

[Second Reprint]
ASSEMBLY, No. 156

STATE OF NEW JERSEY

PRE-FILED FOR INTRODUCTION IN THE 1996 SESSION

By Assemblymen BUCCO and COHEN

1 AN ACT amending and supplementing the "Water Supply Bond Act of
2 1981," as amended by P.L.1983, c.355, to authorize the
3 Department of Environmental Protection and the "New Jersey
4 Environmental Infrastructure Trust" to use bond moneys therefrom
5 to provide loans and loan guarantees to local government units to
6 plan, design, and construct water supply facilities to comply with
7 State and federal safe drinking water standards; providing for the
8 submission of this amendatory and supplementary act to the people
9 at a general election and making an appropriation.

10

11 **BE IT ENACTED** by the Senate and General Assembly of the State
12 of New Jersey:

13

14 1. Section 3 of P.L.1981, c.261 is amended to read as follows:

15 3. As used in this act:

16 [a.] "Bonds" mean the bonds authorized to be issued, or issued
17 under this act;

18 [b.] "Commission" means the New Jersey Commission on Capital
19 Budgeting and Planning;

20 [c.] "Commissioner" means the Commissioner of Environmental
21 Protection;

22 [d.] "Construct" and "construction" mean, in addition to the usual
23 meaning thereof, acts of construction, reconstruction, replacement,
24 extension, improvement and betterment;

25 [e.] "Cost" means the cost incurred by the department for planning
26 and feasibility studies for ground and surface water programs, water
27 delivery and treatment programs, analysis and implementation of water
28 conservation practices, [and] ¹[or]¹ for updating the New Jersey
29 Statewide Water Supply Plan[, the cost of] ¹[; or the expenses
30 incurred in connection with: the] , the cost of¹ acquisition or
31 construction of all or any part of a project and all or any real or

EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Assembly AAW committee amendments adopted February 22, 1996.

² Assembly AAP committee amendments adopted May 13, 1996.

1 personal property, agreements and franchises deemed by the
2 department to be necessary or useful and convenient therefor or in
3 connection therewith, including interest or discount on bonds, costs of
4 issuance of bonds, cost of geological and hydrological services,
5 administrative cost, interconnection testing, engineering and inspection
6 costs and legal expenses, costs of financial, professional and other
7 estimates and advice, organization, operating and other expenses prior
8 to and during such acquisition or construction, and all such other
9 expenses as may be necessary or incident to the financing, acquisition,
10 construction and completion of such project or part thereof and the
11 placing of the same in operation, and also such provisions for a reserve
12 fund, or reserves for working capital, operating, maintenance or
13 replacement expenses and for the payment or security of principal of
14 or interest on bonds during or after such acquisition or construction
15 as the [State Comptroller] Director of the Division of Budget and
16 Accounting in the Department of the Treasury may determine;

17 [f.] "Department" means the Department of Environmental
18 Protection;

19 "Local government unit" means a State authority, district water
20 supply commission, county, municipality, municipal or county utilities
21 authority, municipal water district, joint meeting or any other political
22 subdivision of the State authorized pursuant to law to operate or
23 maintain a public water supply system or to construct, rehabilitate,
24 operate or maintain water supply facilities or otherwise provide water
25 for human consumption;

26 [g.] "Project" or "water supply project" means any work relating
27 to [water supply facilities] ¹[any of the purposes enumerated in
28 subsection a. of section 4 of P.L.1981, c.261] water supply facilities¹;

29 [h.] "Real property" means lands, within or without the State, and
30 improvements thereof or thereon, any and all rights-of-way, water,
31 riparian and other rights, and any and all easements, and privileges in
32 real property, and any right or interest of any kind or description in,
33 relating to or connected with real property;

34 [i.] "Water supply facilities" means and refers to the real property
35 and the plants, structures, interconnections between existing water
36 supply facilities, machinery and equipment and other property, real,
37 personal and mixed, acquired, constructed or operated, or to be
38 acquired, constructed or operated, in whole or in part, by or on behalf
39 of the State, or of a political subdivision of the State or any agency
40 thereof, for the purpose of augmenting the natural water resources of
41 the State and making available an increased supply of water for all
42 uses, or of conserving existing water resources, and any and all
43 appurtenances necessary, useful or convenient for the collecting,
44 impounding, storing, improving, treating, filtering, conserving or
45 transmitting of water, and for the preservation and protection of these
46 resources and facilities, and providing for the conservation and

