

[First Reprint]

ASSEMBLY, No. 4175

STATE OF NEW JERSEY
219th LEGISLATURE

INTRODUCED MAY 28, 2020

Sponsored by:

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Assemblyman JOHN F. MCKEON

District 27 (Essex and Morris)

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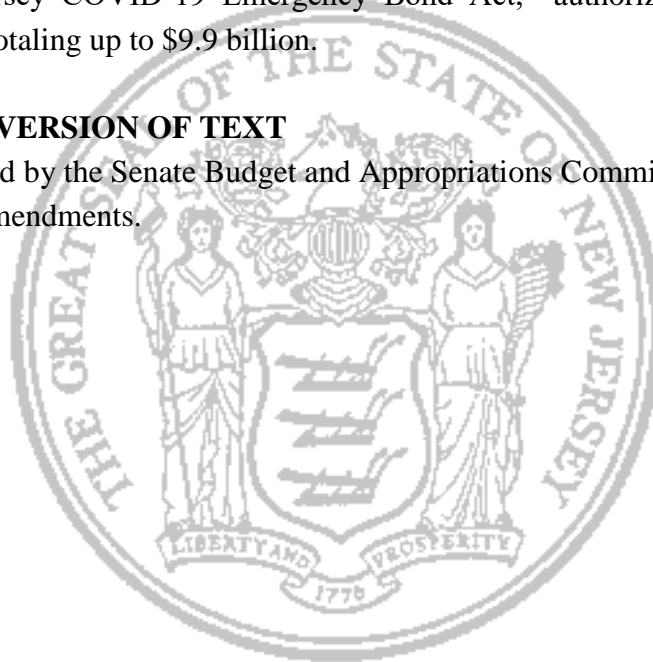
Assemblywoman Jasey

SYNOPSIS

“New Jersey COVID-19 Emergency Bond Act,” authorizes issuance of State bonds totaling up to \$9.9 billion.

CURRENT VERSION OF TEXT

As reported by the Senate Budget and Appropriations Committee on July 14, 2020, with amendments.



(Sponsorship Updated As Of: 7/16/2020)

1 AN ACT authorizing the creation of a debt of the State of New Jersey
2 by the issuance of bonds of the State in the aggregate principal
3 amount of ¹~~[\$5,000,000,000]~~ up to \$9,900,000,000¹ for the
4 purpose of responding to the fiscal exigencies caused by the
5 COVID-19 Pandemic; authorizing the Governor to apply for and
6 receive federal stimulus loans for the benefit of the State;
7 ¹~~[authorizing the Governor to apply for and receive federal~~
8 ~~stimulus loans for the benefit of local government units;]~~¹
9 authorizing the issuance of refunding bonds ¹~~[and emergency~~
10 ~~liquidity notes]~~¹; and providing the ways and means to pay and
11 discharge the principal of and interest on the bonds.
12

13 **BE IT ENACTED** *by the Senate and General Assembly of the State*
14 *of New Jersey:*
15

16 1. This act shall be known and may be cited as the “New Jersey
17 COVID-19 Emergency Bond Act.”
18

19 2. The Legislature finds and declares that:

20 a. Due to the increase in the number of SARS-CoV-2 novel
21 coronavirus (“COVID-19”) cases in New Jersey, the surrounding
22 region and across the globe, the Governor of the State of New Jersey
23 (the “Governor”) issued Executive Order No. 103 declaring a public
24 health emergency and a state of emergency in the State of New Jersey
25 (the “State”) on March 9, 2020. The declaration allows for certain
26 executive actions to respond to the increasing number of COVID-19
27 cases in the State.

28 b. On March 11, 2020, the World Health Organization declared
29 the COVID-19 outbreak a pandemic, and on March 13, 2020, the
30 President of the United States proclaimed that the COVID-19 outbreak
31 constituted a national emergency.

32 c. On March 16, 2020, the Governor issued Executive Order No.
33 104, whereby the Governor ordered restrictions, including that all K-
34 12 schools be closed (with limited exceptions); all universities and
35 colleges in the State cease in-person instruction; casinos, racetracks,
36 in-person sports wagering, gyms and fitness centers, and entertainment
37 centers be closed; non-essential businesses cease operations from 8:00
38 p.m. to 5:00 a.m., and when open, adhere to limited occupancy
39 restrictions; and all restaurants and bars close except for delivery or
40 take-out services.

41 d. On March 19, 2020, the Governor issued Executive Order No.
42 105, whereby the Governor, among other things, ordered that certain
43 local elections scheduled during the rest of March and in April be

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:

¹Senate SBA committee amendments adopted July 14, 2020.

1 moved to May 12, 2020, and that all elections on May 12, 2020, take
2 place via mail-in ballot only.

3 e. On March 19, 2020, the Governor issued Executive Order No.
4 106, whereby the Governor, among other things, ordered that no
5 lessee, tenant, homeowner or any other person shall be removed from
6 a residential property by foreclosure or eviction; and that enforcement
7 of all judgments for possession, warrants for removal, and writs of
8 possession are stayed while Executive Order No. 106 is in effect,
9 unless the court hearing the matter determines that enforcement is
10 necessary in the interests of justice.

11 f. On March 21, 2020, the Governor issued Executive Order No.
12 107, which superseded the operative paragraphs of Executive Order
13 No. 104 and whereby the Governor ordered that for the most part all
14 State residents remain home or at their place of residence except for
15 certain very limited exceptions. The Governor also ordered that all
16 non-essential retail businesses be closed to the public.

17 g. On March 21, 2020, the Governor issued Executive Order No.
18 108, whereby the Governor ordered that any county or municipal
19 restriction imposed in response to COVID-19 that in any way conflicts
20 with the provisions of Executive Order No. 107 is invalidated; and no
21 municipality, county or any agency or political subdivision of the State
22 may enact any order, rule, regulation, ordinance, or resolution which
23 would conflict with Executive Order No. 107.

24 h. On March 23, 2020, the Governor issued Executive Order No.
25 109, whereby the Governor ordered all elective surgeries suspended as
26 of March 27, 2020.

27 i. On March 25, 2020, the Governor issued Executive Order No.
28 110, whereby the Governor ordered all child care centers to close,
29 except those certified to care for the children of essential persons,
30 including essential government employees; health care workers; law
31 enforcement personnel; fire and emergency services personnel; staff at
32 correctional facilities; individuals employed at emergency child care
33 centers operating on or after April 1, 2020; group home and shelter
34 staff; essential government employees who are unable to work from
35 home, including child protection services workers, child welfare
36 workers, foster care workers, unemployment compensation processing
37 staff, and public health employees; and certain critical workers at
38 essential retail business.

39 j. On March 28, 2020, the Governor issued Executive Order No.
40 111, whereby the Governor ordered health care facilities to report data
41 concerning their capacity and supplies on a daily basis.

42 k. On April 1, 2020, the Governor issued Executive Order No.
43 112, whereby the Governor ordered the removal of various statutory
44 barriers applicable to various health care professionals and provided
45 immunity to health care professionals and health care facilities aiding
46 in the response by the State to the COVID-19 Pandemic.

