

18A:13-61.1

LEGISLATIVE HISTORY CHECKLIST
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(School district-withdrawal)

NJSA: 18A:13-61.1

LAWS OF: 1994 **CHAPTER:** 96

BILL NO: S434

SPONSOR(S): Haines and others

DATE INTRODUCED: January 18, 1994

COMMITTEE: **ASSEMBLY:** Appropriations
SENATE: Education; Budget

AMENDED DURING PASSAGE: No Amendments during passage
Fourth reprint enacted denoted by superscript numbers

DATE OF PASSAGE: **ASSEMBLY:** June 27 1994
SENATE: March 15, 1994

DATE OF APPROVAL: August 11, 1994

FOLLOWING STATEMENTS ARE ATTACHED IF AVAILABLE:

SPONSOR STATEMENT: Yes

COMMITTEE STATEMENT: **ASSEMBLY:** Yes
SENATE: Yes 2-10-94 & 3-10-94

FISCAL NOTE: No

VETO MESSAGE: No

MESSAGE ON SIGNING: No

FOLLOWING WERE PRINTED:

REPORTS: No

HEARINGS: No

KBG:pp

[FOURTH REPRINT]

SENATE, No. 434

STATE OF NEW JERSEY

INTRODUCED JANUARY 18, 1994

By Senators HAINES, MATHEUSSEN and Adler

1 AN ACT concerning the withdrawal of a constituent district from
2 a limited purpose regional school district and supplementing
3 P.L.1975, c.360 (C.18A:13-51 et seq.).
4

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

7 1. Notwithstanding the provisions of any law, rule or
8 regulation to the contrary, ¹[the constituent districts of a limited
9 purpose regional school district which has grades 7 through 12 and
10 which is located in a county of the second class with a population
11 of at least 500,000, but not greater than 600,000, according to
12 the 1990 federal decennial census, may agree that]¹ a district
13 which receives approval to withdraw ¹from a limited purpose
14 regional school district ²[which] that² has grades 7 through 12
15 and ²[which]² is located in a county of the second class with a
16 population of at least 500,000, but not greater than 600,000,
17 according to the 1990 federal decennial census¹ shall pay to the
18 regional district an amount which represents the equity interest
19 of the withdrawing district in the buildings, furnishings and
20 property to which the district will take title upon withdrawal ¹,
21 and that amount shall be used by the regional district ³[for
22 capital construction or classroom equipment¹] only for the
23 purposes for which bonds may be issued under N.J.S.18A:24-5³.
24 The withdrawing district may issue bonds for that amount, or any
25 portion of that amount, pursuant to chapter 24 of Title 18A of
26 the New Jersey Statutes ⁴; provided however, that the total
27 principal amount of any such debt issued shall not exceed
28 \$8,000,000⁴.

29 ⁴The withdrawing district shall provide the Commissioner of
30 the Department of Education with a detailed statement of the
31 costs of issuance of any such bonds, within thirty days of the
32 issuance thereof, with specific reference, where applicable, to
33 itemized costs for the following services:

- 34 (1) bond counsel, tax counsel and special counsel;
35 (2) financial advisor;
36 (3) paying agent and registrar;
37 (4) rating agencies;
38 (5) official statement printing;
39 (6) bond printing;
40 (7) trustee;
41 (8) credit enhancement;
42 (9) liquidity facility; and
43 (10) miscellaneous issuance costs; and

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.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Senate SED committee amendments adopted February 10, 1994.

² Senate SBA committee amendments adopted March 10, 1994.

³ Assembly AED committee amendments adopted May 5, 1994.

⁴ Assembly AAP committee amendments adopted June 23, 1994.

1 a calculation of underwriters' spread, broken down into the
2 following components, and accompanied by a list of underwriters'
3 spreads from recent comparable bond issues:

- 4 (1) management fees;
- 5 (2) underwriters' fees;
- 6 (3) selling concessions;
- 7 (4) underwriters' counsel; and
- 8 (5) other costs.⁴

9 ³2. a. As used in section 1 of this act, "equity interest" means
10 the excess in value between the assets to be acquired by the
11 withdrawing district pursuant to section 3 of P.L.1975, c.360
12 (C.18A:13-53) and the proportionate contribution made by the
13 withdrawing district to all regional assets, adjusted for
14 replacement value.

