

ASSEMBLY LAW AND PUBLIC SAFETY COMMITTEE

STATEMENT TO

ASSEMBLY, No. 5835

with committee amendments

STATE OF NEW JERSEY

DATED: DECEMBER 11, 2023

The Assembly Law and Public Safety Committee reports favorably and with committee amendments Assembly Bill No. 5835.

As amended and reported by the committee, the implementation of this bill would result in the removal of corrections costs from the budget of participating counties, and a corresponding cap adjustment. The bill provides that one or a combination of two or more county governing bodies, may, by adoption of an ordinance or resolution or parallel ordinances or resolutions, as appropriate, establish a regional rehabilitation and reentry center authority (authority) to develop and operate a regional rehabilitation and reentry center (center). Upon adoption of the parallel ordinances or resolutions, the counties are to negotiate and agree to a proposed inter-county agreement (agreement) for the operation of the authority. Copies of a proposed inter-county agreement are to be submitted to the Local Finance Board for review and consideration. The Local Finance Board is to file its approval or denial with the clerk of the board of commissioners. If the Local Finance Board does not deny a proposed agreement within 60 days of receipt, the proposed agreement is to be deemed approved and the authority is to be established in accordance with the terms of the agreement. A county may request to become a member of the authority by negotiating an amended inter-county agreement with the authority, through the management committee. Upon entry into a proposed amended inter-county agreement, the authority is to submit the proposed amended inter-county agreement to the Local Finance Board for approval or denial of the proposed amended agreement.

The bill provides that an inter-county agreement establishing an authority is to provide certain requirements enumerated in the bill.

The bill provides that an authority is to be a public body politic and corporate, established as an instrumentality exercising public and essential governmental functions to provide for the public health and welfare. The authority is to have the duties, privileges, immunities, rights, liabilities, and disabilities of a public body politic and corporate and is to have taxing power. The authority is to be a "contracting unit" for purposes of the "Local Public Contracts Law," P.L.1971, c.198 (C.40A:11-1 et seq.), is to have

perpetual succession until termination or dissolution in accordance with the agreement, and is to have certain powers enumerated in the bill.

In order to construct and operate the center and any satellite facilities, the bill authorizes the authority to have the power to issue bonds for the purpose of raising funds to pay the cost of any part of the construction or operation of the center and to fund or refund any bonds. Upon adoption of a bond resolution, the authority is to have the power to incur indebtedness, borrow money, and issue its bonds for the purpose of financing the construction or operation of the center to meet the needs of its counties or of funding or refunding the bonds issued pursuant to the bill. The bonds are to be authorized by the bond resolution and may include terms as the bond resolution may provide.

The bill provides that an authority may file a copy of a bond resolution adopted by the management committee in its office and in the office of the clerk of the governing body of each county, and may publish, in a newspaper published or circulating in each county's community, a notice stating certain information.

A bond or other obligation issued pursuant to the bill is to be fully negotiable for the purposes of the negotiable instruments law under Title 12A of the New Jersey Statutes, and each holder or owner of a bond or other obligation, or of any coupon appurtenant thereto, by accepting the bond or coupon is to be conclusively deemed to have agreed that the bond, obligation, or coupon and is to be fully negotiable for the purposes of the negotiable instruments law under Title 12A of the New Jersey Statutes. The bill specifies that neither the members of the committee nor any person executing are to be liable personally on the bonds by reason of their issuance. Bonds or other obligations issued by the authority are not to be a debt or liability of the State, of any local unit, of any county, or of any municipality, and are not to create or constitute any indebtedness, liability, or obligation of the State, of any local unit, of any county, or of any municipality, either legal, moral, or otherwise.

The bill provides that a bond resolution of an authority providing for or authorizing the issuance of bonds may contain provisions, and the authority is to, in order to secure the payment of the bonds in addition to its other powers, have the power by the provisions in the bond resolution to covenant and agree with the several holders of the bonds as to certain provisions enumerated in the bill. If the bond resolution of an authority authorizing or providing for the issuance of a series of its bonds provides in substance that the holders of the bonds of the series are entitled to the benefits of the bill, then, in the event that there is a default in the payment of the principal of, or interest on, any bonds of the series after the bonds shall become due, the bond holders may appoint a trustee to

represent the bond holders of the series for the purposes provided in this bill.

The bill provides that property of an authority is to be exempt from levy and sale by virtue of an execution of a court of competent jurisdiction and no execution or other judicial process is to issue against an authority nor any judgment against an authority be a charge or lien upon its property, provided that nothing in this bill is to apply to or limit the rights of the holder of any bonds to pursue any remedy for the enforcement of any pledge or lien given by an authority, revenues, or other monies.

Notwithstanding any restriction contained in any other law, the bill provides that the State and all public officers, municipalities, counties, political subdivisions of public bodies, and agencies thereof, all banks, bankers, trust companies, savings banks and institutions, building and loan associations, savings and loan associations, investment companies, and other persons carrying on a banking business, all insurance companies, insurance associations, and other persons carrying on an insurance business, and all executors, administrators, guardians, trustees, and other fiduciaries, may legally invest any sinking funds, monies, or other funds belonging to them or within their control, in any bonds of an authority, and the bonds are to be authorized security for public deposits.

The bill provides that a center, any satellite facility, and any associated property or projects owned by an authority, including any pro rata share of any property that is owned by an authority in conjunction with any other person or public agency and used in connection with a center, and all other property of an authority, is to be public property and devoted to an essential public and governmental function and purpose, and the property, an authority, and its income are to be exempt from taxes and special assessments of the State or any subdivision of the State. The bonds issued by the authority are to be for an essential public and governmental purpose and the interest and the income and all funds, revenues, and other monies pledged or available to pay or secure the payment of the bonds, or interest, shall be exempt from taxation except for transfer, inheritance and estate taxes, and taxes on transfers by or in contemplation of death.

The bill requires the authority to conduct an annual audit of its accounts, and to file a copy of each bond resolution adopted by it with the Director of the Division of Local Government Services in the Department of Community Affairs.

COMMITTEE AMENDMENTS

The committee amendments:

(1) clarify that whether acting alone or in a combination of one or more counties, a county governing body may establish a regional

rehabilitation and reentry center authority by adopting an ordinance or a resolution. Under the bill as introduced, a single county governing body acting to establish an authority was limited to doing so by adopting an ordinance; and

(2) make technical changes.