47 l. On April 2, 2020, the Governor issued Executive Order No.
48 113, whereby the Governor authorized the State Director of

1 Emergency Management, who is the Superintendent of State Police, to
2 use the Governor's full authority to reallocate medical resources to the
3 regions and health care facilities affected by COVID-19, to take or
4 use, subject to the compensation provisions of the New Jersey Civilian
5 Defense and Disaster Control Act, personal services and/or real or
6 personal property, including medical resources, for the purpose of
7 protecting or promoting the public health, safety, or welfare.

8 m. On April 3, 2020, the Governor issued Executive Order No.
9 114, whereby the Governor ordered that the flags of the United States
10 of America and of New Jersey shall be flown at half-staff at all State
11 buildings in recognition and mourning of all those who have lost their
12 lives and have been affected by COVID-19.

13 n. On April 6, 2020, the Governor issued Executive Order No.
14 115, whereby the Governor authorized, for the duration of the public
15 health emergency and the state of emergency, the return by retirees of
16 government agencies to employment without having to re-enroll in any
17 retirement system.

18 o. On April 7, 2020, the Governor issued Executive Order No.
19 116, whereby the Governor extended the deadline to June 9, 2020, for
20 the governing body of each municipality, after consultation with the
21 school board of education, to present and to certify a tax levy to the
22 county board of taxation; school districts that were scheduled to have
23 their annual board of education elections on April 21, 2020, but which
24 were postponed to May 12, 2020, have until June 5, 2020 to provide
25 notice to non-tenured teaching staff members as to whether they will
26 be employed for the next succeeding year and such non-tenured
27 teaching staff members have until June 22, 2020 to accept such
28 employment offers by such school districts; the terms of school board
29 of education members whose terms were set to expire at the first
30 organizational meeting following the postponed April 21, 2020
31 election shall be extended to the first organizational meeting following
32 the May 12, 2020 election; and the terms of such school board of
33 education members elected at the May 12, 2020 election shall run as
34 though they had taken office at the first organizational meeting
35 following the originally scheduled April 21, 2020 election.

36 p. On April 7, 2020, the Governor issued Executive Order No.
37 117, whereby the Governor, among other things, waived and cancelled
38 the eighth-grade student assessment for the 2019-2020 school year;
39 waived and cancelled the twelfth-grade student assessment for any
40 student who is expected to graduate in the class of 2020, but who had
41 not, as of March 18, 2020, met such graduation assessment
42 requirement; waived the requirement that student growth data be used
43 as a measure of educator effectiveness in the overall evaluation of any
44 educator; and waived the requirement of three observations and
45 evaluations for all non-tenured teaching staff for the 2019-2020 school
46 year.

- 1 q. On April 7, 2020, the Governor issued Executive Order No.
2 118, whereby the Governor ordered that all State parks and forests and
3 all county parks be closed to the public.
- 4 r. On April 7, 2020, the Governor issued Executive Order No.
5 119, whereby the Governor ordered that all executive orders, and all
6 Executive Branch department and agency actions, including any
7 administrative orders adopted in whole or in part based on the
8 authority under the Emergency Health Powers Act, P.L.2005, c.222
9 (C.26:13-1, et seq.), remain in full force in effect.
- 10 s. On April 8, 2020, the Governor issued Executive Order No.
11 120, whereby the Governor ordered the federal and State primary
12 elections scheduled for June 2, 2020, be postponed and rescheduled for
13 July 7, 2020; and any other election scheduled for a date on or between
14 May 13, 2020, and July 7, 2020, be postponed and rescheduled for
15 July 7, 2020.
- 16 t. On April 8, 2020, the Governor issued Executive Order No.
17 121, whereby the Governor authorized motor vehicles transporting
18 relief supplies necessary for the response to the COVID-19 Pandemic
19 public health emergency and state of emergency via certain interstate
20 highways and toll roads in the State to receive special permits from the
21 Department of Transportation to increase the maximum motor vehicle
22 weight on a vehicle with a minimum of five axles.
- 23 u. On April 8, 2020, the Governor issued Executive Order No.
24 122, whereby the Governor ordered: (1) essential retail businesses that
25 are permitted to maintain in-person operations pursuant to Executive
26 Order No. 107, to limit occupancy to fifty percent of the stated
27 maximum store capacity, establish hours of operation that permit
28 access solely to high-risk individuals as defined by the Centers for
29 Disease Control and Prevention, install physical barriers between
30 customers and cashiers/baggers to ensure six feet of distance between
31 those individuals, require infection control practices for employees and
32 provide employees break time for repeated handwashing throughout
33 the workday, arrange for contactless pay, pickup and delivery options,
34 provide sanitization materials to staff and customers, require frequent
35 sanitization of high-touch areas such as restrooms, credit card
36 machines, keypads, counters and shopping carts, demarcate six feet of
37 spacing in check-out lines, and require employees and customers to
38 wear cloth face coverings while on premises; (2) all non-essential
39 construction projects to cease; (3) all manufacturing businesses,
40 warehousing businesses and businesses engaged in essential
41 construction projects (as defined in the Executive Order) to limit the
42 number of persons at the worksite concurrently and to adopt social
43 distancing and infection control, mitigation and sanitization policies to
44 prevent the spread of COVID-19; (4) all manufacturing businesses,
45 warehousing businesses and businesses engaged in essential
46 construction projects to adopt policies to address situations where an
47 employee appears to demonstrate COVID-19 symptoms during the
48 work day, to notify employees of potential exposure to COVID-19, to

1 clean and disinfect worksite areas, and to maintain a clean and safe
2 workplace environment; and (5) businesses authorized to maintain in-
3 person operations pursuant to Executive Order No. 107, to adopt
4 certain cleaning protocols where operations are conducted.

5 v. On April 9, 2020, the Governor issued Executive Order No.
6 123, whereby the Governor ordered certain insurance companies not to
7 cancel policies during the emergency grace periods as a result of
8 nonpayment of premiums; and authorized the Commissioner of
9 Banking and Insurance to extend the emergency grace periods further
10 as necessary to protect the interests of policyholders, beneficiaries and
11 the public.

12 w. On April 10, 2020, the Governor issued Executive Order No.
13 124, whereby the Governor authorized a process for the release of
14 inmates by means of parole or temporary emergency medical home
15 confinement to reduce the threat to inmates posed by COVID-19 in a
16 correctional setting.

17 x. On April 11, 2020, the Governor issued Executive Order No.
18 125, whereby the Governor ordered New Jersey Transit, private New
19 Jersey Transit-affiliated motor carriers, private unaffiliated motor
20 carriers, and private paratransit carriers to establish infection control,
21 mitigation and sanitization policies to prevent the spread of COVID-
22 19; restaurants, cafeterias, dining establishments, food courts, bars,
23 and other holders of liquor licenses with retail consumption privileges
24 that are continuing to offer food delivery and/or take-out services
25 pursuant to Executive Order No. 107 to adopt social distancing and
26 infection control, mitigation and sanitization policies to prevent the
27 spread of COVID-19.

28 y. On April 13, 2020, the Legislature passed P.L.2020, c.19,
29 whereby the Legislature: (1) extended the due date for the filing of
30 quarterly and annual returns and the payment of tax due pursuant to
31 the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., or the
32 "Corporation Business Tax Act (1945)," P.L.1945, c.162 (C.54:10A-1
33 et seq.), from April 15, 2020 to July 15, 2020; and (2) for purposes of
34 the State's general appropriation law, provided that the State fiscal
35 year scheduled to end on June 30, 2020, shall end on September 30,
36 2020, and the subsequent fiscal year shall begin on October 1, 2020,
37 and shall end on June 30, 2021.

