
45 tive prior to April 1, 1970 and provided that such ordinance or
46 proposal had not been adopted, approved or become effective prior
47 to January 1, 1968, and to make or provide any and all investiga-
48 tions, determinations, endorsements, certifications, considerations,
49 approvals, restrictions, limitations, consents, resolutions, estimates
50 or approvals, which may be required or provided for by this act
51 with respect to any such ordinance or proposal, school district or
52 school district projects or educational facilities, as if such ordinance
53 or proposal had not been adopted, approved or become effective,
54 and any bonds authorized by such ordinance or proposal shall be
55 entitled to all the benefits of the provisions of this act.

1 2. Section 3 of P. L. 1968, chapter 177 (C. 18A:58-33.4) is
2 amended to read as follows:

3 3. (a) A copy of said resolution of the State Board of Education
4 determining a school district to be entitled to additional State
5 school building aid, together with a copy of said ordinance or
6 proposal bearing the [endorsement] endorsement of the Commis-
7 sioner of Education, shall be submitted to the State Treasurer for
8 his consideration. If the State Treasurer is satisfied after in-
9 vestigation either, (a) that the payment of the debt service (interest
10 and principal) on the bonds proposed to be authorized by such

11 ordinance or proposal will not cause the amount of additional State
12 school building aid to be paid pursuant to this act to exceed the
13 sum herein provided (*with respect to such school district*), or (b)
14 *that the payment of the debt service (interest and principal) in*
15 *each year on the bonds authorized by such ordinance or proposal*
16 *will not exceed the allocation with respect to such school district*, he
17 shall **[indorse]** *endorse* his approval to that effect upon the copy
18 of such ordinance or proposal.

19 (b) A copy of any such ordinance or proposal authorizing bonds
20 for school purposes and bearing said **[indorsements]** *endorsements*
21 of the Commissioner of Education and State Treasurer, shall be
22 submitted to the local finance board for its consideration, and the
23 local finance board in considering such copy of any ordinance or
24 proposal submitted to it and before **[indorsing]** *endorsing* its
25 consent thereon may require the governing body**[,]** of any municipi-
26 pality or board of education of **[such]** *any* school district submitting
27 any such ordinance or proposal to adopt resolutions restricting or
28 limiting any future proceedings therein or other matters or things
29 deemed by the local finance board to affect any estimate made or
30 to be made by it in accordance with subsection (c) hereof, and every
31 such resolution so adopted **[which constitutes]** *shall constitute* a
32 valid and binding obligation of such municipality or school district,
33 as the case may be, running to and enforceable by, and releasable
34 by, the local finance board.

35 (c) Within 60 days after such submission to it, the local finance
36 board shall cause its consent to be **[indorsed]** *endorsed* upon such
37 copy of any ordinance or proposal authorizing such bonds, if it
38 shall be satisfied, and shall record by resolution, its estimates that
39 the amounts to be expended for the school district projects or educa-
40 tional facilities to be financed pursuant to such ordinance or pro-
41 posal are not unreasonable or exorbitant; and that issuance of the
42 bonds, proposed to be authorized by such ordinance or proposal,
43 will not materially impair the credit of any municipality comprised
44 within the district or substantially reduce its ability, during the
45 ensuing 10 years, to pay punctually the principal and interest of
46 its debts and supply essential public improvements and services,
47 but if the local finance board is not so satisfied it shall cause its
48 disapproval to be **[indorsed]** *endorsed* on such copy within said
49 period of 60 days.

50 (d) Any bonds entitled to the benefits of the provisions of this
51 act, shall be deductible in determining the **[next]** *net* school debt
52 of any school district for any purpose or computation under section
53 18A:24-19 of the New Jersey Statutes, and the amount of all such

54 bonds shall be deducted from the gross debt of any municipality
55 constituting the whole or any part of such school district for any
56 of the purposes of section 40A:2-44 of the New Jersey Statutes
57 and shall be a deduction within the meaning and for the purpose
58 of clause (g) of said section to any extent that such bonds are not
59 deductible under clause (a) or clause (b) of said section, and shall
60 at all times constitute a deduction from gross debt on any annual
61 or supplemental debt statement of such municipality.