1 development of future water supply resources and facilitating
2 incidental recreational uses thereof;

3 "Trust" means the New Jersey Environmental Infrastructure Trust
4 established pursuant to the "New Jersey Environmental Infrastructure
5 Trust Act," P.L.1985, c.334 (C.58:11B-1 et seq.).
6 (cf: P.L.1983, c.355, s.1)

7

8 2. Section 4 of P.L.1981, c.261 is amended to read as follows:

9 4. a. Bonds of the State of New Jersey are authorized to be issued
10 in the aggregate principal amount of \$350,000,000.00 for the purposes
11 of ¹[(1)]¹ covering the costs of the department for planning and
12 feasibility studies for ground and surface water programs, water
13 delivery and treatment programs, the analysis and implementation of
14 water conservation practices, or the updating of the New Jersey
15 Statewide Water Supply Plan¹[;]¹ [for] ¹[(2)]¹ for¹ planning, designing,
16 and constructing State water supply facilities; [and for] ¹[(3)]¹ and for¹
17 providing loans [for] to local [projects] government units to plan,
18 design, and construct water supply facilities [to resolve contamination
19 problems], as identified by the department ¹[, to comply with existing
20 and more stringent future requirements of the federal Safe Drinking
21 Water Act and the "Safe Drinking Water Act," P.L.1977, c.224
22 (C.58:12A-1 et seq.), or any rules, regulations or standards adopted
23 pursuant thereto]¹; and [for] ¹[(4)]¹ for¹ the rehabilitation, repair or
24 consolidation of antiquated, damaged or inadequately operating water
25 supply facilities, all as identified pursuant to the water supply project
26 priority list adopted by the commissioner pursuant to section 28 of
27 P.L. , c. (C.) (pending in the Legislature as Assembly Bill
28 No. ¹[1960 of 1994] ¹1511 of 1996¹) and section 7 of P.L. , c.
29 (pending in the Legislature as this bill), and as recommended by the
30 New Jersey Statewide Water Supply Plan.

31 b. Payments of principal and interest on loans made from the
32 "Water Supply Fund" shall be returned to that fund for use for any
33 authorized purpose to which moneys in the fund may be used pursuant
34 to P.L. , c. (pending in the Legislature as this bill).
35 (cf: P.L.1983, c.355, s.2)

36

37 3. Section 5 of P.L.1981, c.261 is amended to read as follows:

38 5. a. The commissioner shall adopt, pursuant to the
39 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
40 seq.), such rules and regulations as are necessary and appropriate to
41 [carry out] implement the provisions of this act, as amended and
42 supplemented by P.L. , c. (pending in the Legislature as this bill).
43 The commissioner shall review and consider the findings and
44 recommendations of the commission in the administration of the
45 provisions of this act.

46 b. The department, or the New Jersey Water Supply Authority, as

1 the case may be, shall develop a program to charge water supply users
2 which benefit from any projects funded pursuant to this act, for the full
3 cost of planning, designing, acquiring, constructing and operating that
4 project. The department shall determine the appropriate proportion,
5 if any, of planning and feasibility study costs directly attributable to a
6 particular project to be included as part of the cost of that project.
7 (cf: P.L.1983, c.355, s.3)

8
9 4. Section 10 of P.L.1981, c.261 is amended to read as follows:

10 10. a. The bonds shall recite that they are issued for the purposes
11 set forth in subsection a. of section 4 of this act and that they are
12 issued ~~[in pursuance]~~ pursuant to this act and that this act was
13 submitted to the people of the State at the general election held in the
14 month of November, 1981, and that it received the approval of the
15 majority of votes cast for and against it at ~~[such]~~ the election. ~~[Such~~
16 recital in said bonds] The bonds shall also recite, if issued after the
17 effective date of P.L. , c. (pending in the Legislature as this bill),
18 that the amendments and supplements to P.L.1981, c.261, as amended
19 by P.L.1983, c.355, were submitted to the people of the State at the
20 general election held in the month of November, ¹[1995] 1996¹, and
21 were approved by a majority of the legally qualified voters of the State
22 voting thereon. These recitals shall be conclusive evidence of the
23 authority of the State to issue [said] the bonds and of their validity.
24 Any bonds containing ~~[such recital]~~ the recitals shall in any suit, action
25 or proceeding involving their validity be conclusively deemed to be
26 fully authorized by this act and to have been issued, sold, executed and
27 delivered in conformity therewith and with all other provisions of
28 ~~[statutes]~~ laws applicable thereto, and shall be incontestable for any
29 cause.