38 z. On April 13, 2020, the Governor issued Executive Order No.
39 126, whereby the Governor ordered that no cable or
40 telecommunications provider that provides residential internet and
41 voice services to State residents shall terminate such internet and voice
42 services due to nonpayment during the public health emergency and
43 state of emergency; authorized a cable or telecommunications provider
44 to State residents to downgrade or reduce the quality of residential
45 internet or voice services due to nonpayment only if acting according
46 to a policy approved in writing by the New Jersey Board of Public
47 Utilities; authorized a cable or telecommunications provider to State
48 residents to collect a fee or charge imposed for late payments relating

1 to residential internet service or imposed for reconnection of voice
2 services only if acting according to a policy approved in writing by the
3 New Jersey Board of Public Utilities; and authorized reconnection of
4 residential internet or voice services which were discontinued due to
5 nonpayment after March 16, 2020, including where the disconnection
6 was for unpaid bills incurred prior to March 16, 2020, at no cost to the
7 customer beyond the actual costs incurred by the provider.

8 aa. On April 14, 2020, the Governor issued Executive Order No.
9 127, whereby the Governor ordered an extension of deadlines in
10 contested cases and for filing of any recommended report or decision
11 under the “Administrative Procedure Act,” P.L.1968, c.410
12 (C.52:14B-1, et seq.), unless the contested case is proceeding as
13 emergent or is on appeal to the Civil Service Commission from certain
14 adverse actions; ordered an extension of the deadline for notices of
15 rule proposal if the rule proposal was published in the New Jersey
16 Register on or after April 15, 2019, and the notice of rule proposal
17 would otherwise expire without the benefit of such an extension;
18 ordered an extension of the deadline for any Executive Branch
19 department or agency to act on any currently pending petition for
20 rulemaking or on any petition for rulemaking filed during the public
21 health emergency, or any Executive Branch department or agency rule
22 prescribing procedures for the consideration and disposition of
23 petitions for rulemaking; ordered an extension of the expiration date of
24 any rule scheduled to expire during the public health emergency;
25 authorized the further extension of any deadline or expiration date
26 upon request of the Executive Branch department or agency and upon
27 written approval of the Governor; and extended the deadline by which
28 any State officer or employee is required to file a financial disclosure
29 statement pursuant to Executive Order No. 2 (Murphy 2018) or a
30 conflict of interest form pursuant to Executive Order No. 14 (Corzine
31 2006) to July 31, 2020.

32 bb. On April 24, 2020, the Governor issued Executive Order No.
33 128, whereby the Governor authorized the use of security deposits,
34 upon the request from a tenant, to pay or be credited against rent
35 payments due or to become due from the tenant during the public
36 health emergency or up to sixty days after the public health emergency
37 terminates.

38 cc. On April 27, 2020, the Governor issued Executive Order No.
39 129, whereby the Governor ordered the extension of all retired officer
40 carry permits that expire during the public health emergency for a
41 period of 90 days after the end of the public health emergency,
42 provided that the permit holder submits a renewal application prior to
43 the expiration of their existing permit or prior to May 4, 2020, which is
44 later, and the permit holder submits proof of qualification on the use of
45 their weapon.

46 dd. On April 28, 2020, the Governor issued Executive Order No.
47 130, whereby the Governor authorized the governing body of any
48 municipality in the State to adopt a resolution instituting a grace period

1 concluding on a date no later than June 1, 2020, for the payment of
2 second-quarter property taxes for municipalities on a calendar year
3 budget cycle and for the payment of fourth-quarter property taxes for
4 municipalities on a State fiscal year (July 1 to June 30) budget cycle.

5 ee. On April 28, 2020, the Governor issued Executive Order No.
6 131, whereby the Governor established the Governor's Restart and
7 Recovery Commission to provide advice and guidance to the Governor
8 for reopening the State economy in a way that is consistent with the
9 State's public health efforts to slow the spread of COVID-19.

10 ff. On April 29, 2020, the Governor issued Executive Order No.
11 132, whereby the Governor authorized electronic submission of
12 initiative and referendum petitions to county clerks and municipal
13 clerks in addition to hand delivery of such petitions; authorized county
14 clerks and municipal clerks to also accept electronic signatures on such
15 petitions via an online form; and suspended the statutory requirement
16 for a notarized affidavit to be submitted attesting to the validity of
17 signatures on such petitions.

18 gg. On April 29, 2020, the Governor issued Executive Order No.
19 133, whereby the Governor ordered the reopening of State parks and
20 forests for passive recreational activities in which social distancing can
21 be readily achieved but ordered that certain other activities remain
22 closed; set forth restrictions, recommendations and policies for social
23 distancing at State parks and forests; ordered the opening of county
24 parks; and ordered that social distancing restrictions, recommendations
25 and policies be followed at county and municipal parks, and at golf
26 courses that are opened to the public.

27 hh. The COVID-19 Pandemic has had a severe impact on the
28 State's economy. The long-term and short-term capital markets have
29 experienced significant deterioration in value and increased volatility,
30 which can affect the liquidity and results of operations of businesses in
31 the State and the State economy as a whole and which has significantly
32 and materially adversely affected and continues to significantly and
33 materially adversely affect the State's financial resources for Fiscal
34 Year 2020 and Fiscal Year 2021.

35 ii. The impact of COVID-19 on the State, its economy, budget
36 and finances is unpredictable and rapidly changing, but events
37 surrounding COVID-19 will severely and negatively impact the State's
38 economy and financial condition. Some of the negative impacts that
39 the State has currently identified include:

40 (1) The State expects precipitous declines in revenues in Fiscal
41 Year 2020 and Fiscal Year 2021, which include significant reductions
42 in gross income tax revenues, corporation business tax revenues, and
43 sales and use tax revenues due to required business shutdowns; motor
44 fuels taxes due to mandated "stay-at home" orders; casino-related
45 taxes due to casino closures; and lottery sales which have already
46 started to decline;

47 (2) The State expects that it will need to significantly revise the
48 estimated revenues and projected appropriations for Fiscal Years 2020

1 and 2021 contained in the Governor’s Budget Message for Fiscal Year
2 2021 on February 25, 2020, which was delivered before the outbreak
3 of COVID-19 within the State; and

4 (3) The State may encounter future increases in the State’s
5 actuarially recommended contributions to the State’s pension plans to
6 the extent that the valuation of pension plans is affected by the
7 deterioration in value in the investment markets.

8 jj. ¹Events surrounding COVID-19 have caused and will
9 continue to cause severe and negative impacts on the economy and
10 financial condition of the State’s local government units and has
11 increased and will continue to increase volatility in long-term and
12 short-term capital markets on which local government units rely to
13 meet operating expenses.

14 kk. ¹From April 29, 2020 to the present, the Legislature and the
15 Governor have continued to seek ways to restart the State economy
16 and recover from the financial problems resulting from the COVID-19
17 Pandemic.

18 ¹ll. kk¹. It is necessary for the State to take action to ensure the
19 continued viability of the State’s ¹and local government units’¹
20 financial condition and to assist the State’s population in dealing with
21 the financial and economic problems resulting from the COVID-19
22 Pandemic through the issuance of general obligations bonds, and
23 borrowings from the federal government pursuant to this act to provide
24 financial resources for the State budget ¹and for local government
25 units’ budgets¹.