62 (e) All of such bonds when issued shall contain a recital to the
63 effect that they are issued pursuant to Title 18A, Education, of the
64 New Jersey Statutes and are entitled to the benefits of the provi-
65 sions of this act. Any bonds entitled to the benefits of the provi-
66 sions of this act shall be authorized and issued in the manner
67 provided for in Title 18A, Education, of the New Jersey Statutes,
68 and notwithstanding the provisions of section 18A:24-19 of the
69 New Jersey Statutes. Compliance with the provisions of this act
70 by or on behalf of any school district or municipality shall make it
71 unnecessary to comply with any of the provisions of sections
72 18A:24-20 through 18A:24-27 of the New Jersey Statutes, and
73 such sections shall not be applicable with respect to authorization
74 or issuance of any bonds entitled to the benefits of the provisions
75 of this act. *Bonds entitled to the benefits of the provisions of this*
76 *act shall mature not later than 30 years from their date and without*
77 *regard to any limitations as to maturities or amounts of annual*
78 *installments for such bonds as provided in Title 18A, Education, of*
79 *the New Jersey Statutes.*

80 (f) *The Commissioner of Education is hereby authorized and*
81 *directed to establish and maintain records pertaining to each issue*
82 *of bonds entitled to the benefits of this act and setting forth as to*
83 *such bonds the amount to be payable in each year on account of debt*
84 *service (interest and principal) on such bonds, and such records as*
85 *aforesaid shall be conclusive as to the amount so payable on account*
86 *of such debt service, and the Commissioner of Education is hereby*
87 *authorized and empowered to certify for any purpose such amounts*
88 *as so payable on account of debt service with respect to such bonds.*
89 *A school district or municipality authorized to issue such bonds*
90 *may make application to the Commissioner of Education and the*
91 *local finance board setting forth request for adjustment as to*
92 *amount payable in any year on account of debt service with respect*
93 *to such bonds, and the Commissioner of Education and the local*
94 *finance board are each hereby authorized and empowered to grant*
95 *such request if it shall be found that such request is reasonable and*
96 *in the financial interest of such school district or municipality, and*

97 *that the requested adjustment as to the amount payable in any year*
98 *for debt service (principal and interest) on such bonds does not*
99 *exceed the amount of the allocation then applicable as to such year*
100 *with respect to such school district or municipality. The Commis-*
101 *sioner of Education shall cause such records to be adjusted and*
102 *shall certify by reference to such records the adjusted debt service*
103 *with respect to such bonds after giving effect to such request, and*
104 *such bonds shall thereafter be eligible with respect to payments*
105 *hereunder for debt service (principal and interest) in accordance*
106 *with such certification. Upon issuance of any bonds benefitting*
107 *under this act the chief financial officer of the school district or*
108 *municipality issuing such bonds shall, within 30 days after issuance*
109 *of such bonds, certify to the Commissioner of Education the exact*
110 *amount payable on account of debt service (interest and principal)*
111 *on such bonds in each year, and upon receipt of such certification,*
112 *the Commissioner of Education shall thereupon cause such records*
113 *to be adjusted with respect to such bonds giving effect to any*
114 *increase or decrease resulting in any year as to payments on account*
115 *of interest on or principal of such bonds as shown by said certifica-*
116 *tion of said chief financial officer. Any certification by the Com-*
117 *missioner of Education with respect to bonds to the effect that such*
118 *bonds are entitled to the benefits of the provisions of this act or*
119 *as to amount payable in any year for debt service (principal and*
120 *interest) on such bonds shall be fully conclusive as to such bonds*
121 *from and after the time of issuance of such bonds, notwithstanding*
122 *any irregularity, omission or failure as to compliance with any of*
123 *the provisions of this act with respect to such bonds, provided that*
124 *such bonds contain a recital to the effect that they are entitled to*
125 *the benefits of the provisions of this act, and all persons shall be*
126 *forever estopped from denying that such bonds are entitled to the*
127 *benefits of the provisions of this act.*

