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# *Commission Meeting*

of

## SELECT COMMISSION ON EMERGENCY COVID-19 BORROWING

*“The Select Commission will meet to consider the report of the issuing officials, designated by P.L.2020, c.60, concerning the proposed issuance of General Obligation bonds of the State of New Jersey”*

Resolution 01-2020

Resolution 02-2020

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**LOCATION:** Committee Room 4  
State House Annex  
Trenton, New Jersey

**DATE:** September 28, 2020  
2:30 p.m.

### **MEMBERS OF COMMISSION PRESENT:**

Senator Stephen M. Sweeney, Co-Chair  
Assemblyman Craig J. Coughlin, Co-Chair  
Senator Paul A. Sarlo  
Assemblywoman Eliana Pintor Marin



### **ALSO PRESENT:**

Parag Shende  
*Office of Legislative Services*  
*Commission Aide*

Luke E. Wolff  
*Senate Majority Office*  
*Commission Aide*

Catherine Tung  
*Assembly Majority Office*  
*Commission Aide*

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

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Sen. Stephen M. Sweeney  
Co-Chair  
Asm. Craig J. Coughlin  
Co-Chair

Sen. Paul Sarlo  
Asw. Eliana Pintor Marin



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**NEW JERSEY STATE LEGISLATURE**

**SELECT COMMISSION ON EMERGENCY COVID-19 BORROWING**

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**REVISED  
MEETING NOTICE**

**TO:** MEMBERS OF THE SELECT COMMISSION ON  
EMERGENCY COVID-19 BORROWING

**FROM:** SENATOR STEPHEN M. SWEENEY, CO-CHAIR  
ASSEMBLYMAN CRAIG J. COUGHLIN, CO-CHAIR

**SUBJECT:** **SELECT COMMISSION MEETING – SEPTEMBER 28, 2020**

*The public may address comments and questions to Parag Shende, Aide, and scheduling inquiries to Sherri Hanlon, Secretary, at (609) 847-3835, fax (609) 943-5995 or e-mail: OLSAideSCEB@njleg.org. Written and electronic comments, questions and testimony submitted to the select commission, as well as recordings and transcripts of oral testimony, are government records and will be available to the public upon request.*

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**The Select Commission on Emergency COVID-19 Borrowing will meet on Monday, September 28, 2020 at \*2:30 PM in Committee Room 4, 1st Floor, State House Annex, Trenton, New Jersey.**

**Due to the public health emergency, the State House Annex remains closed to visitors. Members of the public will not be allowed to attend the meeting in person, unless properly registered. If you are interested in registering, please fill out the Registration Form located on the New Jersey Legislature home page under the applicable heading or please call (609) 847-3835.**

**Registrations must be submitted by 10:00 AM on September 28, 2020.**

**The Select Commission will meet to consider the report of the issuing officials designated by P.L.2020, c.60 concerning the proposed issuance of General Obligation bonds of the State of New Jersey.**

Issued 9/24/20

\* Revised 9/25/2020 – time changed to 2:30 pm

For reasonable accommodation of a disability call the telephone number or fax number above, or for persons with hearing loss dial 711 for NJ Relay. The provision of assistive listening devices requires 24 hours' notice. CART or sign language interpretation requires 5 days' notice.

For changes in schedule due to snow or other emergencies, see website <http://www.njleg.state.nj.us> or call 800-792-8630 (toll-free in NJ) or 609-847-3905.