26 ¹mm. ll¹. This act authorizes the issuance of bonds, and
27 borrowing from the federal government in accordance with Article
28 VIII, Section II, paragraph 3, subparagraph e. of the Constitution of
29 the State to respond to the fiscal exigencies caused by the COVID-19
30 Pandemic and to maintain and preserve the fiscal integrity of the State
31 ¹and its local government units¹.

32

33 3. The following words or terms as used in this act shall have the
34 following meanings unless a different meaning clearly appears from
35 the context:

36 “Bonds” means any bonds, notes or other obligations authorized to
37 be issued under this act.

38 “COVID-19” means the SARS-CoV-2 novel coronavirus.

39 “COVID-19 Pandemic” means the outbreak of COVID-19
40 throughout the world, declared to be a pandemic by the World Health
41 Organization on March 11, 2020.

42 ¹“Director” means the Director of the Division of Local
43 Government Services in the Department of Community Affairs.

44 “Emergency Liquidity Notes” means bonds authorized to be issued
45 pursuant to subsection d. of section 4 of this act.¹

46 “Federal ¹Government government¹” means the United States of
47 America, any agency or instrumentality of the United States of

1 America and any other entity, including, without limitation, any
2 facility or special purpose vehicle, that is authorized to make loans to
3 the State ¹or to the State on behalf of local government units¹
4 pursuant to any federal stimulus law. The term ¹“Federal
5 Government” federal government¹” is to be interpreted broadly with
6 the intent that the State shall be authorized to borrow from such
7 lenders as may be necessary or desirable to enable the State to receive
8 loans under or pursuant to federal stimulus laws to the fullest extent
9 possible.

10 “Federal stimulus laws” means any federal laws enacted to address
11 the fiscal and economic crisis resulting from the COVID-19 Pandemic,
12 including but not limited to the Coronavirus Aid, Relief and Economic
13 Security Act (“CARES Act”), Pub.L.116-136, codified at 134 Stat.
14 281 or any other federal stimulus law related to the COVID-19
15 Pandemic, and any other federal laws that may authorize or support
16 lending to the State ¹or to the State on behalf of its local government
17 units¹, including, but not limited to, ¹Section¹ section¹ 13(3) of the
18 Federal Reserve Act, ¹12 U.S.C. s.343,¹ which laws, among other
19 things, provide for loans or grants to the State ¹and to the State on
20 behalf of its local government units¹ to address the economic crisis.

21 ¹“Financial assistance” means the provision of any loans to or the
22 purchase of any local government securities from local government
23 units for the purpose of providing monetary relief to local government
24 units to address adverse fiscal impacts resulting from the COVID-19
25 Pandemic.¹

26 “Government securities” means any bonds or other obligations
27 which as to principal and interest constitute direct obligations of, or are
28 unconditionally guaranteed by, the United States of America,
29 including obligations of any federal agency, to the extent those
30 obligations are unconditionally guaranteed by the United States of
31 America, and any certificates or any other evidences of an ownership
32 interest in those obligations of, or unconditionally guaranteed by, the
33 United States of America or in specified portions which may consist of
34 the principal of, or the interest on, such obligations. ¹Except for
35 purposes of Sections 20 and 21 of this act, the term “government
36 securities” shall also include local government securities.

37 “Local government unit” means a county, municipality, or other
38 political subdivision of the State or any agency, authority, or other
39 governmental entity thereof.

40 “Local government securities” means, securities, notes, warrants,
41 bond anticipation notes, commercial paper, certificates of
42 indebtedness, certificates of participation in any lease or sale, or any
43 other evidence of indebtedness that is a general obligation of, or an
44 obligation guaranteed as to principal and interest by, an investment
45 grade local government unit.¹

46 “New Jersey COVID-19 State Emergency Fund” means the fund
47 by that name created and established pursuant to section 13 of this act.

1 ¹["New Jersey COVID-19 State Emergency Liquidity Fund"
2 means the fund by that name created and established pursuant to
3 section 13 of this act.

4 "New Jersey COVID-19 State Stimulus Fund" means the fund by
5 that name created and established pursuant to section 13 of this act.

6 "New Jersey COVID-19 Local Government Unit Emergency
7 Fund" means the fund by that name created and established pursuant
8 to section 13 of this act.]¹

9 "Refund" or "¹["Refunding"] refunding¹" means providing for the
10 payment of a bond on or prior to its maturity or upon redemption or
11 prepayment prior to maturity, as authorized in this act.

12 "Refunding bonds" means any bonds issued under this act to
13 refund bonds previously issued pursuant to this act.

14 "State" means the State of New Jersey.

15

16 4. a. Bonds of the State of New Jersey are authorized to be issued
17 to address the State's financial problems that have arisen as a
18 consequence of the COVID-19 Pandemic. The bonds authorized
19 pursuant to this ¹["subsection a. of section 4 of this act are authorized
20 to be issued in the aggregate principal amount of \$5,000,000,000.

21 b. In addition to bonds authorized pursuant to subsection a. of this
22 section 4, notwithstanding any other law to the contrary, the ¹["section
23 are authorized to be issued either to the federal government pursuant to
24 any federal stimulus law as set forth in this subsection or at a public or
25 private sale pursuant to section 11 of this act in the aggregate principal
26 amount of up to \$2,700,000,000 for the period that began July 1, 2019
27 and ends September 30, 2020 and in the aggregate principal amount of
28 up to \$7,200,000,000 for the period that begins October 1, 2020 and
29 ends June 30, 2021, for a total combined aggregate principal amount
30 of up to \$9,900,000,000 issued over the two State fiscal periods. No
31 additional borrowing is authorized. The¹ State, acting through the
32 Governor or through the State Treasurer with the consent of the
33 ¹["Governor] issuing officials, in accordance with section 6 of this
34 act¹, is hereby authorized to borrow from the federal government for
35 the benefit of the State in such amounts and on such terms as the
36 federal government sets forth in or pursuant to any federal stimulus
37 law ¹, subject to the limitations of this subsection¹. Any such monies
38 received ¹, as specifically authorized pursuant to this subsection,¹
39 shall be considered monies deposited with the State by the government
40 of the United States for purposes of Article VIII, Section II, paragraph
41 3, subparagraph e. of the Constitution of the State. Any such
42 borrowing shall be treated as a bond for the purposes of sections ¹6,¹
43 ¹7, ¹[23] 22¹, and ¹[24] 23¹ of this act.

44 ¹["c. In addition to bonds authorized pursuant to subsections a. and
45 b. of this section 4, the State, acting through the Governor or through
46 the State Treasurer with the consent of the Governor, is hereby
47 authorized to borrow from the federal government in such amounts

1 and on such terms as the federal government sets forth in or pursuant
2 to any federal stimulus law for the purpose of providing financial
3 assistance to local government units, provided, however, that the State
4 shall not borrow from the federal government pursuant to this
5 subsection c. for the purpose of providing financial assistance to local
6 government units that are eligible on their own behalf to borrow from
7 the federal government pursuant to any federal stimulus law.

