

Governor Phil Murphy

Governor Murphy Signs Legislation Authorizing Municipalities and Counties to Issue Coronavirus Relief Bonds

08/31/2020

TRENTON – Governor Murphy today signed legislation (A3971) which authorizes municipalities and counties to borrow funds to cover revenue shortfalls and expenditures caused by the COVID-19 pandemic, by issuing bonds and notes. The final legislation included improvements recommended by Governor Murphy in his prior conditional veto issued on July 30, 2020.

“The COVID-19 pandemic and the ensuing economic crisis has left no corner of our state untouched,” **said Governor Murphy**. “In the absence of much-needed federal assistance, this legislation will provide an important tool to New Jersey’s municipalities and counties, allowing them to have access to the funds needed to continue serving residents.”

“Municipalities have significant fixed statutory expenses and provide essential services, which have increased as a result of the pandemic,” **said Michael F. Cerra, Executive Director of the New Jersey State League of Municipalities**. “Meanwhile local governments are experiencing significant declines in revenue during this pandemic and for the foreseeable future, most of which will not be recaptured. This new law will provide needed flexibility to maintain essential services, control property taxes and address this unprecedented financial distress. Our thanks to the Governor and all the legislative sponsors for partnering with the League and other interested stakeholders to provide this critical financial tool.”

Primary Sponsors of A3971 include Assemblymembers Daniel R. Benson, Craig J. Coughlin, Wayne P. DeAngelo, and BettyLou DeCrose, and Senators Troy Singleton, Vin Gopal, and Nicholas P. Scutari.

“Many municipalities have already suffered substantial loss of revenue as a result of the COVID-19 pandemic,” **said Assemblyman Benson**. “New Jersey towns will need access to all available resources in order to recover from these challenging times. We must do everything we can to prevent local budgets from being balanced with higher taxes and further burdening New Jersey taxpayers.”

“Municipalities and counties are experiencing revenue shortfalls and expense overruns due to battling Covid-19,” **said Assembly Speaker Coughlin**. “All available options, including the ability to borrow funds, must be on the table if we expect our local economies to recoup losses and strengthen post-pandemic.”

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“New Jersey municipalities are going to need help in recovery efforts post-pandemic,” **said Assemblyman DeAngelo**. “Allowing for an alternative way for towns to address budget concerns is important to relieving an unnecessary tax burden in the future for residents.”

“The COVID-19 pandemic is not only a public health emergency, it has become a full blown economic emergency as well. The pandemic has left governments across the state in financial desperation and has led the country into a severe and painful recession,” **said Senator Troy Singleton**. “With the signing of this bill into law, we are taking steps to ensure county and local governments can borrow money responsibly with fiscal restraints to relieve the budgetary pressure of lost revenues and emergency spending over the past six months.”

“The public health and economic crises brought on by COVID-19 has turned our lives upside down and thrown government budgets around the state into deep uncertainty,” **said Senator Vin Gopal**. “This legislation will give our local and county governments an extra tool to help us weather this crisis with as minimal an impact as possible on vital services, programs and taxpayers.”

“Local governments are reeling due to their projected budget plans being decimated by the economic fallout of COVID-19, especially at a time when people will need the help of the government the most,” **said Senator Scutari**. “This legislation provides a path to relief that is sorely needed by many local and county governments so they can continue to provide essential services to their communities.”

In his conditional veto, Governor Murphy recommended that borrowing would be best accomplished through existing and well-established local budgetary and debt structures instead of a new, additional funding mechanism. By amending local borrowing laws, the final legislation allows counties and towns to issue five-year special emergency notes for a broad swath of COVID-19 related costs. The final legislation also expands the special emergency mechanism to permit adoption of a special emergency to address certified COVID-19 related deficits in operations.

The legislation will take effect immediately.

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