**SELECT COMMISSION ON EMERGENCY COVID-19 BORROWING**  
**RESOLUTION No. 01-2020**  
**Adopted September 28, 2020**

**WHEREAS**, On July 16, 2020, the Legislature passed, and the Governor signed into law, the "New Jersey COVID-19 Emergency Bond Act," (the "Act") P.L.2020, c.60 which established the Select Commission on Emergency COVID-19 Borrowing; and

**WHEREAS**, The Select Commission on Emergency COVID-19 Borrowing is tasked with reviewing and approving a report drafted by the "issuing officials" identified in section 6 of the Act describing the proposed bonds to be authorized and issued pursuant to subsection a. of section 4 of the Act; and

**WHEREAS**, Bonds pursuant to the Act may not be issued without approval of the report by the Commission; and

**WHEREAS**, The membership of the Commission has been appointed by the Senate President and the Speaker of the General Assembly; and

**WHEREAS**, It is beneficial for the efficient operation of the Commission that it be led by Co-Chairs; now, therefore,

**BE IT RESOLVED** *by the Select Commission on Emergency COVID-19 Borrowing:*

1. The Commission designates Senate President Stephen M. Sweeney and Speaker of the General Assembly Craig J. Coughlin as the Co-Chairs of the Commission.
  
2. A copy of this resolution shall be delivered to the Secretary of the Senate and the Clerk of the General Assembly.

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Stephen M. Sweeney, Co-Chair

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Craig J. Coughlin, Co-Chair

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Paul A. Sarlo

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Eliana Pintor Marin

**SELECT COMMISSION ON EMERGENCY COVID-19 BORROWING**

**RESOLUTION No. 02-2020**

**Adopted September 28, 2020**

- WHEREAS**, The issuance and sale of New Jersey COVID-19 General Obligation Emergency Bonds under the provisions of the “New Jersey COVID-19 Emergency Bond Act,” (the “Act”) P.L.2020, c.60, requires the approval of the Select Commission on Emergency COVID-19 Borrowing (the “Commission”); and
- WHEREAS**, The Commission has been created by section 6 of the Act; and the members of the Commission have been appointed by the Senate President and the Speaker of the General Assembly pursuant to the Act; and
- WHEREAS**, The Issuing Officials are required, pursuant to the Act, to submit a report to the Commission that a decision to issue bonds has been made and describing the bonds proposed to be issued; and
- WHEREAS**, The Issuing Officials submitted the “Report to the Select Commission on Emergency COVID-19 Borrowing” (“report”), along with a “Resolution of Intent of the Issuing Officials to Sell and Issue New Jersey COVID-19 General Obligation Emergency Bonds”, to the Commission on September 22, 2020; and
- WHEREAS**, Bonds pursuant to the Act may not be issued without approval of the report by the Commission; and
- WHEREAS**, The Commission is required to schedule a vote within six calendar days of the date of submission of the report to approve or disapprove the report; and
- WHEREAS**, The “Resolution of Intent of the Issuing Officials’ to Sell and Issue New Jersey COVID-19 General Obligation Emergency Bonds” constitute the basis upon which the Commission has evaluated the Issuing Officials’ request; now, therefore,

**BE IT RESOLVED** *by the Select Commission on Emergency COVID-19 Borrowing:*

1. The “Report to the Select Commission on Emergency COVID-19 Borrowing,” adopted by resolution on September 22<sup>nd</sup>, 2020 by the Issuing Officials and transmitted to the Select Commission on Emergency COVID-19 Borrowing that day in compliance with the “New Jersey COVID-19 Emergency Bond Act,” P.L.2020, c.60, for the purpose of issuing New Jersey COVID-19 General Obligation Emergency bonds and for the sale of bonds by the Issuing Officials in the manner and subject to the conditions described in the report, is approved by the Commission.

2. A copy of this resolution shall be delivered to the Secretary of the Senate, the Clerk of the General Assembly, and the Issuing Officials.

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Stephen M. Sweeney, Co-Chair

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Craig J. Coughlin, Co-Chair

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Paul A. Sarlo

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Eliana Pintor Marin

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**ASSEMBLYMAN CRAIG J. COUGHLIN (Co-Chair):** I'd like to call the meeting to order.

Would everyone please rise for the pledge to the flag. (all recite the Pledge of Allegiance)

Has public notice of this meeting been given in compliance with the Open Public Meetings Act?