8 Any such monies received shall be considered monies deposited
9 with the State by the government of the United States for purposes of
10 Article VIII, Section II, paragraph 3, subparagraph e. of the
11 Constitution of the State. Any such borrowing shall be treated as a
12 bond for the purposes of sections 7, 23 and 24 of this act. Applications
13 from local government units for financial assistance shall be received
14 by the Director. Such financial assistance shall be allocated where
15 needed to assist a local government unit suffering from serious fiscal
16 distress due to the COVID-19 Pandemic to meet immediate budgetary
17 needs and regain financial stability. Evidence of severe financial
18 distress may include, but shall not be limited to: limited ability to raise
19 supplemental non-property tax revenues, extraordinary demands for
20 public safety appropriations, difficulties making payments of debt
21 service on obligations of the local government unit, and other factors
22 indicating a constrained ability to raise sufficient revenues to meet
23 budgetary requirements that substantially jeopardizes the fiscal
24 integrity of the local government unit. The Director shall promulgate
25 rules and regulations pursuant to the "Administrative Procedure Act,"
26 P.L.1968, c.410 (C.52:14B-1, et seq.), setting forth the application
27 process, the criteria by which applications shall be considered, the
28 terms of securing local government repayment obligations, and the
29 terms and conditions of the financial assistance. These rules and
30 regulations shall be adopted on an emergency basis by the Director in
31 consultation with the State Treasurer.

32 d. In addition to bonds authorized pursuant to subsections a., b.,
33 and c. of this section 4, bonds are authorized to be issued in the form
34 of short term notes to provide effective cash flow management for
35 revenues and expenditures of the General Fund and the Property Tax
36 Relief Fund in the implementation of the annual appropriations acts for
37 Fiscal Year 2020 and Fiscal Year 2021. Such short-term notes shall be
38 issued in such amounts and at such times as the issuing officials herein
39 named shall deem necessary for the above stated purposes and for the
40 payment of related costs.

41 e. b.¹ Refunding bonds are authorized to be issued ¹but only¹ to
42 refund bonds previously issued ¹as specifically authorized¹ under this
43 act in whole or in part. Refunding bonds shall be issued in an amount
44 not to exceed the amount necessary to pay or to provide for the
45 payment of the principal of the outstanding bonds ¹specifically
46 authorized to be issued pursuant to this act¹ to be refunded, together
47 with any redemption premium on the outstanding bonds, any interest
48 accrued or to accrue on the outstanding bonds to be refunded to the

1 date of payment of those outstanding bonds, the expenses of issuing
2 the refunding bonds and the expenses, if any, of paying the
3 outstanding bonds to be refunded. Refunding bonds may be issued
4 hereunder without regard to the “Refunding Bond Act of 1985,”
5 P.L.1985, c.74, as amended by P.L.1992, c.182 (C.49:2B-1 et seq.) ¹,
6 but only to the extent necessary for the purposes of refunding bonds
7 issued under this act pursuant to section 4 of this act¹.

8
9 5. The bonds authorized under this act shall be serial bonds, term
10 bonds, notes, or a combination thereof. The bonds authorized under
11 ¹~~subsections a., b., and c. of section 4 of]~~¹ this act shall be known as
12 “New Jersey COVID-19 General Obligation Emergency Bonds.” The
13 bonds ¹~~authorized under subsections b. and c. of]~~ issued to the
14 federal government under¹ section 4 of this act shall bear such
15 additional designation as may be required by the federal government
16 pursuant to the applicable federal stimulus laws. ¹~~The bonds~~
17 ~~authorized under subsection d. of section 4 of this act shall be known~~
18 ~~as “New Jersey COVID-19 General Obligation Emergency Liquidity~~
19 ~~Notes.” The bonds authorized under subsection e. of section 4 of this~~
20 ~~act shall be known as “New Jersey COVID-19 General Obligation~~
21 ~~Emergency Refunding Bonds.”]~~¹. All bonds shall be issued from time
22 to time as the issuing officials shall determine, shall be issued in
23 fully-registered form and may be certificated or in book-entry form.
24 The bonds may be subject to redemption prior to maturity and shall
25 mature and be paid not later than 35 years from the respective dates of
26 their issuance. Bonds issued under this Act are authorized by and shall
27 be issued under and in compliance with Article VIII, Section II,
28 paragraph 3, subparagraph e. of the Constitution of the State¹ ¹

29
30 6. The Governor, the State Treasurer, and the Director of the
31 Division of Budget and Accounting in the Department of the Treasury,
32 or any two of these officials, herein referred to as the “issuing
33 officials,” are authorized to carry out the provisions of this act relating
34 to the issuance of bonds, and shall determine all matters in connection
35 therewith, subject to the provisions of this act. If an issuing official is
36 absent from the State or incapable of acting for any reason, the powers
37 and duties of that issuing official shall be exercised and performed by
38 the person authorized by law to act in an official capacity in the place
39 of that issuing official.

40 ¹Upon the decision by the issuing officials to issue bonds
41 pursuant to subsection a. of section 4 of this act, and prior to the
42 sale of those bonds, the issuing officials shall transmit a report that
43 a decision has been made and describing the bonds proposed to be
44 issued to the Select Commission on Emergency COVID-19
45 Borrowing, which shall be comprised of two members of the Senate
46 selected by the Senate President and two members of the General
47 Assembly selected by the Speaker of the General Assembly. The

1 membership of the Commission shall be selected on or before the
2 seventh day next following the effective date of this act. No bonds
3 shall be issued unless the report of the issuing officials is approved
4 by the Commission. The Commission shall schedule a vote to
5 approve the report of the issuing officials following submission of
6 the report to the Commission, which vote shall be held within six
7 calendar days of the date of submission of the report of the issuing
8 officials. The Commission may use any technology or electronic
9 means to vote to approve the report of the issuing officials or to
10 otherwise conduct its business or carry out its purposes. Approval
11 by three or more of the members of the Commission shall constitute
12 approval of the report. Failure of the Commission to meet or act
13 within six days of submission of the report or to approve the report
14 by an affirmative vote of three or more members of the Commission
15 shall constitute disapproval. A meeting of the Commission shall
16 require the presence of at least three members.¹

17

18 7. Bonds issued in accordance with the provisions of this act
19 shall be a direct obligation of the State, and the faith and credit of
20 the State are pledged for the payment of the interest and redemption
21 premium, if any, thereon when due, and for the payment of the
22 principal thereof at maturity or earlier redemption date. The
23 principal of and interest on the bonds shall be exempt from taxation
24 by the State or by any county, municipality, or other taxing district
25 of the State.

26

27 8. The bonds shall be signed in the name of the State by means
28 of the manual or facsimile signature of the Governor, and attested
29 by the manual or facsimile signature of the Secretary of State or an
30 Assistant Secretary of State, and shall be countersigned by the
31 facsimile signature of the Director of the Division of Budget and
32 Accounting in the Department of the Treasury and may be manually
33 authenticated by an authenticating agent or bond registrar, as the
34 issuing officials shall determine. The bonds may be issued
35 notwithstanding that an official signing them or whose manual or
36 facsimile signature appears on the bonds has ceased to hold office
37 at the time of issuance, or at the time of the delivery of the bonds to
38 the purchasers thereof. The bonds may also be executed,
39 authenticated, and delivered by electronic means.

40

41 9. a. The bonds shall recite that they are issued for the purposes
42 set forth in section 4 of this act, and that they are issued pursuant to
43 this act. This recital shall be conclusive evidence of the authority of
44 the State to issue the bonds and their validity. Any bonds
45 containing this recital shall, in any suit, action, or proceeding
46 involving their validity, be conclusively deemed to be fully
47 authorized by this act and to have been issued, sold, executed, and

1 delivered in conformity herewith and with all other provisions of
2 laws applicable hereto, and shall be incontestable for any cause.

