

Public Hearing

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before

ASSEMBLY APPROPRIATIONS COMMITTEE

ASSEMBLY CONCURRENT RESOLUTION NO. 54 (1R)

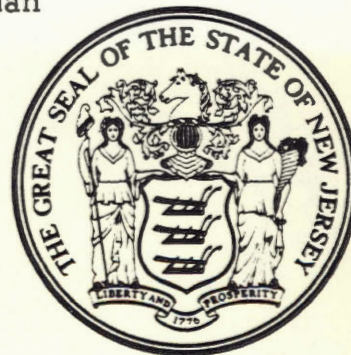
(Proposes constitutional amendment requiring voter approval of State bond refundings that increase principal amount of total State bonded indebtedness)

LOCATION: Room 319
State House
Trenton, New Jersey

DATE: June 13, 1994
11:30 a.m.

MEMBERS OF COMMITTEE PRESENT:

Assemblyman Rodney P. Frelinghuysen, Chairman
Assemblyman Walter J. Kavanaugh
Assemblyman Leonard Lance
Assemblyman John C. Gibson
Assemblyman Alan M. Augustine
Assemblywoman Rose M. Heck
Assemblyman Joseph R. Malone, III
Assemblywoman Carol J. Murphy
Assemblyman Joseph J. Roberts, Jr.
Assemblyman Louis A. Romano
Assemblyman Joseph Suliga



ALSO PRESENT:

Michael J. Basarab
Office of Legislative Services
Aide, Assembly Appropriations Committee

Hearing Recorded and Transcribed by
The Office of Legislative Services, Public Information Office,
Hearing Unit, State House Annex, CN 068, Trenton, New Jersey 08625



RODNEY P. FRELINGHUYSEN
Chairman
WALTER J. KAVANAUGH
Vice-Chairman
JOANN H. SMITH
Sub-Committee Chair
Sub-Committee Chair
LEONARD LANCE
Sub-Committee Chair
JOHN C. GIBSON
Sub-Committee Chair



New Jersey State Legislature

ASSEMBLY APPROPRIATIONS COMMITTEE
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CAROL J. MURPHY
JACKIE R. MATTISON
JOSEPH J. ROBERTS, II
LOUIS A. ROMANO
JOSEPH SULIGA

NOTICE OF PUBLIC HEARING

The Assembly Appropriations Committee will hold a public hearing on Monday, June 13, 1994 at 11:30 AM in Room 319, State House, Trenton, NJ.

The purpose of this hearing is to take testimony, in accordance with the Rules of the General Assembly, on **Assembly Concurrent Resolution No. 54 (1R)** which proposes a constitutional amendment requiring voter approval of State bond refundings that increase principal amount of total State bonded indebtedness.

The public may address comments and questions to Michael J. Basarab, Committee Aide and persons wishing to testify should contact Pat Scott, secretary, at (609) 984-6798. Those persons presenting written testimony should provide 20 copies to the committee on the day of the hearing.

Issued 06/03/94

Assistive listening devices available upon 24 hours prior notice
to the committee aide(s) listed above

THE CHAIRMAN REQUESTS THAT ALL LEGISLATIVE AGENTS
PLEASE DISPLAY IDENTIFICATION BADGES
WHILE IN ATTENDANCE AT COMMITTEE MEETINGS.

[FIRST REPRINT]
ASSEMBLY CONCURRENT RESOLUTION No. 54
STATE OF NEW JERSEY

PRE-FILED FOR INTRODUCTION IN THE 1994 SESSION

By Assemblyman LANCE and Assemblywoman Heck

1 A CONCURRENT RESOLUTION proposing to amend paragraph 3
2 of Article VIII, Section II, of the Constitution of the State of
3 New Jersey.
4

5 BE IT RESOLVED by the General Assembly of the State of
6 New Jersey (the Senate concurring):

7 1. The following proposed amendment to the Constitution of
8 the State of New Jersey is agreed to:
9

