

N.J.A.C. 6A:26B, School Facility Bond Issuance Without Voter Approval Rules

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Chapter 26B, School Facility Bond Issuance Without Voter Approval Rules

Subchapter 1. Purpose, Scope, and Definitions

6A:26B-1.1 Purpose and scope

This chapter implements N.J.S.A. 18A:7G-15.1a (P.L. 2023, c. 311, § 7 and P.L. 2024, c. 79), which authorizes school districts to issue bonds to fund school facilities projects without obtaining voter approval in limited circumstances. The rules specify eligibility criteria, application process, and requirements for the review and approval of bond issuance pursuant to this chapter. The rules apply to all school districts, as defined at N.J.S.A. 18A:7G-3. The rules do not apply to charter schools or renaissance school projects.

6A:26B-1.2 Definitions

The following words and terms shall have the following meanings when used in this chapter, unless the context clearly indicates otherwise.

“Commissioner” means the Commissioner of the Department of Education.

“Contract” means the written contract between a district board of education and municipality through which the municipality pledges to remit a portion of payments in lieu of taxes from one or more designated properties to the school district for the purpose of repayment of bonds issued pursuant to N.J.S.A. 18A:7G-15.1a.

“Debt service” means the same as set forth at N.J.S.A. 18A:7G-3.

“Designated property” means the property identified in the contract for the purpose of securing the municipality’s obligation to remit sufficient funds to the school district for the repayment of any bond issued pursuant to N.J.S.A. 18A:7G-15.1a.

“Local Finance Board” means the Local Finance Board in the Division of Local Government Services in the Department of Community Affairs.

“Municipality” means a municipality that has entered into a contract with a district board of education in accordance with N.J.S.A. 18A:7G-15.1a.

“School facilities project” means the same as defined at N.J.S.A. 18A:7G-3.

Subchapter 2. General Eligibility Requirements

6A:26B-2.1 Eligibility requirements

- (a) For the bond issuance to be eligible for Commissioner approval pursuant to this chapter, school facilities projects shall meet the following criteria:
 - 1. The school facilities project has been approved by the Commissioner pursuant to N.J.S.A. 18A:7G-5;
 - 2. The school facilities project is not being financed, in whole or in part, pursuant to N.J.S.A. 18A:7G-15; and
 - 3. The amount of bond issuance is sufficient to fully fund the school facilities project.
- (b) For the bond issuance to be eligible for Commissioner approval pursuant to this chapter, contracts shall meet the following criteria:
 - 1. The contract requires, at a minimum, the municipality to:
 - i. Pledge, to the district board of education, a portion of the payments in lieu of taxes received by the municipality from the designated property(ies).
The pledged portion shall be sufficient for the repayment of the entire amount of debt service on the school facilities project bond; and

- ii. Remit, to the district board of education, a portion of payments in lieu of taxes received by the municipality from the designated property(ies). The remitted portion shall be sufficient to satisfy the principal and interest payments due on the bonds that have been issued after application of any State debt service aid paid pursuant to N.J.S.A. 18A:7G-9;
2. The debt service payment amounts included in the contract do not include the portion of the payment in lieu of taxes that is obligated to the county pursuant to N.J.S.A. 40A:20-12; and
3. The contract and bond issuance have been approved by the Local Finance Board.

Subchapter 3. Application Process

6A:26B-3.1 Application process and requirements

- (a) A district board of education that elects to issue bonds pursuant to this chapter shall apply to the Commissioner for approval of the bond issuance using Commissioner-prescribed forms.
- (b) The district board of education application shall include, at a minimum:
 1. A description of the school facilities project;
 2. Documentation that the school facilities project has been approved by the Commissioner pursuant to N.J.S.A. 18A:7G-5;
 3. A certification of the amount to be raised by the bonds;
 4. A description of the anticipated annual debt service costs, including the amounts to be supported by municipal remittances in accordance with N.J.A.C. 6A:26B-2.1(b)1ii;

5. A copy of the contract, approved by the Local Finance Board, between the school district and municipality(ies) pursuant to N.J.A.C. 6A:26B-2.1(b)3; and
6. A certification that the district board of education shall transfer to the Commissioner, upon demand, an amount sufficient to provide for all reasonable professional and other fees and expenses incurred for the review, analysis, and determination with respect thereto.

6A:26B-3.2 Application review

- (a) Upon receipt, the Commissioner, or the Commissioner's designee, will review the district board of education application and contract for compliance with N.J.A.C. 6A:26B-2.1 and 3.1.
- (b) Within 30 days of receiving the application, the Commissioner shall approve, conditionally approve, or reject the application, pursuant to N.J.S.A. 18A:7G-15.1a.c(2).
 1. If the Commissioner does not approve, conditionally approve, or reject the application within 30 days of the date of receipt, the application shall be deemed approved, pursuant to N.J.S.A. 18A:7G-15.1a.c(2).
- (c) If the application is conditionally approved, the Commissioner shall state, in writing, the revisions that shall be made to the application for it to be approved.
- (d) Within 90 days of receiving the conditional approval, the district board of education shall submit, to the Commissioner, a written contract revised only to include the Commissioner's revisions required pursuant to (c) above.
 1. Upon the Commissioner's receipt of the revised written contract, the application will be deemed approved.

2. If no revised contract is received, or the district board of education notifies the Commissioner that it does not intend to submit a revised written contract, the application will be deemed rejected.
- (e) The Commissioner's decision may be appealed to the Appellate Division of the Superior Court in accordance with N.J.S.A. 18A:6-9.1.