3 b. The bonds shall be issued in those denominations and in
4 fully-registered form, and may be certificated or in book-entry
5 form, and with or without provisions for interchangeability thereof,
6 as may be determined by the issuing officials.

7
8 10. When the bonds are issued from time to time, the bonds of
9 each issue shall constitute a separate series to be designated by the
10 issuing officials. Each series of bonds shall bear such rate or rates
11 of interest as may be determined by the issuing officials, which
12 interest shall be payable semiannually, except that the first and last
13 interest periods may be longer or shorter, in order that intervening
14 semiannual payments may be at convenient dates, or as otherwise
15 may be required by the applicable federal stimulus law.

16
17 11. a. The issuing officials may sell the bonds at a private sale,
18 without advertisement, at such price or prices and under such terms
19 and conditions as the issuing officials may prescribe. The issuing
20 officials may also sell all or part of the bonds of any series to the
21 federal government at a private sale, without advertisement. The
22 bonds may also be issued and sold at public sale at the price or
23 prices and under the terms, conditions and regulations as the issuing
24 officials may prescribe, after notice of the sale, published at least
25 once in at least three newspapers published in this State, the first
26 notice to appear at least two days prior to the day of bidding. The
27 notice of sale may contain a provision to the effect that any bid in
28 pursuance thereof may be rejected.

29 b. In the event of any private sale of the bonds, the issuing
30 officials are further authorized to enter into such loan agreements or
31 similar documents as the purchaser may require. To the extent
32 specified in any such loan or similar agreements, the terms and
33 provisions thereof shall constitute additional provisions of the
34 bonds and shall be entitled to the benefits of this act.

35
36 12. Until permanent bonds are prepared, the issuing officials
37 may issue temporary bonds in the form and with those privileges as
38 to their registration and exchange for permanent bonds as may be
39 determined by the issuing officials.

40
41 13. The proceeds from the sale of bonds as set forth in subsection
42 a. of section 4 of this act shall be paid to the State Treasurer, shall be
43 held by the State Treasurer in a separate fund, which fund shall be
44 known as the "New Jersey COVID-19 State Emergency Fund," and
45 shall be deposited in such depositories as may be selected by the State
46 Treasurer to the credit of the fund.

47 ¹【The proceeds of any loan by the federal government pursuant to
48 a federal stimulus law as set forth in subsection b. of section 4 of this

1 act shall be paid to the State Treasurer, shall be held by the State
2 Treasurer in a separate fund, which fund shall be known as the “New
3 Jersey COVID-19 State Stimulus Fund,” and shall be deposited in
4 such depositories as may be selected by the State Treasurer to the
5 credit of the fund.

6 The proceeds from the sale of emergency liquidity notes as set
7 forth in subsection d. of section 4 of this act shall be paid to the State
8 Treasurer, shall be held by the State Treasurer in a separate fund,
9 which fund shall be known as the “New Jersey COVID-19 State
10 Emergency Liquidity Fund,” and shall be deposited in such
11 depositories as may be selected by the State Treasurer to the credit of
12 the fund.

13 The proceeds of any loan by the federal government pursuant to a
14 federal stimulus law to provide financial assistance to the State for the
15 benefit of local government units as set forth in subsection c. of
16 section 4 of this act shall be paid to the State Treasurer, shall be held
17 by the State Treasurer in a separate fund, which fund shall be known
18 as the “New Jersey COVID-19 Local Government Unit Emergency
19 Fund,” and shall be deposited in such depositories as may be selected
20 by the State Treasurer to the credit of the fund.】¹

21
22 14. Amounts on deposit in the New Jersey COVID-19 State
23 Emergency Fund ¹【and in the New Jersey COVID-19 State Stimulus
24 Fund】¹ shall be withdrawn by the State Treasurer ¹【from time to time
25 and are appropriated】¹ for deposit into the General Fund ¹【of the
26 State】 or the Property Tax Relief Fund as needed to support
27 appropriations made by the Legislature in the Fiscal Year 2021
28 Appropriations Act, and such amounts shall constitute State
29 revenues. The balance of amounts on deposit in the New Jersey
30 COVID-19 State Emergency Fund shall be subject to appropriation
31 by the Legislature¹. ¹【Amounts on deposit in the New Jersey
32 COVID-19 State Emergency Liquidity Fund shall be withdrawn by the
33 State Treasurer from time to time for deposit into the General Fund or
34 the Property Tax Relief Fund of the State.】¹ However, no moneys in
35 the New Jersey COVID-19 State Emergency Fund ¹【, the New Jersey
36 COVID-19 State Stimulus Fund or the New Jersey COVID-19 State
37 Emergency Liquidity Fund】¹ shall be expended ¹【from the New
38 Jersey COVID-19 State Emergency Fund, the New Jersey COVID-19
39 State Stimulus Fund or the New Jersey COVID-19 State Emergency
40 Liquidity Fund】¹ except as otherwise authorized by this act.

41
42 ¹【15. Amounts on deposit in the New Jersey COVID-19 Local
43 Government Unit Emergency Fund shall be withdrawn by the State
44 Treasurer from time to time and are appropriated, and shall be
45 applied to the provision of financial assistance to local government
46 units as set forth in subsection c. of section 4 of this act. However,
47 no moneys in the New Jersey COVID-19 Local Government Unit

1 Emergency Fund shall be expended from the New Jersey COVID-
2 19 Local Government Unit Emergency Fund except as authorized
3 by this act.】¹

4
5 ¹【16.】 15.¹ a. At any time prior to the issuance and sale of bonds
6 under this act, or borrowings from the federal government under this
7 act, the State Treasurer is authorized to transfer from any available
8 moneys in any fund of the treasury of the State to the credit of the New
9 Jersey COVID-19 State Emergency Fund ¹【, the New Jersey COVID-
10 19 State Stimulus Fund, the New Jersey COVID-19 State Emergency
11 Liquidity Fund or the New Jersey COVID-19 Local Government Unit
12 Emergency Fund】¹ those sums as the State Treasurer may deem
13 necessary. The sums so transferred shall be returned to the same fund
14 of the treasury of the State by the State Treasurer from the proceeds of
15 the sale of bonds, ¹or¹ a loan or loans by the federal government
16 pursuant to a federal stimulus law as set forth in ¹【subsections b. and
17 c. of】¹ section 4 of this act ¹【, or the sale of emergency liquidity notes,
18 as the case may be】¹.

19 b. Pending their application to the purposes provided in this act,
20 the moneys in the New Jersey COVID-19 State Emergency Fund ¹【,
21 the New Jersey COVID-19 State Stimulus Fund, the New Jersey
22 COVID-19 State Emergency Liquidity Fund, and the New Jersey
23 COVID-19 Local Government Unit Emergency Fund】¹ may be
24 invested and reinvested as are other trust funds in the custody of the
25 State Treasurer, in the manner provided by law ¹【and may be invested
26 or reinvested in local government securities】¹. Net earnings received
27 from the investment, reinvestment, or deposit of moneys in the New
28 Jersey COVID-19 State Emergency Fund ¹【, the New Jersey COVID-
29 19 State Stimulus Fund, the New Jersey COVID-19 State Emergency
30 Liquidity Fund, and the New Jersey COVID-19 Local Government
31 Unit Emergency Fund】¹ shall be paid into the General Fund.

