

18A:72A-11.1

LEGISLATIVE HISTORY CHECKLIST

(Educational Facilities Authority--
refinance higher education institution
mortgages now held by private lenders)

WASA 18A:72A-11.1

LAWS OF 1980

CHAPTER 31

Bill No. S1031

Sponsor(s) Feldman and others

Date Introduced Feb. 11, 1980

Committee: Assembly Education

Senate Education

Amended during passage xxx No

Date of Passage: Assembly May 19, 1980

Senate April 17, 1980

Date of approval June 3, 1980

Following statements are attached if available:

Sponsor statement Yes xx (Below)

Committee Statement: Assembly Yes xx

Senate Yes xx

Fiscal Note xxx No

Veto message xxx No

Message on signing xxx No

Following were printed:

Reports xxx No

Hearings xxx No

Sponsor's statement:

This bill would permit the Educational Facilities Authority to refinance outstanding mortgages of public and private institutions of higher education which are held by private lenders at higher rates than could be obtained by the authority.

SENATE, No. 1031

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 11, 1980

By Senators FELDMAN, WEISS, DODD, EWING and DUMONT

Referred to Committee on Education

AN Act concerning the New Jersey Education Facilities Authority and supplementing chapter 72A of Title 18A of the New Jersey Statutes.

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

1 1. In addition to other powers and duties which have been
2 granted to the authority, whenever any public or private college
3 has constructed or acquired any work or improvement which would
4 otherwise qualify under this act except for the fact that such con-
5 struction or acquisition was undertaken and financed without as-
6 sistance from the authority, the authority may purchase such work
7 or improvement, and lease the same to such college, or may lend
8 funds to such college for the purpose of enabling the latter to
9 retire obligations incurred for such construction or acquisition;
10 except that the amount of any such price or loan shall not exceed
11 the original project cost. All powers, rights, obligations and duties
12 granted to or imposed upon the authority, colleges, State depart-
13 ments and agencies or others by this chapter in respect to projects
14 shall apply to the same extent with respect to transactions pursuant
15 to this section; except that any action otherwise required to be
16 taken at a particular time in the progression of a project may,
17 where the circumstances are so required in connection with a trans-
18 action under this section, be taken with the same effect as if taken
19 at that particular time.

1 2. This act shall take effect immediately.

STATEMENT

This bill would permit the Educational Facilities Authority to refinance outstanding mortgages of public and private institutions of higher education which are held by private lenders at higher rates than could be obtained by the authority.

ASSEMBLY EDUCATION COMMITTEE

STATEMENT TO

SENATE, No. 1031

STATE OF NEW JERSEY

DATED: MAY 1, 1980

PURPOSE:

This bill will enable the Education Facilities Authority to refinance mortgages or buildings of public and private institutions of higher education that have not been under the auspices of the Educational Facilities Authority.

BACKGROUND:

The Educational Facilities Authority currently has the power to refinance any of the projects that it has financed since it was created in 1966. However, if any building was constructed outside the auspices of the authority, they do not have the authority to refinance the costs. Currently, the Educational Facilities Authority would like to assist the Institute for Advanced Study, which used 4 million dollars of its endowment resources to construct a building on its campus. The authority would like to refinance the costs of the building and enable the \$4,000,000.00 building cost to be returned to the endowment fund. Last year the endowment fund earnings were at the 25% level. If Senate No. 1031 had been in effect last year the authority would have been able to finance the building at a rate of 9% while the \$4,000,000.00 of endowment would have been earning 25%. Under such an arrangement the Institute for Advanced Study would have had a net increase of 16% on the \$4,000,000.00 rather than having it invested in the building.

SENATE EDUCATION COMMITTEE

STATEMENT TO

SENATE, No. 1031

STATE OF NEW JERSEY

DATED: FEBRUARY 21, 1980

This bill would permit the Educational Facilities Authority to refinance with tax exempt rates outstanding mortgages of public and private institutions of higher education which are held by private lenders at higher commercial rates than could be obtained by the authority. Currently, the authority can finance only new facilities. It cannot refinance existing facilities.

FROM THE OFFICE OF THE GOVERNOR

FOR IMMEDIATE RELEASE

FOR FURTHER INFORMATION

JUNE 4, 1980

KATHRYN FORSYTH

Governor Brendan Byrne today signed the following bills:

S-1031, sponsored by Senator Matthew Feldman (D-Bergen) which permits the New Jersey Educational Facilities Authority to refinance outstanding mortgages of public and private institutions of higher education which are held by private lenders at higher rates than could be obtained by the Authority.

In the past, the Authority could only participate in the funding of a project to acquire, design, construct or rehabilitate a facility. This bill permits the Authority to purchase and lease a project or to lend funds to an institution to enable it to retire outstanding obligations.

S-1234, sponsored by Senator Anthony Scardino, Jr. (D-Bergen) which validates school district bond authorization proceedings notwithstanding that notices relating to the election were not published as required by the "Absentee Voting Law" of 1953.

The bill validates the proceedings for the Fairview School District. Review of the proceedings by the bond counsel revealed that the civilian absentee ballot form had not been published, but rather referral was made to an address and phone number for obtaining the application form.

A-1075, sponsored by Assemblyman John Paul Doyle (D-Ocean) which extends the deadline for local boards of education to submit their bond proposals to the Commissioner of Education in order to receive supplemental school building aid from one year to eighteen months.

The Additional State School Building Act of 1978 authorized the state to provide \$100 million in aid to school districts with shortages of facilities or deteriorating school buildings.

In order to receive the aid, the local boards had to submit a bond resolution authorizing the issuance of bonds for the construction or renovation of school facilities to the Commissioner of Education by June 6, 1980, one year from the date that the school boards were notified that they were entitled to receive the aid by the State Board of Education.

Of the 85 districts entitled to receive aid, 65 require bond referendums, but only 31 of those districts have passed the needed referendum.

This bill provides the districts with an additional six months to get the referendum approved by the voters.

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