15 b. The calculation required to establish the equity interest as
16 defined in subsection a. of this section shall be the excess, if any,
17 of the replacement cost of the buildings, grounds, furnishings,
18 equipment, and additions thereto to which the withdrawing
19 district shall take title upon withdrawal pursuant to section 3 of
20 P.L.1975, c.360 (C.18A:13-53) over that amount obtained by
21 multiplying the replacement cost of all the regional district's
22 buildings, grounds, furnishings, equipment, and additions thereto
23 by a ratio that reflects the proportionate contributions made by
24 the withdrawing district to the payment of the cost of the
25 regional district's assets. The proportionate contribution shall be
26 determined by reference to the proportion of the revenues of the
27 regional district contributed by the withdrawing district in each
28 fiscal year of the life of all of the buildings, grounds, furnishings,
29 equipment, and additions thereto of the regional district.³

30 ³[2.] 3.³ This act shall take effect immediately.

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35 Provides for payment of equity interest by district withdrawing
36 from limited purpose regional school district in certain cases and
37 permits issuance of bonds for the payment.

SENATE, No. 434
STATE OF NEW JERSEY

INTRODUCED JANUARY 18, 1994

By Senator HAINES

1 AN ACT concerning the withdrawal of a constituent district from
2 a limited purpose regional school district and supplementing
3 P.L.1975, c.360 (C.18A:13-51 et seq.).
4

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

7 1. Notwithstanding the provisions of any law, rule or
8 regulation to the contrary, the constituent districts of a limited
9 purpose regional school district which has grades 7 through 12 and
10 which is located in a county of the second class with a population
11 of at least 500,000, but not greater than 600,000, according to
12 the 1990 federal decennial census, may agree that a district
13 which receives approval to withdraw shall pay to the regional
14 district an amount which represents the equity interest of the
15 withdrawing district in the buildings, furnishings and property to
16 which the district will take title upon withdrawal. The
17 withdrawing district may issue bonds for that amount, or any
18 portion of that amount, pursuant to chapter 24 of Title 18A of
19 the New Jersey Statutes.

20 2. This act shall take effect immediately.
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23 STATEMENT
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25 This bill provides that the constituent districts of certain
26 limited purpose regional school districts may agree that a district
27 which receives approval to withdraw shall pay to the regional
28 district an amount which represents the equity interest of the
29 withdrawing district in the buildings, furnishings and property to
30 which the district will take title upon withdrawal. The bill also
31 permits the withdrawing district to issue bonds for that amount,
32 or any portion of that amount, pursuant to the statutes which
33 regulate the issuance of school bonds.
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38 Provides for payment of equity interest by district withdrawing
39 from limited purpose regional school district in certain cases and
40 permits issuance of bonds for the payment.

ASSEMBLY EDUCATION COMMITTEE

STATEMENT TO

[SECOND REPRINT]

SENATE, No. 434

with committee amendments

STATE OF NEW JERSEY

DATED: MAY 5, 1994

The Assembly Education Committee favorably reports Senate Bill No. 434 [2R] with committee amendments.

As amended by committee, this bill provides that a school district which receives approval to withdraw from a limited purpose regional district is to pay to the regional district an amount representing the equity interest of the withdrawing district in the buildings, furnishings and property which the district will take title to upon withdrawal. The bill requires the amount paid to the regional district to be used only for the purposes for which bonds may be issued under N.J.S.18A:24-5.

The bill permits the withdrawing district to issue bonds in order to obtain the funds needed to pay the regional district the agreed-upon amount for the transfer of the buildings, furnishings and property.

The committee amended the bill to specify that the payment received by the regional district may only be used for the purposes for which bonds may be issued under N.J.S.18A:24-5 and to define equity interest as used within the bill.

This bill will enable the Winslow Township school district located in Camden County to withdraw its high school and middle school students from the Lower Camden County Regional High School. It is anticipated that, as a result of the withdrawal, the Winslow Township Board of Education would take title to the regional district's middle school and high school buildings located in Winslow Township and that the township school district would pay the regional district an agreed upon sum for these properties. The Winslow Township school district also needs the legislative authority to issue bonds on these existing buildings in order to obtain the amount needed to pay the regional district.