32
33 ¹【17.】 16.¹ If any bond is lost, mutilated, or destroyed, a new
34 bond shall be executed and delivered of like tenor, in substitution
35 for the lost, mutilated, or destroyed bond, upon the owner
36 furnishing to the issuing officials evidence satisfactory to them of
37 the loss, mutilation, or destruction of the bond, the ownership
38 thereof, and security, indemnity, and reimbursement for expenses
39 connected therewith, as the issuing officials may require.

40
41 ¹【18.】 17.¹ The accrued interest, if any, received upon the sale
42 of the bonds shall be applied to the discharge of a like amount of
43 interest upon the bonds when due. Any expense incurred by the
44 issuing officials for advertising, engraving, printing, clerical,
45 authenticating, registering, legal, or other services necessary to
46 carry out the duties imposed upon them by the provisions of this act

1 shall be paid from the proceeds of the sale of the bonds by the State
2 Treasurer, upon the warrant of the Director of the Division of
3 Budget and Accounting in the Department of the Treasury, in the
4 same manner as other obligations of the State are paid.

5
6 ¹~~19.~~ 18.¹ Bonds of each series issued hereunder shall mature,
7 including any sinking fund redemptions, not later than the 35th year
8 from the date of issue of that series, and in amounts as shall be
9 determined by the issuing officials. The issuing officials may
10 reserve to the State by appropriate provision in the bonds of any
11 series the power to redeem any of the bonds prior to maturity at the
12 price or prices and upon the terms and conditions as may be
13 provided in the bonds.

14
15 ¹~~20.~~ 19.¹ a. Proceeds derived from the sale of each series of
16 refunding bonds shall be applied, together with any other moneys
17 legally available therefor, to the payment of the expenses authorized
18 by this act and to the immediate payment of the principal of,
19 redemption premium, if any, and interest due on any outstanding
20 bonds to be refunded by the refunding bonds, or, to the extent not
21 required for that immediate payment, shall be deposited, together with
22 any other moneys legally available therefor, in trust with the State
23 Treasurer, to be held separate and apart from all other funds of the
24 State, or, at the direction of the issuing officials, in trust with one or
25 more trustees or escrow agents, which trustees or escrow agents shall
26 be trust companies or national or state banks having powers of a trust
27 company, located either within or without the State. Proceeds or
28 moneys deposited in trust with the State Treasurer or with one or more
29 trustees or escrow agents shall be applied solely to the payment when
30 due of the principal of, redemption premium, if any, and interest due
31 and to become due on those outstanding bonds to be refunded on or
32 prior to the redemption date or maturity date of the outstanding bonds,
33 as the case may be. Proceeds or moneys so held by the State Treasurer
34 or deposited with trustees or escrow agents may be invested in
35 government securities (including government securities issued or held
36 in book-entry form on the books of the Department of the Treasury of
37 the United States); except that those government securities shall not be
38 subject to redemption prior to their maturity other than at the option of
39 the holder thereof. Except as provided in subsection b. of this section
40 ¹~~20.~~ 19.¹, neither government securities nor moneys so deposited
41 with the State Treasurer or with trustees or escrow agents shall be
42 withdrawn or used for any purpose other than, and shall be held in
43 trust for, the payment of the principal of, redemption premium, if any,
44 and interest on the outstanding bonds to be refunded by the refunding
45 bonds; except that any cash received from principal or interest
46 payments on government securities deposited with the State Treasurer
47 or with trustees or escrow agents: (1) to the extent that the cash will
48 not be required at any time for that purpose, shall be paid over to the

1 State as received by the State Treasurer or by the trustees or escrow
2 agents, and (2) to the extent that cash will be required for that purpose
3 at a later date, shall, to the extent practicable and legally permissible,
4 be reinvested in government securities maturing at times and in
5 amounts sufficient to pay when due the principal of, redemption
6 premium, if any, and interest to become due on the outstanding bonds
7 on and prior to the redemption date or maturity date of the outstanding
8 bonds, as the case may be, and interest earned from those
9 reinvestments to the extent not required for the payment of bonds shall
10 be paid over to the State, as received by the State Treasurer or by the
11 trustees or escrow agents.

12 b. Notwithstanding anything to the contrary contained in this
13 section: (1) the State Treasurer or trustees or escrow agents shall, if so
14 directed by the issuing officials, apply moneys on deposit with the
15 State Treasurer or the trustees or escrow agents pursuant to the
16 provisions of this section and redeem or sell government securities so
17 deposited with the State Treasurer or the trustees or escrow agents and
18 apply the proceeds thereof to: (a) the purchase of the outstanding
19 bonds which were refunded by the deposit with the State Treasurer or
20 the trustees or escrow agents of the moneys and government securities
21 and immediately thereafter cancel all outstanding bonds so purchased
22 or (b) the purchase of different government securities; except that the
23 moneys and government securities on deposit with the State Treasurer
24 or the trustees or escrow agents after the purchase and cancellation of
25 the outstanding bonds or the purchase of different government
26 securities shall be sufficient to pay, when due, the principal of,
27 redemption premium, if any, and interest on all other outstanding
28 bonds in respect of which the moneys and government securities were
29 deposited with the State Treasurer or the trustees or escrow agents on
30 or prior to the redemption date or maturity date of the outstanding
31 bonds, as the case may be; and (2) if on any date, as a result of any
32 purchases and cancellations of outstanding bonds or any purchases of
33 different government securities as provided in this subsection, the total
34 amount of moneys and government securities remaining on deposit
35 with the State Treasurer or the trustees or escrow agents is in excess of
36 the total amount which would have been required to be deposited with
37 the State Treasurer or the trustees or escrow agents on that date in
38 respect of the remaining outstanding bonds for which the deposit was
39 made in order to pay when due the principal of, redemption premium,
40 if any, and interest on those remaining outstanding bonds, the State
41 Treasurer or the trustees or escrow agents shall, if so directed by the
42 issuing officials, pay the amount of that excess to the State.

43 c. Any amounts held by the State Treasurer in a separate fund for
44 the payment of the principal of and interest on outstanding bonds to be
45 refunded, as provided in this section, shall, if so directed by the issuing
46 officials, be transferred by the State Treasurer for deposit with one or
47 more trustees or escrow agents as provided in this section, to be
48 applied to the payment when due of the principal of, redemption

1 premium, if any, and interest to become due on those outstanding
2 bonds, as provided in this section.

3 d. The State Treasurer is authorized, upon direction of the issuing
4 officials, to enter into contracts with one or more trust companies or
5 national or state banks, to act as trustees or escrow agents as provided
6 in this section, on terms and conditions as shall be approved by the
7 issuing officials.