MR. SHENDE (Commission Aide): Yes; would you like me to read the Sunshine--

ASSEMBLYMAN COUGHLIN: Yes.

MR. SHENDE: Adequate notice of this meeting of the Select Commission on Emergency COVID-19 Borrowing was given in accordance with the Open Public Meetings Act by electronically or hand-delivering copies of the agenda to the Secretary of State, to all newspapers of the state with press offices in the State House Annex, and by posting the agenda on public bulletin boards in the State House Annex reserved for such announcement on September 25, 2020.

ASSEMBLYMAN COUGHLIN: May we have a roll call, please?

MR. SHENDE: Roll Call.

Senate President Sweeney--

**SENATOR STEPHEN M. SWEENEY (Co-Chair):** Here.

MR. SHENDE: --is present.

Assembly speaker Coughlin--

ASSEMBLYMAN COUGHLIN: Here.

MR. SHENDE: --is present.

Senator Sarlo--

SENATOR SARLO: Present.

MR. SHENDE: --is here.

Assemblywoman Pintor Marin.

ASSEMBLYWOMAN PINTOR MARIN: Present.

MR. SHENDE: --is here.

All members present; we have a quorum.

ASSEMBLYMAN COUGHLIN: Thank you.

First resolution, resolution 01-2020 designates Senate President Stephen M. Sweeney and Speaker of the Assembly, Craig J. Coughlin as Co-Chairs.

Does anyone wish to be heard in connection with that resolution? (no response)

If not, I'll entertain a motion.

ASSEMBLYWOMAN PINTOR MARIN: Motion.

ASSEMBLYMAN COUGHLIN: Is there a second?

SENATOR SARLO: Second.

ASSEMBLYMAN COUGHLIN: Roll call.

MR. SHENDE: On a motion to approve resolution 01-2020; Senator President Sweeney.

SENATOR SWEENEY: Yes.

MR. SHENDE: --votes "yes."

Assembly speaker Coughlin--

ASSEMBLYMAN COUGHLIN: Yes.

MR. SHENDE: --votes "yes."

Senator Sarlo--

SENATOR SARLO: Yes.

MR. SHENDE: --votes yes.

Assemblywoman Pintor Marin--

ASSEMBLYWOMAN PINTOR MARIN: Yes.

MR. SHENDE: --votes yes.

The resolution is approved.

ASSEMBLYMAN COUGHLIN: Do you want to read the next resolution?

MR. SHENDE: The next resolution-- The "Report to the Select Commission on Emergency COVID-19 Borrowing," adopted by Resolution on September 22, 2020, by the Issuing Officials and transmitted to the Select Commission on Emergency COVID-19 borrowing that day, in compliance with the "New Jersey COVID-19 Emergency Bond Act," P.L. 2020, chapter 60, for the purpose of issuing New Jersey COVID-19 General Obligation Emergency bonds and for the sale of bonds by the Issuing Officials in the manner and subject to the conditions described in the report, is approved by the Commission.

ASSEMBLYMAN COUGHLIN: Thank you.

There are four people that have indicated they wish to speak on it.

Anthony Russo.

**ANTHONY RUSSO:** Good afternoon.

Thank you for the opportunity to comment again.

My name is Tony Russo; I'm President of the Commerce and Industry Association of New Jersey, based in Rochelle Park with an office here in Trenton. We represent about 900 companies in virtually every business sector.

And I know we're here today to talk about the borrowing plan, but I just want to say that I know the budget was passed; it's sitting on the Governor's desk. A lot of our members were stunned with what the budget included -- the CBT, tax and also the millionaire's tax.

What concerns us about this borrowing-- And when you look at how it's laid out and what the Treasurer laid out -- how the money is going to be spent -- it was kind of confusing to us, because we're not really sure how they arrived at those allocations, right? You have money for Education, Human Services, NJ Transit, Higher Ed -- and they seem to fungible. And it's really not clear-- If you look at what the Supreme Court decided -- that the money has to be used if you're going to borrow for lost revenues associated with COVID-19.