As reported by committee, this bill is identical to Assembly Bill No. 1120 ACA.

SENATE EDUCATION COMMITTEE

STATEMENT TO

SENATE, No. 434

with committee amendments

STATE OF NEW JERSEY

DATED: FEBRUARY 10, 1994

The Senate Education Committee favorably reports Senate Bill No. 434 with committee amendments.

As amended, this bill provides that a district which receives approval to withdraw from certain limited purpose regional districts shall pay to the regional district an amount which represents the equity interest of the withdrawing district in the buildings, furnishings and property to which the district will take title upon withdrawal, and that amount shall be used by the regional district for capital construction or classroom equipment. The bill also permits the withdrawing district to issue bonds for that amount, or any portion of that amount, pursuant to the statutes which regulate the issuance of school bonds.

The committee amended the bill to require, rather than permit, the equity payment and to specify that the payment shall be used for capital construction or classroom equipment.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

[FIRST REPRINT]

SENATE, No. 434

with Senate committee amendments

STATE OF NEW JERSEY

DATED: MARCH 10, 1994

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 434 (1R), with committee amendments.

Senate Bill No. 434 (1R), as amended, provides that a school district which receives approval to withdraw from a limited purpose regional district is to pay to the regional district an amount representing the equity interest of the withdrawing district in the buildings, furnishings and property which the district will take title to upon withdrawal. The bill required the amount paid to the regional district to be used for capital construction or classroom equipment.

The bill permits the withdrawing district to issue bonds in order to obtain the funds needed to pay the regional district the agreed-upon amount for the transfer of the buildings, furnishings and property.

This bill will enable the Winslow Township school district located in Camden County to withdraw its high school and middle school students from the Lower Camden County Regional High School. It is anticipated that, as a result of the withdrawal, the Winslow Township Board of Education would take title to the regional district's middle school and high school buildings located in Winslow Township and that the township school district would pay the regional district an agreed upon sum for these properties. The Winslow Township school district also needs the legislative authority to issue bonds on these existing buildings in order to obtain the amount needed to pay the regional district.

COMMITTEE AMENDMENTS

The committee amended the bill to clarify its wording.

FISCAL IMPACT

Under the current State school aid program, this bill will not increase total State aid expenditures.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

[THIRD REPRINT]

SENATE, No. 434

with Assembly committee amendments

STATE OF NEW JERSEY

DATED: JUNE 23, 1994

The Assembly Appropriations Committee reports favorably Senate Bill No.434 (3R) with committee amendments.

Senate Bill No. 434 (3R), as amended, provides that a school district which receives approval to withdraw from a limited purpose regional district is to pay to the regional district an amount representing the equity interest of the withdrawing district in the buildings, furnishings and property which the district will take title to upon withdrawal. The bill requires the amount paid to the regional district to be used only for the purposes for which bonds may be issued under N.J.S.18A:24-5.

The bill permits the withdrawing district to issue bonds in order to obtain the funds needed to pay the regional district the agreed-upon amount for the transfer of the buildings, furnishings and property. The bill also specifies that the payment received by the regional district may only be used for the purposes for which bonds may be issued under N.J.S.18A:24-5 and defines equity interest as used within the bill. The amount of debt that the withdrawing district may issue is limited to \$8,000,000. Debt issuance costs must be reported to the Commissioner of the Department of Education.

This bill will enable the Winslow Township school district located in Camden County to withdraw its high school and middle school students from the Lower Camden County Regional High School. The Winslow Township school district also needs the legislative authority to issue bonds on these existing buildings in order to obtain the amount needed to pay the regional district.

This bill, as reported, is identical to Assembly Bill No. 1120 (1R).

FISCAL IMPACT:

This bill was not certified as needing a fiscal note. Any cost to the Winslow Township school district would be the result of its request to withdraw from the regional district. The issuance of bonds would be for the Winslow Township school district acquisition of its portion of the cost of school assets of which it acquires title. The bill caps the amount of bonds the school district may issue at \$8 million.

COMMITTEE AMENDMENTS:

The committee amendments limit the amount of debt that the withdrawing district may issue to \$8 million and require that certain debt issuance costs be reported to the Commissioner of the Department of Education.