8
9 ¹[21.] 20.¹ Any bond or bonds issued hereunder that have been
10 refunded shall no longer be deemed to be outstanding, shall no
11 longer constitute a direct obligation of the State of New Jersey, and
12 the faith and credit of the State shall no longer be pledged to the
13 payment of the principal of, redemption premium, if any, and
14 interest on such bonds, and such bonds shall be secured solely by
15 and payable solely from moneys and government securities
16 deposited in trust with one or more trustees or escrow agents, which
17 trustees and escrow agents shall be trust companies or national or
18 state banks having powers of a trust company, located either within
19 or without the State, as provided herein, whenever there shall be
20 deposited in trust with the trustees or escrow agents, as provided
21 herein, either moneys or government securities, including
22 government securities issued or held in book-entry form on the
23 books of the Department of Treasury of the United States, the
24 principal of and interest on which when due will provide money
25 which, together with the moneys, if any, deposited with the trustees
26 or escrow agents at the same time, shall be sufficient to pay when
27 due the principal of, redemption premium, if any, and interest due
28 and to become due on the bonds on or prior to the redemption date
29 or maturity date thereof, as the case may be; provided the
30 government securities shall not be subject to redemption prior to
31 their maturity other than at the option of the holder thereof. The
32 State of New Jersey hereby covenants with the holders of any bonds
33 for which government securities or moneys shall have been
34 deposited in trust with the trustees or escrow agents as provided in
35 this section that, except as otherwise provided in this section,
36 neither the government securities nor moneys so deposited with the
37 trustees or escrow agents shall be withdrawn or used by the State
38 for any purpose other than, and shall be held in trust for, the
39 payment of the principal of, redemption premium, if any, and
40 interest to become due on the bonds; provided that any cash
41 received from the principal or interest payments on the government
42 securities deposited with the trustees or escrow agents, to the extent
43 such cash will not be required at any time for that purpose, shall be
44 paid over to the State, as received by the trustees or escrow agents,
45 free and clear of any trust, lien, pledge, or assignment securing the
46 bonds; and to the extent the cash will be required for that purpose at
47 a later date, shall, to the extent practicable and legally permissible,
48 be reinvested in government securities maturing at times and in

1 amounts sufficient to pay when due the principal of, redemption
2 premium, if any, and interest to become due on the bonds on and
3 prior to the redemption date or maturity date thereof, as the case
4 may be, and interest earned from the reinvestments shall be paid
5 over to the State, as received by the trustees or escrow agents, free
6 and clear of any trust, lien, or pledge securing the bonds.
7 Notwithstanding anything to the contrary contained herein: a. the
8 trustees or escrow agents shall, if so directed by the issuing
9 officials, apply moneys on deposit with the trustees or escrow
10 agents pursuant to the provisions of this section, and redeem or sell
11 government securities so deposited with the trustees or escrow
12 agents, and apply the proceeds thereof to (1) the purchase of the
13 bonds which were refunded by the deposit with the trustees or
14 escrow agents of the moneys and government securities and
15 immediately thereafter cancel all bonds so purchased, or (2) the
16 purchase of different government securities; provided however, that
17 the moneys and government securities on deposit with the trustees
18 or escrow agents after the purchase and cancellation of the bonds or
19 the purchase of different government securities shall be sufficient to
20 pay when due the principal of, redemption premium, if any, and
21 interest on all other bonds in respect of which the moneys and
22 government securities were deposited with the trustees or escrow
23 agents on or prior to the redemption date or maturity date thereof,
24 as the case may be; and b. in the event that on any date, as a result
25 of any purchases and cancellations of bonds or any purchases of
26 different government securities, as provided in this sentence, the
27 total amount of moneys and government securities remaining on
28 deposit with the trustees or escrow agents is in excess of the total
29 amount then required to be on deposit with the trustees or escrow
30 agents on that date in respect of the remaining bonds for which the
31 deposit was made in order to pay when due the principal of,
32 redemption premium, if any, and interest on the remaining bonds,
33 the trustees or escrow agents shall, if so directed by the issuing
34 officials, pay the amount of the excess to the State, free and clear of
35 any trust, lien, pledge, or assignment securing the refunding bonds.

36

37 ¹[22.] 21.¹ Refunding bonds issued pursuant to this act may be
38 consolidated with other bonds issued pursuant to section 4 of this
39 act or with bonds or refunding general obligation bonds issued
40 pursuant to any other act for purposes of sale.

41

42 ¹[23.] 22.¹ To provide funds to meet the interest and principal
43 payment requirements for the bonds, including refunding bonds,
44 issued under this act and outstanding, there is appropriated in the
45 order following:

46 a. Revenue derived from the collection of taxes under the
47 “Sales and Use Tax Act,” P.L.1966, c.30 (C.54:32B-1 et seq.), or so
48 much thereof as may be required; and

1 b. If, at any time, funds necessary to meet the interest,
2 redemption premium, if any, and principal payments on outstanding
3 bonds issued under this act are insufficient or not available, there
4 shall be assessed, levied, and collected annually in each of the
5 municipalities of the counties of this State, a tax on the real and
6 personal property upon which municipal taxes are or shall be
7 assessed, levied, and collected, sufficient to meet the interest on all
8 outstanding bonds issued hereunder and on the bonds proposed to
9 be issued under this act in the calendar year in which the tax is to be
10 raised and for the payment of bonds falling due in the year
11 following the year for which the tax is levied. The tax shall be
12 assessed, levied, and collected in the same manner and at the same
13 time as are other taxes upon real and personal property. The
14 governing body of each municipality shall cause to be paid to the
15 county treasurer of the county in which the municipality is located,
16 on or before December 15 in each year, the amount of tax herein
17 directed to be assessed and levied, and the county treasurer shall
18 pay the amount of the tax to the State Treasurer on or before
19 December 20 in each year.

20 If on or before December 31 in any year, the issuing officials, by
21 resolution, determine that there are moneys in the General Fund
22 beyond the needs of the State, sufficient to pay the principal of
23 bonds falling due and all interest and redemption premium, if any,
24 payable in the ensuing calendar year, the issuing officials shall file
25 the resolution in the office of the State Treasurer, whereupon the
26 State Treasurer shall transfer the moneys to a separate fund to be
27 designated by the State Treasurer, and shall pay the principal,
28 redemption premium, if any, and interest out of that fund as the
29 same shall become due and payable, and the other sources of
30 payment of the principal, redemption premium, if any, and interest
31 provided for in this section shall not then be available, and the
32 receipts for the year from the tax specified in subsection a. of this
33 section shall be considered and treated as part of the General Fund,
34 available for general purposes.

35
36 ¹[24.] 23.¹ Should the State Treasurer, by December 31 of any
37 year, deem it necessary, because of the insufficiency of funds
38 collected from the sources of revenues as provided in this act, to
39 meet the interest and principal payments for the year after the
40 ensuing year, then the State Treasurer shall certify to the Director of
41 the Division of Budget and Accounting in the Department of the
42 Treasury the amount necessary to be raised by taxation for those
43 purposes, the same to be assessed, levied, and collected for and in
44 the ensuing calendar year. The director shall, on or before March 1
45 following, calculate the amount in dollars to be assessed, levied,
46 and collected in each county as herein set forth. This calculation
47 shall be based upon the corrected assessed valuation of each county
48 for the year preceding the year in which the tax is to be assessed,

1 but the tax shall be assessed, levied, and collected upon the assessed
2 valuation of the year in which the tax is assessed and levied. The
3 director shall certify the amount to the county board of taxation and
4 the treasurer of each county. The county board of taxation shall
5 include the proper amount in the current tax levy of the several
6 taxing districts of the county in proportion to the ratables as
7 ascertained for the current year.

8

9 ¹**[25.]** 24.¹ This act shall take effect immediately.