The other concern that I know a lot of our members asked me -- and hopefully we get some clarification on it -- is the State and the Governor hasn't really spent the \$2.5 billion that the CARES Act money gave to the State. I know that's something that has been, at least, identified where it would go; and again, there seems to be a lot of overlap with how this borrowing is going to happen, versus how that money is going to be spent.

And in a nutshell, I could tell you that the budget itself is very confusing. It's not easy to read, as far as trying to track the money. It just seems that more can be done in order to provide clarity.

And I won't take too much time, but I'll just kind of wrap up by saying that in talking to a lot of members, they're telling me, "Tony, when you look at Fiscal Year 2020, right?" -- and I'm going off of the calendar year -- "first quarter, second quarter, are okay." The second quarter -- the PPP monies are going to carry people over. It's really the third and four quarter

that we're going to be in for that surprise, right? The revenues are going to be down.

And as one business owner told me, "Before I go out and take out a loan, I have to be able to generate the revenue to pay for that loan." So in essence what the State is doing here is going to borrow \$4.5 billion when the revenues are projected to go down. It's going to be a tricky year, come April's surprise next year.

And so we hope that at the end of the day the legislature votes "no" to borrowing \$4.5 billion.

That's it.

ASSEMBLYMAN COUGHLIN: Thank you.

Does anyone have any questions for Mr. Russo? (no response)

If not -- thank you very much for your testimony.

MR. RUSSO: Thank you.

Christopher Emigholz.

**C H R I S T O P H E R E M I G H O L Z:** Good afternoon Speaker Coughlin; good afternoon Senate President Sweeney; good afternoon, Chairman Sarlo and Chairwoman Pintor Marin.

Thank you for the opportunity to talk to you today about the borrowing in front of you.

On behalf of NJBIA -- that represents members across the State that employ about a million people in the state -- we are concerned about this level of borrowing.

We're concerned, number one, because we don't think it's necessary. BIA has tried to be very balanced throughout this process. We've never asked for an austerity budget where you slash, slash, slash spending and

taxes. We think spending on good things like innovation, workforce development, and infrastructure are needed in this state, and they stimulate the economy.

We're worried that the more borrowing you do, the less opportunity you have for spending on education, workforce, infrastructure, NJ Transit, innovation -- things that we know will help our economy, help our businesses that are hurting right now.

We think that the level of surplus in this budget, we think that the revenue projections in this budget, and we think that the new spending that was inserted in this budget -- that have nothing to do with the crisis at hand -- all show that this level of borrowing is not necessary.

And so we hope that this panel, and the Legislature as a whole, can do everything possible to limit that borrowing as the fiscal year advances. If revenues turn out to be closer to the OLS projection -- or even rosier than that -- hopefully that can reduce the level of borrowing and get to that less debt service that we all want.

If Federal relief comes in a new form -- before the election, after the election, from President Trump or President Biden -- hopefully we can use that to reduce the level of borrowing, and not for new spending.

And I point to the op-ed this weekend -- Senate President Sweeney's op-ed. If the structural reforms that are needed in this state do happen and we save some money this fiscal year -- again, we use that savings to reduce borrowing and for no new spending. And hopefully, that \$4.5 billion goes down; our future debt service over the next 12 years, as proposed, goes down; and our taxpayers will benefit from that.

So thank you.

ASSEMBLYMAN COUGHLIN: Thank you.

Anybody have any questions? (no response)

If not-- Look, I think we all share your hope that there's money that comes from Washington, or that revenues are better than not. The borrowing plan allows for us to pay down the borrowing as quickly as possible; so I think we're largely, in that regard, on the same page.

But thank you for your testimony.

Hilary Chebra.

