

## CHAPTER 80

AN ACT concerning local bond requirements and amending N.J.S.40A:2-11 and N.J.S.40A:2-26.

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

1. N.J.S.40A:2-11 is amended to read as follows:

Down payment.

40A:2-11. a. No bond ordinance shall be finally adopted unless it appropriates to the purpose, or ratably to the respective purposes to be financed, in addition to the obligations thereby authorized, a sum as a down payment which is not less than five percent of the amount of the obligations authorized.

b. Said sum so appropriated as a down payment must have been made available prior to final adoption of the bond ordinance from any one or more of the following:

1. by provision in a previously adopted budget or budgets of the local unit for down payment or for capital improvement purposes;
2. from moneys then actually held by the local unit and previously contributed for such purpose other than by the local unit; or
3. by emergency appropriation.

c. The provisions of this section shall not apply to a bond ordinance which authorizes obligations solely for any purpose referred to in paragraphs a., b., c., d., e., and h. of N.J.S.40A:2-7 or for those bond ordinances which involve projects funded by State grants such as Green Acres, Transportation Trust Fund, and other similar programs, or for those bond ordinances which involve environmental infrastructure projects or transportation projects, as defined in section 3 of P.L.1985, c.334 (C.58:11B-3), funded by loans from the "New Jersey Infrastructure Bank," created pursuant to section 4 of P.L.1985, c.334 (C.58:11B-4), or the State, acting by and through the Department of Environmental Protection.

2. N.J.S.40A:2-26 is amended to read as follows:

Maturities of bonds.

40A:2-26. Maturities of all bonds shall be as determined by bond ordinance or by subsequent resolution and within the following limitations:

a. All bonds shall mature within the period or average period of usefulness determined in the bond ordinance.

b. All bonds shall mature in annual installments, the first of which shall be payable not more than one year from the date of the bonds. No annual installment shall exceed by more than 100 percent the amount of the smallest prior installment.

c. The first installment of bonds to finance a municipal public utility may be made payable not later than the end of the second year's operation, computed from the estimated date of completion, as fixed in the project report submitted pursuant to this chapter.

d. Bonds to finance that part of the cost of a local improvement which is to be assessed on property shall mature in annual installments not exceeding in number the number of annual installments or average thereof fixed in the bond ordinance for the payment of special assessments. The first annual installment of such bonds shall be payable not more than two

years from the date of the bonds, and no annual installment shall exceed the amount of the smallest prior installment.

e. A governing body which has concluded that the limitations as to maturities or amounts of annual installments will adversely affect the financial position of the local unit, may make written application to the Local Finance Board setting forth its conclusion and the reasons therefor and the desired maturities or the amounts of annual installments for bonds about to be issued. If the Local Finance Board finds such conclusion to be well founded, it may, by order, fix the maturities or amounts of annual installments of such bonds as desired by the local unit, or fix any such other maturities or amounts of annual installments which the circumstances warrant. Application to the Local Finance Board shall not be required if the maturities or the amounts of annual installments have been determined by (1) the "New Jersey Infrastructure Bank," created pursuant to section 4 of P.L.1985, c.334 (C.58:11B-4), in connection with a loan made by the trust relating to the financing of one or more environmental infrastructure projects or transportation projects as defined in section 3 of P.L.1985, c.334 (C.58:11B-3) or (2) the State, acting by and through the Department of Environmental Protection, in connection with a loan made by the State, relating to the financing of one or more environmental infrastructure projects as defined in section 3 of P.L.1985, c.334 (C.58:11B-3).

f. The governing body, by resolution, may provide for a single and combined issue of bonds not exceeding the aggregate amount of bonds authorized by two or more bond ordinances. The bonds of such issue shall mature within the average period of usefulness which shall be determined in said resolution, taking into consideration the respective amount of bonds authorized by each of the bond ordinances and the period or average period of usefulness therein determined. The provisions of this chapter applicable to the sale and issuance of a single issue of bonds shall apply to the sale and issuance of such combined issue of bonds.

g. The governing body, by resolution, may allow the adjustment of, or otherwise delegate to a finance officer the authority to adjust, the maturity schedule of the bonds, up to 24 hours prior to the time advertised for the receipt of bids and within 24 hours after the award of bids; provided that no maturity schedule adjustment shall exceed 10 percent of the principal for any maturity with the aggregate adjustment to maturity not to exceed 10 percent of the principal for the overall issue. When an adjustment has been made to a maturity schedule previously approved by the Local Finance Board, a copy of the final maturity schedule which meets or complies with the limitations in this subsection shall be filed with the board within 30 days of the sale and shall be conclusively deemed to have been approved by the board.

3. This act shall take effect immediately.

Approved May 11, 2021.