

CHAPTER 29

AN ACT concerning the dissolution of an authority by a local unit and amending P.L.1983, c.313 and N.J.S.40A:2-12.

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

1. Section 20 of P.L.1983, c.313 (C.40A:5A-20) is amended to read as follows:

C.40A:5A-20 Dissolution of authority by local unit.

20. Notwithstanding the provisions of any other law to the contrary, the governing body of a local unit which has established an authority shall have the power and is authorized by ordinance in the case of a municipality, and ordinance or resolution, as appropriate, in the case of a county, to dissolve the authority, except that the ordinance or resolution, as the case may be, shall be approved by the Local Finance Board prior to adoption. Any authority established by more than one municipality or county may be dissolved by the adoption of parallel ordinances or resolutions, as appropriate. The Local Finance Board shall approve the dissolution if it finds that the ordinance or resolution makes adequate provision in accordance with a bond resolution or otherwise for the payment of all creditors or obligees of the authority and that adequate provision is made for the assumption of those services provided by the authority which are necessary for the health, safety and welfare of the recipients of those services. The ordinance or resolution shall be introduced and adopted in the manner provided by law, shall take effect immediately after final adoption, and shall not be subject to referendum. A copy of the ordinance or resolution as adopted shall be filed immediately with the Local Finance Board and with the Secretary of State. In the event that an authority has obligations outstanding at the time of the taking effect of the ordinance or resolution to dissolve the authority, the local unit or units dissolving the authority are authorized to either issue obligations in furtherance of the dissolution or assume the responsibility for and payment of the obligations of the authority being dissolved; if an authority created by a local unit or units is dissolved and has obligations outstanding at the time that the ordinance or resolution to dissolve the authority takes effect, an existing authority which serves the same local unit or units, or that serves one of the local units which is served by the authority being dissolved, is authorized to issue obligations in furtherance of the dissolution or to assume the responsibility for and payment of the obligations of the authority being dissolved, as provided in this section. No such assumption of responsibility for and payment of the obligations of the dissolved authority shall be effective, however, until the local unit or units or the existing authority proposing to undertake such assumption determines, by resolution of the governing body setting forth facts that constitute the basis for the determination, that such assumption will be a cost effective means of meeting those obligations as compared with the issuance of obligations of the local unit or units, or of the existing authority, and transmits a certified copy of that resolution to the Local Finance Board. An ordinance or resolution dissolving an authority shall designate which local unit or units or which authority, as the case may be, will assume the outstanding debt, and no such ordinance or resolution including a provision for assumption of responsibility for and payment of that outstanding debt by the local unit or units or existing authority shall take effect until there shall have been a public hearing, conducted by the governing body pursuant to the "Open Public Meetings Act," P.L. 1975, c.231 (C.10:4-6 et seq.), on the question of such assumption. Any obligations issued in furtherance of dissolution shall have a period of usefulness not exceeding 40 years from the date of issuance. The assumption by the local unit of the obligations of the authority sought to be dissolved for which the local unit is not the guarantor or any bonds to be issued in furtherance of a dissolution shall be authorized by a bond ordinance to be introduced and adopted in accordance with the provisions of the "Local Bond Law," N.J.S.40A:2-1 et seq., except for the provisions of sections 40A:2-11, 40A:2-26, 40A:2-27 and 40A:2-31 of the New Jersey Statutes, and except that the bond ordinance shall take effect immediately after final adoption and shall not be subject to referendum. The bonds or other indebtedness for which the responsibility and payment is assumed may be deducted from the gross debt of the local unit by action of the Local Finance Board in accordance with subsection d. of N.J.S.40A:2-7. Notwithstanding any of the provisions of the "Local Bond Law" regarding the sale of bonds, bonds issued for this purpose shall be sold under the direction and supervision of the Local Finance Board on terms prescribed by the Local Finance Board, and may be sold at either public or private sale as the board shall

prescribe.

Notwithstanding the provisions of any other law, rule or regulation to the contrary, if in order to make adequate provision for the payment of outstanding obligations of an authority being dissolved, the local unit or authority determines, with the approval of the Local Finance Board, to assume the responsibility and payment of the obligations of such authority, the local unit or authority, as the case may be, is hereby authorized, for so long as any bonds issued by the authority being dissolved remain outstanding, to exercise directly all of the powers of such authority, as if it had not been dissolved including the power and authority to assume the responsibility and payment of such outstanding obligations on the same terms and conditions as the outstanding authority obligations and to exercise all rights under any law, including the right to create pledges of revenue or create liens on property or grant security interests as appropriate and necessary to comply with the terms of the bond indenture or to assure that the security of the holders of such authority obligations shall not be adversely affected by the assumption of such obligations by the local unit or authority.

Nothing contained in this section or in this act shall limit the powers accorded under any other law to any county or municipality to dissolve any authority which it has created or of which it has joined in the creation, nor limit any general reorganization powers accorded under law to any county or municipality to alter or abolish its agencies, but the provisions of this section and this act shall be supplementary to the powers accorded under any other law.

2. N.J.S.40A:2-12 is amended to read as follows:

Bond ordinance; contents.

40A:2-12. A bond ordinance shall contain in substance the following:

a. (1) an authorization for the issuance of obligations, stating in brief and general terms sufficient for reasonable identification the purpose or purposes for which the obligations are to be issued, a statement of the estimated maximum amount of bonds or notes to be issued, and the estimated cost of such purpose or purposes, but related improvements or properties may be treated as one improvement or property; or

(2) an authorization for the assumption by the local unit of the obligations of the authority sought to be dissolved pursuant to section 20 of P.L.1983, c.313 (C.40A:5A-20) for which the local unit is not a guarantor;

b. a determination of the period of usefulness of the purpose within the limitations of this chapter or, if issued for several purposes, a determination of the average period of usefulness, taking into consideration the respective amounts of obligations authorized for the said several purposes;

c. a determination that (1) the supplemental debt statement has been filed in the office of the clerk, (2) such statement shows that the gross debt as defined in this chapter is increased by authorization of such obligations by \$ or is not increased, and (3) the obligations authorized by the bond ordinance will be within debt limitations prescribed by this chapter, or the issuance thereof is permitted by an exception to said limitations naming the particular section, paragraph or law providing such exception;

d. a statement of the aggregate amount for items of expense permitted under 40A:2-20.

3. This act shall take effect immediately.

Approved March 8, 2001.