**H I L A R Y C H E B R A:** Thank you, Speaker Coughlin, and good afternoon Senator President Sweeney, Chairman Sarlo, and Chairwoman Pintor Marin.

My name is Hilary Chebra; I am the Manager of Government Affairs for the South Jersey Chamber of Commerce. And I want to thank you for the opportunity to testify on the proposed issuance of that \$4.5 billion in General Obligation bonds.

The longstanding impact of the borrowing cannot be understated -- adding to the State's already enormous debt, which can only lead to higher taxes on our already over-burdened residents and businesses. The CCSNJ acknowledges the fact that some borrowing may be necessary to address the economic impact of the COVID-19 pandemic on New Jersey; however, it should be done only after every other option has been exhausted, and with due consideration to the long-term impact of the State's fiscal health.

There are several options worth considering outside of borrowing, but it should be done on a short-term basis and not spread over many years, adding to the enormous amounts of debt service to the State's bottom line. New Jersey is already one of the most indebted states in the

nation; and should the \$4.5 billion in borrowing be approved, it would come with extraordinarily high levels of interest that would take years to pay off on the backs of New Jerseyans.

It is quite likely that this level of borrowing will cause New Jersey to receive a downgrade in credit rating and fiscal outlooks.

So we just ask that you keep these factors in mind while voting on the proposed issuance; and I want to thank you for the opportunity to testify today.

Thanks.

ASSEMBLYMAN COUGHLIN: Thank you.

Anyone have any questions? (no response)

Thank you very much.

Ravinder Chopra. (no response)

Well, Mr. Chopra had indicated that he was -- not in favor and not opposed, but did wish to testify.

So-- Ravinder Chopra? (no response)

Are there any comments by members?

Senate President Sweeney.

SENATOR SWEENEY: Before we vote-- You know, hopefully, something happens federally. And I think all of us here expect that if there are federal funds that we would reduce the amount of borrowing.

It's unfortunate that we're in this situation; but we're at a place and a time where it's not a New Jersey that I'm used to -- masks, distance, huge budget deficits is probably one of the worst ones that we can anticipate coming forward.

I put an op-ed in the press the other day for one reason: I'm serious that we need to at least address a lot of these reforms that have long been waiting. New Jersey has a lot of problems -- it's no secret -- and these are hard problems to fix. But we have got to get serious with the finances of this State. Not that we weren't before, but we have to get serious with fixing some of the structural problems here.

So, I heard the testimony from the three people. They're right; these are tough times. We have to be very judicious with borrowing, and we have to make sure that if we get better numbers, if things improve, that we reduce the amount of money we borrow, or it goes to reduce the borrowing. Because I don't think any of us really want to see this borrowing; we're just in a place where we don't know where we're at.

So with that, Mr. Chairman, thank you.

ASSEMBLYMAN COUGHLIN: Anyone else? (no response)

If not, I'll just say that I think I share the view -- I think we all probably share the view that, as I noted before, we're hopeful that the revenue figures will be strong, and that assistance from Washington will come and allow us to minimize the amount of money we borrow.

In my mind, in my mind's eye, I think of this more of a line of credit than as a mortgage. We'll borrow it all, but without having to take it if we can avoid it.

But I think we need to be prepared; we don't know what the future holds. If we have, as some public health models indicate have a return of the COVID-19 -- perhaps as severe, or even more severe, than in the spring -- we need to be prepared. That would come, most likely, at the worst time for us in terms of revenue, right? It comes during the holiday shopping

period. It would have a profound impact on sales tax, and it would have a profound impact on the seasonal employment that generally goes on.

So in order to be prepared, you need to be prepared. You need to do things ahead of them occurring.

So I think that's what we have done under circumstances that none of us had ever anticipated we would face. As we've said before, we can't tax our way out of it, or cut our way out of it. So we've come up a balanced approach that does a little bit of that and relies on borrowing as a key component.