30 b. ~~[Such]~~ The bonds shall be issued in ~~[such]~~ those denominations
31 and in ~~[such]~~ the form or forms, whether coupon ~~[or registered as to~~
32 both principal and interest], fully-registered or book-entry, and with
33 or without ~~[such]~~ provisions for the interchangeability thereof, as may
34 be determined by the issuing officials.

35 (cf: P.L.1989, c.181, s.10)

36
37 5. Section 14 of P.L.1981, c.261 is amended to read as follows:

38 14. ²a.² The proceeds from the sale of the bonds authorized
39 pursuant to section 4 of P.L.1981, c.261 shall be paid to the State
40 Treasurer ~~[and be held by him]~~ for deposit in a separate nonlapsing
41 revolving fund, ~~[and be deposited in such depositories as may be~~
42 selected by him to the credit of the fund,]which fund shall be known
43 as the "Water Supply Fund," for use by the department as hereinafter
44 provided.

45 ²b. The department is authorized to use moneys in the "Water
46 Supply Fund" to cover administrative expenses incurred in

1 implementing the provisions of this act, as amended and supplemented
2 by P.L. , c. (pending in the Legislature as this bill), subject to the
3 annual appropriation thereof by the Legislature.²

4 (cf: P.L.1981, c.261, s.14)

5

6 6. Section 15 of P.L.1981, c.261 is amended to read as follows:

7 15. a. The moneys in [said] the "Water Supply Fund" are hereby
8 specifically dedicated and shall be applied to the cost of the purposes
9 set forth in subsection a. of section 4 of [this act] P.L.1981, c.261, and
10 all such moneys are hereby appropriated for such purposes[, and no
11 such moneys]. However, no moneys in the fund shall be expended for
12 [such] those purposes [(except as otherwise hereinbelow authorized)],
13 except as otherwise authorized by this act, without the specific
14 appropriation thereof by the Legislature, but bonds may be issued as
15 herein provided notwithstanding that the Legislature shall not have
16 then adopted an act making specific appropriation of any [said] of the
17 moneys. Any act appropriating moneys from the "Water Supply Fund"
18 shall identify the particular project to be funded by [such] the moneys.
19 Payments of principal and interest on loans made from the "Water
20 Supply Fund" shall be returned to that fund for use for any authorized
21 purpose to which moneys in the fund may be used pursuant to
22 subsection a. of section 4 of P.L.1981, c.261.

23 (1) Payments of principal and interest on loans returned to the
24 "Water Supply Fund" may be made available to the trust, with the
25 concurrence of the department, for temporary use by the trust for any
26 of the purposes set forth in paragraph (2) of this subsection, under
27 terms and conditions established therefor by the commissioner and the
28 trust and approved by the State Treasurer. A maximum of
29 \$50,000,000 may be made available to the trust for these purposes.

30 Any moneys made available to the trust pursuant to this paragraph
31 shall be deposited in a separate nonlapsing revolving fund, which shall
32 be known as the "Water Supply Trust Fund," for use by the trust as
33 hereinafter provided. The trust shall repay to the "Water Supply
34 Fund" any moneys made available for temporary use. Repayment shall
35 be in accordance with the terms and conditions approved therefor.

36 (2) The moneys in the "Water Supply Trust Fund" are specifically
37 dedicated and allocated to, and shall be applied to the cost of, the
38 establishment by the trust of reserve and loan guarantee accounts
39 within that fund. The reserve account is to be used to secure debt
40 issued by the trust pursuant to P.L.1985, c.334 (C.58:11B-1 et seq.);
41 and the guarantee account is to be used by the trust to secure debt
42 issued by a local government unit. The trust shall not directly or
43 indirectly use any moneys paid to it pursuant to this paragraph for the
44 purpose of issuing a loan guarantee in connection with the financing
45 of a water supply project, unless the project, and the amount and the
46 terms or conditions of the loan guarantee, shall have been approved by

1 the Legislature. Moneys in the reserve and loan guarantee accounts
2 may be made available to the department, with the concurrence of the
3 trust, for temporary use by the department in implementing the
4 provisions of P.L.1981, c.261, under terms and conditions established
5 therefor by the commissioner and the trust and approved by the State
6 Treasurer. The department shall repay to the "Water Supply Trust
7 Fund" any sums made available for temporary use. Repayment shall be
8 in accordance with the terms and conditions approved therefor.

