

ASSEMBLY ENVIRONMENT, SCIENCE AND TECHNOLOGY  
COMMITTEE

STATEMENT TO

ASSEMBLY COMMITTEE SUBSTITUTE FOR  
**ASSEMBLY, No. 186**

**STATE OF NEW JERSEY**

DATED: FEBRUARY 10, 1997

The Assembly Environment, Science and Technology Committee favorably reports an Assembly Committee Substitute for Assembly Bill No. 186.

This committee substitute provides assistance to dry cleaning businesses in the State for addressing problems associated with perchloroethylene by establishing the Dry Cleaner Site Remediation Fund for remediation of perchloroethylene-contaminated sites, a loan program for the upgrading of dry cleaning machinery and a 7-year sales and use tax exemption on the equipment purchased for these upgrades. The committee substitute also provides that if the moneys in the Dry Cleaner Site Remediation Fund are appropriated for any other purpose, the Department of Environmental Protection shall become liable for the remediation of the sites and any further contamination or damage to natural resources or property resulting from delay of the remediation of the eligible sites. Perchloroethylene is a hazardous substance and the solvent used in the dry cleaning industry as a cleaning agent.

The committee substitute establishes the Dry Cleaner Site Remediation Fund, to be administered by the Department of Environmental Protection and establishes that the fund is strictly liable for the remediation of any perchloroethylene-contaminated sites eligible for remediation pursuant to the committee substitute. Eligible sites for remediation are contaminated in-State distributor, dry cleaning facility, or dry cleaning machinery manufacturing facility sites or sites that were previously the site of an in-State distributor, dry cleaning facility or dry cleaning machinery manufacturing facility and are now contaminated and owned by an owner who has opted to participate in the remediation program by registering with the department.

The Department of Environmental Protection shall remediate the sites for which the fund is liable in accordance with the standards, procedures and requirements currently established under State law

pursuant to section 35 of P.L.1993, c.139 (C.58:10B-12) and any rules or regulations adopted pursuant thereto. The department shall establish the criteria for prioritizing and remediating the sites, giving highest priority to sites that severely threaten to contaminate public and private water supplies and ranking the priority of the remediation of these sites based on the severity of the threat of contamination of public and private water supplies, the distance from public and private water supply wells, the threat to aquifers and other public health considerations. The department shall give second priority to any site subject to sale by the owner.

To fund the remediation of eligible sites, the committee substitute creates a registration program for in-State and out-of-State distributors of perchloroethylene, dry cleaning facilities, dry cleaning machinery manufacturers, drop stores, route operators and owners of contaminated property opting into the remediation program, with annual registration and renewal fees for each category of registrant. The committee substitute also levies a tax of \$10 per gallon on perchloroethylene, to be paid by in-State and out-of-State distributors. The moneys collected from the registrations, taxation of perchloroethylene and any fines for violation of registration requirements are to be deposited in the Dry Cleaner Site Remediation Fund for remediation of eligible sites. The fine for violation of registration requirements is not less than \$2,500 for the first offense, not more than \$5,000 for the second offense and not more than \$10,000 for a third or subsequent offense, in addition to any penalties imposed pursuant to the tax provisions of the committee substitute.

The bill also requires that the dry cleaning businesses upgrade their machinery to Generation 4 equipment or subsequent generations that reduce perchloroethylene emissions below the levels attained by Generation 4 equipment, if the New Jersey Economic Development Authority provides financing for these upgrades. If no financing is provided, the required upgrades are voluntary. Generation 4 equipment is the stage of dry cleaning equipment that reduces the level of perchloroethylene in the machine to the minimum amount attainable with current technology, 300 parts per million. This reduction minimizes employees exposure to perchloroethylene but also reduces the public's exposure to the perchloroethylene emissions from residue on the items cleaned.

The committee substitute directs the New Jersey Economic Development Authority to provide financing to the owners of dry cleaning businesses for the purchase and upgrading of Generation 4 or subsequent generation equipment through its existing direct lending and loan programs. The New Jersey Economic Development Authority is also directed to provide 50% guarantees of these loans. The guarantee is not to affect the eligibility of an applicant for a loan for this purpose.

Finally, the committee substitute provides a tax exemption from the

State sales tax on any Generation 4 equipment or upgrades of equipment dry cleaning businesses purchase to comply with the requirements of the bill. The tax exemption shall be in effect only for the seven years after the effective date of the law.