10 PROPOSED AMENDMENT
11

12 Amend Article VIII, Section II, paragraph 3 to read as follows:
13 3. The Legislature shall not, in any manner, create in any
14 fiscal year a debt or debts, liability or liabilities of the State,
15 which together with any previous debts or liabilities shall exceed
16 at any time one per centum of the total amount appropriated by
17 the general appropriation law for that fiscal year, unless the
18 same shall be authorized by a law for some single object or work
19 distinctly specified therein. Regardless of any limitation relating
20 to taxation in this Constitution, such law shall provide the ways
21 and means, exclusive of loans, to pay the interest of such debt or
22 liability as it falls due, and also to pay and discharge the principal
23 thereof within thirty-five years from the time it is contracted;
24 and the law shall not be repealed until such debt or liability and
25 the interest thereon are fully paid and discharged.
26 Except as hereinafter provided, no such law shall take effect
27 until it shall have been submitted to the people at a general
28 election and approved by a majority of the legally qualified
29 voters of the State voting thereon. No voter approval shall be
30 required for any such law authorizing the creation of a debt or
31 debts in a specified amount or an amount to be determined in
32 accordance with such law for the refinancing of all or a portion
33 of any outstanding debts or liabilities of the State heretofore or
34 hereafter created, so long as such law shall require that the
35 principal amount of the debt or debts authorized to be created
36 does not exceed the ¹sum of the ¹principal amount of the
37 outstanding debts or liabilities to be refinanced ¹plus all costs
38 specifically necessary to accomplish the refinancing¹, that the
39 refinancing provide a debt service savings determined in a
40 manner to be provided in such law and that the proceeds of such
41 debt or debts and any investment income therefrom shall be
42 applied to the payment of the principal of, any redemption
43 premium on, and interest due and to become due on such debts or

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:
Assembly Action committee amendment adopted March 15, 1994.

1 liabilities being refinanced on or prior to the redemption date or
2 maturity date thereof, together with the costs associated with
3 such refinancing. All money to be raised by the authority of such
4 law shall be applied only to the specific object stated therein, and
5 to the payment of the debt thereby created. This paragraph shall
6 not be construed to refer to any money that has been or may be
7 deposited with this State by the government of the United States.
8 Nor shall anything in this paragraph contained apply to the
9 creation of any debts or liabilities for purposes of war, or to repel
10 invasion, or to suppress insurrection or to meet an emergency
11 caused by disaster or act of God.

12 (cf: Article VIII, Section II, paragraph 3, effective December 8,
13 1983)

14 2. When this proposed amendment to the Constitution is finally
15 agreed to, pursuant to Article IX, paragraph 1 of the
16 Constitution, it shall be submitted to the people at the next
17 general election occurring more than three months after such
18 final agreement and shall be published at least once in at least
19 one newspaper of each county designated by the President of the
20 Senate and the Speaker of the General Assembly and the
21 Secretary of State, not less than three months prior to said
22 general election.

23 3. This proposed amendment to the Constitution shall be
24 submitted to the people at said election in the following manner
25 and form:

26 There shall be printed on each official ballot to be used at such
27 general election, the following:

28 a. In every municipality in which voting machines are not used,
29 a legend which shall immediately precede the question, as follows:

30 If you favor the proposition printed below make a cross (X),
31 plus (+) or check (✓) in the square opposite the word "Yes." If you
32 are opposed thereto make a cross (X), plus (+) or check (✓) in the
33 square opposite the word "No."

34 b. In every municipality the following question:

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YES. Do you approve of the amendment to paragraph 3 of Article VIII, Section II of the State Constitution agreed to by the Legislature, providing that the refinancing of State general obligation bonds that may be undertaken pursuant to law by the issuance of State refunding bonds without the requirement of voter approval shall be limited to the issuance of refunding bonds in a principal amount not in excess of the sum of the principal amount of the outstanding State general obligation bonds to be refinanced and all costs specifically necessary to accomplish the refunding?

INTERPRETIVE STATEMENT

NO. The purpose of this proposed constitutional amendment is to limit the issuance of State refunding bonds without voter approval to those refundings in which the principal amount of refunding bonds to be issued does not exceed the sum of the principal amount of the outstanding bonds to be refunded and all costs specifically necessary to accomplish the refunding.