9 (3) Moneys in the "Water Supply Fund" may be transferred to the
10 trust for use as set forth in paragraph (2) of this subsection.

11 If the "New Jersey Environmental Infrastructure Trust Act"
12 (pending in the Legislature as Assembly Bill No. ¹[1960 of 1994] 1511
13 of 1996¹) has not been enacted into law by the date of the approval of
14 this act by the voters, paragraphs (1) (2) and (3) of this subsection
15 shall be inoperative.

16 b. At any time prior to the issuance and sale of bonds under this
17 act, the State Treasurer is hereby authorized to transfer from any
18 available [money] moneys in any fund of the Treasury of the State to
19 the credit of the "Water Supply Fund" [such sum as he] or the "Water
20 Supply Trust Fund" those sums as the State Treasurer may deem
21 necessary. [Said sum] The sums so transferred shall be returned to the
22 same fund of the treasury of [this] the State by the [treasurer thereof]
23 State Treasurer from the proceeds of the sale of the first issue of
24 bonds.

25 c. Pending their application to the [purpose] purposes provided in
26 this act, the moneys in the "Water Supply Fund" may be invested and
27 reinvested as are other trust funds in the custody of the State
28 Treasurer, in the manner provided by law, and moneys in the "Water
29 Supply Trust Fund" may be invested and reinvested by the trust as are
30 other trust funds in the custody of the [State Treasurer in the manner
31 provided by law] trust. Net earnings received from the investment or
32 deposit of [such fund shall be paid into the General State Fund]
33 moneys in the "Water Supply Fund" shall be paid to that fund ¹[for use
34 by the department to cover administrative expenses incurred in
35 administering that fund]¹, and net earnings received from the
36 investment or deposit of moneys in the "Water Supply Trust Fund"
37 shall be paid to that fund for use by the trust to cover administrative
38 expenses incurred in administering that fund. Any moneys not required
39 for administrative expenses shall be used for any other authorized
40 purpose to which moneys in the ¹[respective funds] "Water Supply
41 Trust Fund"¹ may be used.

42 d. The ¹[department and the]¹ trust may charge and collect
43 annually from local government units fees and charges in connection
44 with any loans, guarantees or other services provided by the
45 ¹[department or the]¹ trust, in amounts sufficient to reimburse the
46 ¹[department or the]¹ trust for all reasonable costs necessarily incurred

1 in connection therewith, and in connection with the establishment and
2 maintenance of reserve or other funds, as the ¹[department or]¹ trust
3 may determine to be reasonable.

4 (cf: P.L.1981, c.261, s.15)

5
6 7. (New section) The commissioner shall, on or before January 15
7 of each year, develop and submit to the Legislature a priority system
8 for water supply projects and shall establish the ranking criteria and
9 funding policies for the projects therefor. The commissioner shall set
10 forth a water supply project priority list for funding for each fiscal year
11 and shall include the aggregate amount of funds to be authorized for
12 these purposes. ¹[The commissioner shall not include a water supply
13 project on the project priority list for funding unless that specific
14 project shall have been recommended by the New Jersey Statewide
15 Water Supply Plan.]¹ No moneys shall be expended for loans in a fiscal
16 year for any water supply project unless the expenditure is authorized
17 pursuant to an appropriations act.

18 As part of the annual submission required by this subsection, the
19 department and the trust shall each provide a financial accounting of
20 all project expenditures made in the preceding year, and of all
21 administrative expenses incurred by the ¹[department and the]¹ trust
22 from interest earnings from the ¹["Water Supply Fund" and the]¹
23 "Water Supply Trust Fund" in connection therewith.

24
25 8. Section 26 of P.L.1981, c.261 is amended to read as follows:

26 26. Not less than 30 days prior to the commissioner or the trust
27 entering into any contract, lease, obligation, or agreement to effectuate
28 the purposes of this act, the commissioner or the trust shall report to
29 and consult with the [special joint legislative committee created
30 pursuant to Assembly Concurrent Resolution No. 66 of the 1968
31 Legislature as reconstituted and continued from time to time by the
32 Legislature] Joint Budget Oversight Committee, or its successor.

33 (cf: P.L.1981, c.261, s.26)

34
35 9. (New section) All appropriations from the "Water Supply Fund"
36 shall be by specific allocation for each project, and any transfer of any
37 funds so appropriated shall require the approval of the Joint Budget
38 Oversight Committee or its successor.

