

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 156

with Assembly committee amendments

STATE OF NEW JERSEY

DATED: May 13, 1996

The Assembly Appropriations Committee reports favorably Assembly Bill No. 156 (1R), with committee amendments.

Assembly Bill No. 156 (1R), as amended, revises 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 revisions to the "Water Supply Bond Act of 1981" proposed by 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" will be used by the DEP to:

(1) cover 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) plan, design, and construct State water supply facilities;

(3) provide loans to local governments to plan, design, and construct water supply facilities, as identified by the DEP; and

(4) rehabilitate, repair or consolidate 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 will be deposited in a separate nonlapsing revolving fund known as the "Water Supply Trust Fund." The Trust must repay to the "Water Supply Fund" any moneys made available for temporary use.

The bill also: (1) authorizes the Trust to collect annual fees from local governments in connection with loans or other services provided by the Trust; (2) delegates to DEP responsibility for administering the "Water Supply Fund;" (3) authorizes the Trust to use income earned on moneys deposited in the "Water Supply Trust Fund" to cover unreimbursed administrative expenses; (4) authorizes DEP to cover its administrative expenses from moneys in the "Water Supply Fund;" (5) authorizes temporary cross-use by the DEP and Trust of moneys in the two funds; and (6) requires 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 will remain inoperative.

FISCAL IMPACT:

This bill is not certified as requiring a fiscal note; the amendments to the bond act made by the bill, if approved by the voters, allow but do not require the use of previously authorized bonded indebtedness for the development of water supply facilities. The bill appropriates \$5,000 to publish notice of the bond question.

COMMITTEE AMENDMENTS:

The amendments allow DEP to cover its administrative costs out of bond moneys, subject to appropriation by the Legislature, and make clarifying changes to the form of the public question.