

Governor Phil Murphy

Governor Murphy Signs COVID-19 Emergency Bond Act

07/16/2020

TRENTON – Today, Governor Phil Murphy signed into law the “New Jersey COVID-19 Emergency Bond Act,” which authorizes the state to borrow up to \$9.9 billion to address the unprecedented fiscal crisis that has arisen as a consequence of the COVID-19 pandemic.

“The passage of this legislation is an important step in New Jersey’s recovery from the economic ravages of the COVID-19 pandemic,” **Governor Murphy said**. “While this is by no means a silver bullet, the ability to responsibly borrow is essential to meeting our fiscal needs in the coming year.”

Under the law, the state has the authority to issue bonds totaling \$2.7 billion for the remainder of the extended Fiscal Year 2020, which runs through September 30, 2020, and up to an additional \$7.2 billion for the nine-month Fiscal Year 2021 that runs from October 1, 2020 through June 30, 2021, for a combined amount of up to \$9.9 billion to be issued over the two periods.

The state is authorized to borrow either through the issuance of general obligation bonds that can be sold to investors or through the federal government’s Municipal Liquidity Facility, which was established to help states and local governments across the country deal with the fallout from the global pandemic. The State is also authorized to refinance bonds issued pursuant to the bond act.

Debt service on this bond issuance will be repaid through the state’s General Fund.

Governor Murphy stressed that the state plans to borrow only what is necessary to speed New Jersey’s recovery from this unparalleled recession.

“The current economic crisis is virtually unprecedented in both its severity and swiftness,” **said Governor Murphy**. “Our unemployment numbers and drop in revenue have both far outpaced the worst months of the Great Recession so while we see this bill as an important step, our ultimate recovery will depend on a number of factors including additional federal aid and savings within state government.”

The law also establishes the Select Commission on Emergency COVID-19 Borrowing, comprised of two members of the Senate selected by the Senate President and two members of the General Assembly selected by the Speaker of the General Assembly, which must approve any proposal to issue bonds prior to their issuance.

The bill was sponsored by Senate President Steve Sweeney and Sen. Paul Sarlo in the Senate and Assemblywoman Eliana Pintor Marin and Assemblyman John McKeon in the Assembly.

“This will give us the ability to provide the resources needed to respond to crisis economic conditions resulting from the coronavirus,” **said Senate President Steve Sweeney**. “It also includes a process to ensure responsibility in managing public finances as we work through the fiscal problems that are not fully known. We want to be responsive to financial needs, but we also have to be fiscally responsible and recognize the long-term consequences of actions we take.”

“We must keep New Jersey’s economy moving and we have to continue to provide the government services that are so important during the pandemic,” **said Senator Paul Sarlo, chairman of the Senate Budget and Appropriations Committee.** “While we understand the need for emergent financing to help with the economic recovery, we still have to be responsible with added debt. This is uncharted territory so we have to monitor fiscal conditions as we make decisions on borrowing.”

“The COVID-19 pandemic has had and continues to have a devastating impact on the State’s economy. Residents, businesses, and government units have seen significant adverse effects,” **said Assemblywoman Pintor Marin.** “The ‘New Jersey COVID-19 Emergency Bond Act’ authorizes the state to issue state general obligation bonds to help address the fiscal crisis caused by this pandemic. The impact of COVID-19 on our economy, budget and finances is unpredictable and changing rapidly. We must take action to ensure our fiscal viability by empowering the state to apply for and receive federal stimulus loans for the benefit of the state’s ability to respond to the negative impacts of the coronavirus. We do not make this decision lightly. The historic nature of the current pandemic has led to this unprecedented last resort due to the current fiscal crisis.”

“The current public health crisis has thrust us into a new reality that is nothing short of profound and unprecedented,” **said Assemblyman McKeon.** “Especially when it comes to the toll it is taking on our state revenues and budget. The COVID-19 Emergency Bond Act, approved in the Legislature today, puts us a crucial step closer to crafting a fair and responsible path forward for all New Jersey residents come September. It’s been said before and I’ll say it again: we are in no position to cut or tax our way out the budget deficit we face, we must have the ability to borrow. This Act will enable the State to leverage funds quickly, so we can help everyday New Jerseyans during this once-in-a-lifetime pandemic.”

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