39
40 10. (New section) For the purpose of complying with the
41 provisions of the State Constitution, this act shall be submitted to the
42 people at the general election to be held in the month of November,
43 ¹[1995] 1996¹. To inform the people of the contents of this act, it
44 shall be the duty of the Secretary of State, after this section takes
45 effect, and at least 60 days prior to the election, to cause this act to be
46 published at least once in one or more newspapers of each county, if

1 any newspapers are published therein, and to notify the clerk of each
 2 county of this State of the passage of this act; and the clerks
 3 respectively, in accordance with the instructions of the Secretary of
 4 State, shall have printed on each of the ballots the following:

5 If you approve of the act entitled below, make a cross (X), plus (+),
 6 or check (O) mark in the square opposite the word "Yes."

7 If you disapprove of the act entitled below, make a cross (X), plus
 8 (+), or check (O) mark in the square opposite the word "No."

9 If voting machines are used, a vote of "Yes" or "No" shall be
 10 equivalent to these markings respectively.

<p>11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32</p>	<p>YES</p>	<p>AMENDS AND SUPPLEMENTS WATER SUPPLY BOND ACT OF 1981</p> <p>Shall the amendments and supplementary language to the "Water Supply Bond Act of 1981," which authorize the Department of Environmental Protection and the New Jersey Environmental Infrastructure Trust to use ¹<u>moneys from</u>¹ such bonds to provide loans and loan guarantees to local governments to plan, design, and construct water supply facilities ¹[to comply with State and federal safe drinking water standards]¹, ²<u>which authorize the Department to use bond moneys to cover administrative costs incurred therewith, subject to the annual appropriation thereof by the Legislature.</u>² ¹<u>which authorize the Trust to use interest earnings on bond moneys to cover administrative costs incurred therewith,</u>¹ and to establish reserve and guarantee accounts in conjunction therewith, be approved?</p>
--	------------	---

1		INTERPRETIVE STATEMENT
2		² [Approval of this act would authorize the use
3		of] <u>If approved,</u> ² moneys from bonds issued
4		under the "Water Supply Bond Act of 1981"
5		² <u>could be used</u> ² to make loans to local
6		governments to finance the costs of water
7		supply projects ¹ [needed to comply with State
8		and federal safe drinking water standards] ¹ .
9		The "Water Supply Bond Act of 1981" was
10		approved by the voters in 1981 and again in
11		1983 in revised form. ² [The proposed
12		revisions to the "Water Supply Bond Act of
13		1981" in this act authorize] <u>These proposed</u>
14		<u>changes allow</u> ² the Department of
15	NO	Environmental Protection and the New Jersey
16		Environmental Infrastructure Trust to use the
17		bond moneys for a combined loan and loan
18		guarantee program for water supply projects
19		² [¹ , and authorize] <u>Also, it is proposed that the</u>
20		<u>Department be permitted to cover its</u>
21		<u>administrative costs out of bond moneys if the</u>
22		<u>Legislature appropriates the moneys each year</u>
23		<u>and that</u> ² <u>the Trust</u> ² <u>be permitted</u> ² <u>to use</u>
24		<u>interest earnings on bond moneys to cover its</u>
25		<u>administrative expenses</u> ¹ .
26		Approval of these revisions to the "Water
27		Supply Bond Act of 1981" would not involve
28		any new State bonded indebtedness.

29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45

The fact and date of the approval or passage of this act, as the case may be, may be inserted in the appropriate place after the title in the ballot. No other requirements of law of any kind or character as to notice or procedure, except as herein provided, need be adhered to.

The votes so cast for and against the approval of this amendatory act, by ballot or voting machine, shall be counted and the result thereof returned by the election officer, and a canvass of the election had in the same manner as is provided for by law in the case of the election of a Governor, and the approval or disapproval of this act so determined shall be declared in the same manner as the result of an election for a Governor, and if there is a majority of all the votes cast for and against it at the election in favor of the approval of this amendatory and supplementary act, then all the provisions thereof not made effective theretofore shall take effect forthwith.

11. (New section) There is appropriated, from the General Fund,

1 the sum of \$5,000 to the Department of State for expenses in
2 connection with the publication of the notice required pursuant to
3 section 10 of P.L. , c. (pending in the Legislature as this bill).

4

5 12. Sections 10 and 11 of this act shall take effect immediately, and
6 the remainder of the act shall take effect as and when provided in
7 section 10 of this act.

8

9

10

11

12 Amends and Supplements the "Water Supply Bond Act of 1981,"
13 appropriates \$5,000.