128 *(g) Any school district or municipality which has authorized*
129 *bonds and which are entitled to the benefits of this act, may issue*
130 *temporary notes or loan bonds (hereinafter called "obligations")*
131 *in anticipation of the issuance of permanent bonds to the extent*
132 *permitted or provided for by or pursuant to the provisions of Title*
133 *18A, Education, of the New Jersey Statutes and any other laws*
134 *applicable, in principal amount not in excess of the principal amount*
135 *of the permanent bonds and subject to such additional terms or*
136 *conditions with respect to such obligations as may be fixed or*
137 *required by the Commissioner of Education or the local finance*
138 *board under authority of this act. The amount and details of any*
139 *such obligations issued and the interest payable thereon shall be*

140 certified by the chief financial officer of such school district or
 141 municipality to the Commissioner of Education. The whole or any
 142 part of the allocation then applicable to any school district pur-
 143 suant to this act is hereby authorized to be paid in any year in
 144 which such obligations are outstanding and notwithstanding that
 145 permanent bonds have not been issued, pursuant to such terms and
 146 conditions as may be determined by the Commissioner of Educa-
 147 tion, for use and application of the amount so paid to the payment
 148 of interest on such obligations and so much of the principal thereof
 149 in any such year as shall be determined by said commissioner. The
 150 determination of the commissioner hereunder provided for shall be
 151 conclusive as to such matters, and receipt of the amount of such
 152 allocation so paid shall be used and applied only for the payment
 153 of the interest on and principal of such obligations in accordance
 154 with such determination by said commissioner.

1 3. Section 4 of P. L. 1968, chapter 177 (C. 18A:58-33.5) is
 2 amended to read as follows:

3 4. **[If the determinations, approvals or consents]** As provided
 4 **[for by]** in this act, **[shall have been made or given, such]** every
 5 school **[districts]** district shall be entitled to receive annually the
 6 amount of the additional State school building aid (*the allocation*)
 7 **[stipulated]** determined in the resolutions of the State Board of
 8 Education and the State Board of Education shall include such
 9 **[amounts]** amount in its annual budget for building aid for the
 10 school district. Amounts of such building aid paid under this
 11 **[section]** act shall **[only]** be used *only* for the payment of debt
 12 service (interest and principal) on bonds entitled to the benefits
 13 of the provisions of this act, in accordance with said resolutions,
 14 *except to the extent otherwise provided in this act with respect to*
 15 *obligations issued in anticipation of such bonds*; provided, (a) that
 16 **[the]** no proposal authorizing such bonds was **[not]** approved
 17 prior to January 1, 1968 **[by]** either *by* the voters or *the* board of
 18 school estimate**[, as the case may be]**, and **[that]** no permanent
 19 bonds **[had been]** were issued *thereunder prior to January 13, 1970,*
 20 and (b) that the total *principal* amount of bonds entitled to the
 21 benefits of the provisions of this act in accordance with resolutions
 22 adopted by the State Board of Education pursuant to the provisions
 23 of this act, and for the payment of the debt *service* (interest and
 24 principal) as to which bonds additional school building aid may
 25 be paid pursuant to this act, shall not exceed **[the sum of]**
 26 \$90,000,000.00.

1 4. This act shall take effect immediately.

FISCAL NOTE TO
ASSEMBLY, No. 938

STATE OF NEW JERSEY

DATED: MAY 14, 1970

Assembly Bill No. 938 prescribes the method of allocation of additional State school building aid and permits school districts to issue anticipation notes.

The Department of Education states that enactment of this legislation will not incur any additional cost to the State.

In compliance with written request received, there is hereby submitted a fiscal estimate for the above bill, pursuant to P. L. 1962, c. 27.