SCHEDULE

This constitutional amendment shall, if approved, be applicable to refunding bonds issued after its approval under the authority of any law or any bond act whether enacted before or after such approval.

Proposes constitutional amendment requiring voter approval of State bond refundings that increase principal amount of total State bonded indebtedness.

11-19-11

11-19-11

TABLE OF CONTENTS

APPENDIX:

Page

Report of Assembly Appropriations
Committee on Assembly Concurrent
Resolution No. 54 (1R)

1x



ASSEMBLYMAN WALTER J. KAVANAUGH (Vice-Chairman): We now move into the public hearing portion. Could we have a role call on those present for the public hearing, Mr. Basarab?

MR. BASARAB (Committee Aide): Mr. Romano?

ASSEMBLYMAN ROMANO: Here.

MR. BASARAB: Mr. Suliga?

ASSEMBLYMAN SULIGA: Here.

MR. BASARAB: Mr. Roberts?

ASSEMBLYMAN ROBERTS: Here.

MR. BASARAB: Mr. Augustine?

ASSEMBLYMAN AUGUSTINE: Here.

MR. BASARAB: Mr. Gibson?

ASSEMBLYMAN GIBSON: Here.

MR. BASARAB: Ms. Heck?

ASSEMBLYWOMAN HECK: Here.

MR. BASARAB: Mr. Lance?

ASSEMBLYMAN LANCE: Here.

MR. BASARAB: Mr. Malone?

ASSEMBLYMAN MALONE: Here.

MR. BASARAB: Ms. Murphy?

ASSEMBLYWOMAN MURPHY: Here.

MR. BASARAB: Mr. Kavanaugh?

ASSEMBLYMAN KAVANAUGH: Here.

Thank you very much. We have a quorum present.

Assemblyman Lance.

ASSEMBLYMAN LANCE: Thank you, Mr. Chairman. This Committee-- (conversation in audience)

ASSEMBLYMAN KAVANAUGH: Could we have your attention here, please?

ASSEMBLYMAN LANCE: --has heard testimony regarding this constitutional amendment. This Committee has passed favorably on this constitutional amendment. My purpose, of course, is that when we would finance a general obligation debt, we refinance no more than the amount outstanding. We do

not add added burden on the taxpaying public on general obligation debt without first going back to the people for their approval.

That is definitely what had been contemplated traditionally in Article 8, Section 2, Paragraph 3 of the Constitution of New Jersey. I believe the spirit of that Article was violated when, several years ago, we added new general obligation debt when we refinanced the escrow without going back to the people for their approval. My constitutional amendment would require, in the future, an affirmative vote of the people.

Thank you, Mr. Chairman.

ASSEMBLYMAN KAVANAUGH: Thank you, Assemblyman Lance.

Does any member of the public care to be heard? (no response)

Hearing none, I want to thank you all for being here and if you'll sign -- make sure you sign-- (referring to document)

Thank you very much, and also, I thank the young lady and gentleman who have been so diligent in their work here this morning.

(HEARING CONCLUDED)

APPENDIX

REPORT OF ASSEMBLY APPROPRIATIONS COMMITTEE
ON
ASSEMBLY CONCURRENT RESOLUTION NO. 54 (1R)

In accordance with Rule 143 of the New Jersey General Assembly, a public hearing on Assembly Concurrent Resolution No. 54 (1R), entitled "A Concurrent Resolution proposing to amend paragraph 3 of Article VIII, Section II, of the Constitution of the State of New Jersey," was held in Room 319, Trenton, New Jersey, on Monday, June 13, 1994 before the Assembly Appropriations Committee.

The following members of the committee were present:

Rodney P. Frelinghuysen	Rose M. Heck
Joseph J. Roberts	John C. Gibson
Louis A. Romano	Joann H. Smith
Joseph Suliga	Leonard Lance
Carol J. Murphy	Walter J. Kavanaugh
Alan M. Augustine	
Joseph R. Malone	

Pursuant to Rule 144 of the New Jersey Assembly, the committee reports that the public hearing was held on Assembly Concurrent Resolution No. 54 (1R) and that it may be ordered to a third reading for final passage.

The Clerk is directed to enter this report in the Minutes of the General Assembly.

