

1 TO THE HONORABLE SENATE:

2 The Committee on Appropriations to which was referred House Bill No.
3 951 entitled “An act relating to the municipal emergency statewide education
4 property tax borrowing fund” respectfully reports that it has considered the
5 same and recommends that the Senate propose to the House that the bill be
6 amended by striking out all after the enacting clause and inserting in lieu
7 thereof the following:

8 Sec. 1. MUNICIPAL EMERGENCY STATEWIDE EDUCATION
9 PROPERTY TAX BORROWING PROGRAM

10 (a) Intent. It is the intent of the General Assembly to establish a program
11 to assist municipalities required to make a short-term borrowing to manage the
12 cash flow effects of statewide education property tax deferrals or delays in
13 receipt of such taxes by municipalities as a result of the COVID-19 pandemic.
14 This program shall be administered in a way that is consistent with section
15 5001 of Coronavirus Aid, Relief, and Economic Security Act, Pub. L.
16 No. 116–136 (the CARES Act) and any guidance or regulations issued
17 pursuant to that section, and that allows the State to recover, to the maximum
18 extent possible, the short-term borrowing costs payable to municipalities from
19 the Coronavirus Relief Fund established by section 5001 of the CARES Act, as
20 may be amended, or any other federal funds that may be granted to the State
21 and used to reimburse short-term borrowing costs.

1 (b) Definitions. As used in this section:

2 (1) “Municipality” means a city, town, incorporated village, the
3 unorganized towns and gores of Essex County, and Buel’s Gore.

4 (2) “Short-term borrowing costs” means interest incurred for short-term
5 borrowing directly attributable to the COVID-19 pandemic, including interest
6 on letters or lines of credit, revenue anticipation notes, tax anticipation notes,
7 and bond anticipation notes. “Short-term borrowing costs” does not mean the
8 principal payments of any borrowing or any interest on borrowing not directly
9 attributable to the COVID-19 pandemic.

10 (c) Program. The Municipal Emergency Statewide Education Property Tax
11 Borrowing Program is established to authorize the State Treasurer to make
12 payments to municipalities to cover the short-term borrowing costs incurred
13 that are attributable to the COVID-19 pandemic.

14 (d) Application. A municipality that has duly authorized a short-term
15 borrowing directly attributable to the COVID-19 pandemic may apply to the
16 State Treasurer for payment under the Program. The application shall be in the
17 manner prescribed by the Treasurer and shall include, at a minimum:

18 (1) the amount and type of short-term borrowing costs that the
19 municipality seeks to have reimbursed;

20 (2) the municipality’s 2020 tax collection date;

1 (3) an explanation, with supporting documentation, of the municipality’s
2 under-collection or delay in statewide education property tax collection
3 attributable to COVID-19; and

4 (4) certification by the municipality, and supporting documentation, that
5 such costs meet the definition of short-term borrowing as defined in
6 subdivision (b)(2) of this section and the eligibility criteria as defined in
7 subsection (e) of this section.

8 (e) Eligibility. Payments under the Program shall be available only to a
9 municipality, as that term is defined in subdivision (b)(1) of this section,
10 subject to the following criteria:

11 (1) Short-term borrowing costs were not included in the municipality’s
12 budget or any amendment to the budget enacted on or prior to March 27, 2020.

13 (2) Short-term borrowing costs were incurred during the period
14 beginning on March 1, 2020 and ending on December 30, 2020.

15 (3) The borrowing was made for the purpose of managing the cash flow
16 effects of statewide education property tax deferrals or delays as a direct result
17 of the COVID-19 pandemic.

18 (4) The expenses must be consistent with use of funds authorized in
19 section 5001 of the CARES Act, as may be amended, or the requirements of
20 any other federal funds that may be granted to the State and used to support the
21 Program.

1 (5) Any borrowing interest must be commercially reasonable based on
2 published municipal indices or prevailing bank rates.

3 (f) Administration.

4 (1) The Treasurer shall specify the form of certification to the
5 municipalities not later than seven days after enactment of this act and begin
6 accepting applications not later than ten days after enactment of this act.

7 (2) The Treasurer may be reimbursed for any expenditure made in the
8 administration of the provisions of this section.

9 (g) Records. A municipality shall keep records sufficient to demonstrate
10 that the amount of payments to the municipality has been used in accordance
11 with this section.

12 Sec. 2. MUNICIPAL EMERGENCY STATEWIDE EDUCATION

13 PROPERTY TAX BORROWING; APPROPRIATION

14 The sum of up to \$2,700,000.00 is appropriated in FY 2020 from the
15 Coronavirus Relief Fund to the Office of the State Treasurer for use in FY
16 2020 and FY 2021 for the purpose of providing payments under the Municipal
17 Emergency Statewide Education Property Tax Borrowing Program described
18 in Sec. 1 of this act. Any appropriation amount carried forward to FY 2021
19 under this section shall revert to the Coronavirus Relief Fund after all eligible
20 short-term borrowing costs incurred through December 30, 2020 have been
21 expended.

1 Sec. 3. EFFECTIVE DATE

2 This act shall take effect on passage.

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6 (Committee vote: _____)

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Senator _____

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FOR THE COMMITTEE