

ASSEMBLY AGRICULTURE AND WASTE MANAGEMENT
COMMITTEE

STATEMENT TO

ASSEMBLY, No. 156

with committee amendments

STATE OF NEW JERSEY

DATED: FEBRUARY 22, 1996

The Assembly Agriculture and Waste Management Committee favorably reports Assembly Bill No. 156 with committee amendments.

Assembly Bill No. 156 amends and supplements the "Water Supply Bond Act of 1981," P.L.1981, c.261, to allow the Department of Environmental Protection (DEP) and the New Jersey Environmental Infrastructure Trust (Trust) to utilize bond moneys made available therefrom for loans to local governments for the development of water supply facilities to comply with existing and more stringent future requirements of the federal Safe Drinking Water Act and the "Safe Drinking Water Act," P.L.1977, c.224 (C.58:12A-1 et seq.). To qualify for financing, a project must be identified in the water supply project priority list adopted by the Commissioner of DEP pursuant to section 7 of this bill, and recommended by the New Jersey Statewide Water Supply Plan.

The 1981 bond act was approved in November 1981 (and again in November 1983 pursuant to P.L.1983, c.355) by the voters of New Jersey. The proposed revisions to the "Water Supply Bond Act of 1981" embodied in this bill must also be approved by the electorate.

The bill authorizes the use of bond act moneys to capitalize two separate nonlapsing revolving funds: the "Water Supply Fund" and the "Water Supply Trust Fund."

The moneys in the "Water Supply Fund" would be used by the DEP for the purposes of:

- (1) covering the department's costs for planning and feasibility studies for ground and surface water programs, water delivery and treatment programs, the analysis and implementation of water conservation practices, or for updating the New Jersey Statewide Water Supply Plan;
- (2) planning, designing, and constructing State water supply facilities;
- (3) providing loans to local governments to plan, design, and construct water supply facilities, as identified by the DEP; and
- (4) the rehabilitation, repair or consolidation of antiquated,

damaged or inadequately operating water supply facilities.

Projects must be identified pursuant to the water supply project priority list adopted by the Commissioner of DEP, and as recommended by the New Jersey Statewide Water Supply Plan.

Payments of principal and interest on loans returned to the "Water Supply Fund" may be made available to the Trust, with the concurrence of the DEP, for temporary use by the Trust in establishing a reserve account for loans made by the Trust, and a guarantee account to secure debt issued by local governments in connection with the financing of a water supply project. A maximum of \$50,000,000 may be made available to the Trust for these purposes.

Any moneys made available to the Trust would be deposited in a separate nonlapsing revolving fund known as the "Water Supply Trust Fund." The Trust would have to repay to the "Water Supply Fund" any moneys made available for temporary use.

The bill would also: (1) authorize the Trust to collect annual fees from local governments in connection with loans or other services provided by the Trust; (2) delegate to DEP responsibility for administering the Water Supply Fund; (3) authorize the Trust to use income earned on moneys deposited in the "Water Supply Trust Fund" funds to cover unreimbursed administrative expenses; (4) authorize temporary cross-use by the DEP and Trust of moneys in the two funds; and (5) require the DEP and Trust to provide annual accounts of moneys expended from their respective funds.

The bill also provides that if the "New Jersey Environmental Infrastructure Trust Act" (a companion measure, Assembly Bill No. 1511 of 1996) has not been enacted into law by the date of the approval of this act by the voters, the amendments made to the 1981 bond act pertaining to the Trust would remain inoperative.

Committee amendments make a number of substantive changes to the bill. The amendments: (1) remove the ability of the DEP to use bond moneys for operating expenses; (2) ensure that DEP may only use bond moneys for the costs associated with the planning, designing and constructing of water supply facilities and for loans to local governments for water supply facility projects; (3) delete the provisions authorizing DEP to use interest earnings on bond moneys for administrative expenses; (4) delete the provisions permitting DEP to charge fees to local governments for loans or other services rendered in connection therewith; and (5) require the insertion on the ballot question the statement that the Trust may use interest earnings on bond fund moneys for administrative expenses.

Committee amendments also make several changes of a technical nature.

This bill was pre-filed for introduction in the 1996-1997 session pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.