Chairman Sarlo.

SENATOR SARLO: Thank you Mr. Chairman and Mr. Speaker.

My comments will be brief and echo what I had said on the day of the floor vote for the budget.

Clearly, the budget that we just passed last week -- that will be signed into law by the Governor tomorrow -- clearly takes into consideration that if the economy does not rebound the way we're all hopeful it does, that second wave that you just spoke about it-- I sort of look at it almost like a two-year budget. There are revenues in here from the borrowing, which will allow us to be prepared, as a State, to continue to fund the most critical portions of our government.

But as I also did say -- whether you call it the *tipping point* or not -- I believe collectively, as the Legislature, we're hopeful that Federal funds will come in, especially after we get through the presidential election. Any of those monies that do come into the state -- whether it's in the way of CARES money being released, or other types of relief to states -- that money should be used not for new programs, but be used to pay back this borrowing.

And we are hopeful, collectively, in a bi-partisan manner, any reforms that we do work on and we do achieve a savings -- the savings that will go towards reducing our structural deficit -- those monies also should be applied to pay back this debt, and not make any further expansion of the programs. Fund education, fund higher education, fund our hospitals -- but at the same time, go back to paying debt.

So I just think we need to be mindful of that -- that we have an obligation, as you said, to pay back this line of credit, sooner than later.

ASSEMBLYMAN COUGHLIN: Thank you.

Chairwoman Pintor Marin.

ASSEMBLYWOMAN PINTOR MARIN: Yes, I think that the Senate President and Speaker Coughlin, Senator Sarlo -- I think that the four of us here are probably the four legislators that would least like to raise taxes. And we felt that it was a tough decision that we had to make, and we made it in preparation for next year and to be helpful towards the end of the year.

Let's not make a mistake. As we start to see more and more headlines in the news where kids are having to go virtual because someone has tested positive -- this will be back, and I think it will be back strongly. As you saw, the CDC today said that this is far from over and we need to make sure the State is prepared to handle what's ahead of us.

It's a very tough decision that we have to make. I don't think any of us wanted to be here today to allow the \$4.4 (*sic*) billion to be borrowed. But as Speaker Coughlin said, I think this is just to be able to prepare us and to put us in a better place -- that we have money in reserves when needed to make the decisions that we need to make; and to make sure that the State is in a prudent and a fiscal manner in order to keep the

economy going, and to make sure that there are vital services that continue to happen.

That's it, Speaker.

ASSEMBLYMAN COUGHLIN: Thank you.

Seeing no other indication that anyone would like to speak, I'll entertain a motion to adopt the resolution.

ASSEMBLYWOMAN PINTOR MARIN: Motion.

ASSEMBLYMAN COUGHLIN: Is there a second?

SENATOR SWEENEY: Second.

ASSEMBLYMAN COUGHLIN: May I have a roll call?

MR. SHENDE: On the motion to adopt Resolution 02-2020;  
Senate President Sweeney--

SENATOR SWEENEY: Yes.

MR. SHENDE: --votes "yes."

Assembly Speaker Coughlin--

ASSEMBLYMAN COUGHLIN: Yes.

MR. SHENDE: -votes "yes."

Senator Sarlo.

SENATOR SARLO: Yes.

Mr. SHENDE: --votes "yes."

Assemblywoman Pintor Marin--

ASSEMBLYWOMAN PINTOR MARIN: Yes.

MR. SHENDE: --votes "yes."

The resolution is adopted.

ASSEMBLYMAN COUGHLIN: Thank you.

With that, I see no other things.

Is there a motion to adjourn?

SENATOR SWEENEY: Motion.

ASSEMBLYMAN COUGHLIN: Second?

ASSEMBLYWOMAN PINTOR MARIN: Second.

ASSEMBLYMAN COUGHLIN: All in favor? (affirmative responses)

So moved; the meeting is adjourned.

**(MEETING CONCLUDED)**