On March 23, 2020, the Treasurer (the “Treasurer”) of the State of New Jersey (the “State”) disseminated a voluntary disclosure (“COVID-19 Disclosure #1”) regarding the impact that the novel coronavirus (“COVID-19”) is expected to have on the State’s economy and financial condition. The Treasurer is disseminating this voluntary disclosure (“COVID-19 Disclosure #2”) to provide the following updates to the COVID-19 Disclosure #1:

- The State Legislature adopted P.L. 2020, c. 19 which extended State fiscal year 2020 from June 30, 2020 to September 30, 2020 and moved the April 15, 2020 filing and payment deadline for gross income tax and corporate business tax payers to July 15, 2020. Extending the State’s fiscal year enables the State sufficient time to adopt an appropriations act for the next fiscal year with more accurate information concerning State fiscal year 2020 revenues and expenditures and more accurate estimates of State fiscal year 2021 revenues and expenditures. While the full details of the plan to prepare and adopt the appropriations act for State fiscal year 2021 by September 30, 2020 are being developed and will be determined in the upcoming months, the Department of the Treasury intends to adhere to the current schedule and rules for financial reporting and the issuance of New Jersey’s Comprehensive Annual Financial Report.

- On April 15, 2020, the State extended the maturity date for its currently outstanding Tax and Revenue Anticipation Notes (“2020 TRANs”) in the amount of $1.5 billion for the current fiscal year to September 25, 2020.

- The Governor of the State has proposed the New Jersey COVID-19 Emergency Bond Act (the “Bond Act”) to the State Legislature, which, if enacted into law, would:
  - Authorize the State to issue up to $5 billion in general obligation bonds to address the financial problems that have arisen as a consequence of the COVID-19 pandemic;
  - Authorize the State to borrow under the Federal Reserve’s new Municipal Liquidity Facility (the “Facility”) in such amounts and on such terms as the Federal Reserve permits under the Facility; and
  - Authorize the State to issue short-term notes to provide effective cash flow management for revenues and expenditures of the General Fund and the Property Tax Relief Fund in the implementation of the annual appropriations acts for State fiscal year 2020 and State fiscal year 2021.

- If the Bond Act is enacted by the State Legislature, the Treasurer expects that the State will issue in one or a combination of the authorizations under the Bond Act primarily to meet the cash flow needs of the State through September 30, 2020, including to retire the 2020 TRANs. The Treasurer currently projects (based on numerous assumptions that remain highly fluid) that, absent the borrowing permitted by the Bond Act, the State will experience a cash flow low point in July and a very stressed liquidity position in late August due to the economic impact of the COVID-19 pandemic.

- While the Bond Act affords the State borrowing authority that the State can use to address financing needs in State fiscal year 2021, the State has not yet developed effective projections of borrowing and cash flow needs in State fiscal year 2021. Accordingly, the State has not yet developed plans regarding how the State may use the borrowing authority under the Bond Act to meet financing needs in State fiscal year 2021. The State will address its financing needs for State fiscal year 2021 in the annual appropriations act that the State will be working to adopt by September 30, 2020 (the end of the current extended fiscal year).
There can be no assurance that the Bond Act will be adopted or adopted in the form proposed by the Governor.

As stated in the Treasurer’s COVID-19 Disclosure #1, the State does not know the full impact that COVID-19 will have on its economy or financial condition, which will also depend significantly on future actions and developments. It will be some time before the State is able to fully assess how the varying impacts of COVID-19 will impact its revenues and expenditures, both for this fiscal year and for future fiscal years. Accordingly, all projections and expectations of the State are preliminary, and the State expects many changes to its projections and expectations as the full impact of COVID-19 is better known.

TREASURER, STATE OF NEW JERSEY