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SYNOPSIS

Authorizes the issuance of "coronavirus relief bonds" by municipalities and counties.

CURRENT VERSION OF TEXT

As reported by the Assembly Commerce and Economic Development Committee on May 7, 2020, with amendments.

AN ACT authorizing local units to issue coronavirus relief bonds.

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

1. a. (1) A local unit that requires moneys because of a loss of revenue, unanticipated expenses, or both, which are directly attributable to the COVID-19 pandemic may incur indebtedness, borrow money, and authorize and issue bonds, entitled "coronavirus relief bonds," in accordance with provisions governing refunding bonds under the "Local Bond Law," N.J.S.40A:2-1 et seq., except as otherwise provided in this act.

(2) A local unit shall authorize issuance of coronavirus relief bonds by adoption of a refunding bond ordinance in the manner prescribed for adoption of a bond ordinance, except that:

(a) no down payment shall be required; and

(b) Local Finance Board approval shall not be required, and the provisions of subsection c. of N.J.S.40A:2-53, and of N.J.S.40A:2-55, N.J.S.40A:2-56, and N.J.S.40A:2-57 shall not apply, unless:

(i) the local unit seeks to issue ¹[debt] bonds in an amount¹ that exceeds ¹[20%] 30%¹ of the local unit's prior year budget; or

(ii) the local unit seeks to issue bonds with a longer repayment term than otherwise permitted in this act.

(3) Coronavirus relief bonds shall be payable from, and secured by a pledge of, ¹[unlimited]¹ ad valorem taxes ¹levied upon all the taxable property within the local unit without limitation as to rate or amount¹.

(4) In addition to the procedures for adoption of a bond ordinance required under N.J.S.40A:2-17, after introduction and first reading of a ¹refunding¹ bond ordinance authorizing the issuance of coronavirus relief bonds, and at least one week prior to the date for further consideration thereof, the local unit shall prominently display on the home page of the local unit's website the introduced ¹refunding¹ bond ordinance together with a summary thereof, the notice of the introduction thereof, and of the date, time, and place of further consideration for final passage.

(5) A ¹refunding¹ bond ordinance authorizing issuance of coronavirus relief bonds may provide for the capitalization of the interest thereon.

¹[(6) A bond ordinance authorizing issuance of coronavirus relief bonds shall provide that bonds and notes issued under this act may be paid in full prior to full maturity without incurring a penalty for early repayment.]¹

b. (1) Prior to authorizing the issuance of coronavirus relief bonds, a local unit shall ¹[thoroughly investigate, and]¹ apply for ¹[,]¹ financial assistance that may be available to the local unit from the federal government, the State, and other sources to address revenue shortfalls and expenditures due to the COVID-19 pandemic ¹, if any¹.

(2) The total amount of coronavirus relief bonds that a local unit may issue shall not exceed, after subtracting all amounts of assistance ¹[anticipated by, available to, or]¹ provided to, the local unit from the federal government, the State, and other sources to address revenue shortfalls and expenditures due to the COVID-19 pandemic:

(a) the amount of lost or delayed tax and other revenues experienced by the local unit due to the public health hazard created by COVID-19 prior to the end of the 24th month next following the end of the Public Health Emergency and State of Emergency declared in the State of New Jersey due to the public health hazard created by COVID-19, and

(b) the amount of unanticipated expenses that are incurred by the local unit due to the public health hazard created by COVID-19 prior to the end of the 24th month next following the end of the Public Health

Emergency and State of Emergency declared in the State of New Jersey due to the public health hazard created by COVID-19.

c. ¹[The] In addition to the amount determined pursuant to paragraph (2) of subsection b. of this section, the¹ total amount of coronavirus relief bonds that a local unit may issue under subsection b. of this section shall not exceed an amount that ¹[is the lesser of:

(1) an amount that¹ will ¹[not]¹ cause the local unit to exceed its net debt limitation under N.J.S.40A:2-6, unless otherwise permitted by subsection d. of N.J.S.40A:2-7 ¹]; or

(2) an amount that will not cause the local unit to exceed the maximum amount of tax anticipation notes the local unit may issue under N.J.S.40A:4-66]¹.

d. (1) A local unit may use the proceeds from the sale and issuance of coronavirus relief bonds to address a revenue shortfall experienced by the local unit which is directly attributable to the COVID-19 pandemic and which occurred prior to the end of the 24th month next following the end of the Public Health Emergency and State of Emergency declared in the State of New Jersey due to the public health hazard created by COVID-19.

(2) A local unit may use the proceeds from the sale and issuance of coronavirus relief bonds to cover the costs of unanticipated expenses that are directly attributable to the COVID-19 pandemic, and which were incurred by the local unit prior to the end of the 24th month next following the end of the Public Health Emergency and State of Emergency declared in the State of New Jersey due to the public health hazard created by COVID-19.

e. A local unit may, in anticipation of the issuance of coronavirus relief bonds, borrow money and issue negotiable notes from time to time, at public or private sale and may, from time to time, renew these notes in accordance with the provisions of section 11 of P.L.2003, c.15 (C.40A:2-8.1), however, notwithstanding that provision of law, a note issued in anticipation of the issuance of coronavirus relief bonds may be issued for a period not exceeding two years.

f. ¹[A coronavirus] Coronavirus¹ relief ¹[bond] bonds¹, or ¹[a note] notes¹ in anticipation thereof, shall be initially issued ¹in one or more series¹ prior to the end of the 24th month next following the end of the Public Health Emergency and State of Emergency declared in the State of New Jersey due to the public health hazard created by COVID-19.

g. Final maturity of a coronavirus relief bond shall occur no more than ten years from the initial issuance of the bond ¹[or the initial issuance of a note in anticipation thereof]¹, however, a local unit may apply to the Local Finance Board for a longer repayment term. If the local unit demonstrates a need for a longer repayment term to the satisfaction of the Local Finance Board, the board may authorize a longer repayment term. The maturity schedule may include a combination of notes and bonds ¹, and such bonds shall mature in amounts, each¹ as deemed appropriate by the local unit.

h. The Local Finance Board shall render a decision on an application for approval submitted to it pursuant to this act within 45 days of the submission of a complete application to the board, and failure of the board to do so shall result in an approval of the application.

i. The Division of Local Government Services may issue guidelines necessary or appropriate to implement the provisions of this act.

¹j. To the extent any provision governing refunding bonds under the “Local Bond Law,” N.J.S.40A:2-1 et seq., conflicts with the provisions of this act, the provisions of this act shall govern.

k. A county improvement authority may exercise its purpose and power under sections 11 and 12 of P.L.1960, c.183 (C.40:37A-54 and C.40:37A-55) to pool loans for local governmental units within the county or any beneficiary county that are refunding bonds for the pooling of coronavirus relief bonds.¹

2. This act shall take effect immediately.