

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 48

STATE OF NEW JERSEY

DATED: JUNE 3, 1996

The Assembly Appropriations Committee reports favorably Assembly Bill No.48.

Assembly Bill No.48 suspends for one year the debt ceiling established under P.L.1985, c.334, which limits the aggregate principal amount of bonded indebtedness, including subordinated indebtedness, that the New Jersey Wastewater Treatment Trust may incur to \$600 million.

This bill authorizes the Trust to incur bonded indebtedness in excess of the current debt ceiling in order to implement the Trust's Fiscal Year 1997 Financial Plan as approved by the Legislature pursuant to ACR No. 14 of 1996, and as embodied in Assembly Bill Nos. 45 and 47 of 1996. Under the Fiscal Year 1997 Financial Plan, the Trust and the Department of Environmental Protection would make loans to local governments for the construction of eligible wastewater treatment system projects.

Under Assembly Bill No.47 of 1996, the Trust is authorized to expend up to \$75 million, and any unexpended balances from the authorizations made by P.L.1994, c.105 and P.L.1995, c.218 to provide loans with an interest rate at or below the prevailing market rate to local governments to finance the costs of eligible wastewater treatment system projects, which are included in the "State Fiscal Year 1997 Project Priority List."

A companion bill, Assembly Bill No.45 of 1996, appropriates federal moneys to be received as a capitalization grant pursuant to the federal "Water Quality Act of 1987," from fees and penalties from the federal "Marine Protection, Research and Sanctuaries Act of 1972," and \$10 million in State moneys from the "1992 Wastewater Treatment Fund" established pursuant to the "Green Acres, Clean Water, Farmland and Historic Preservation Bond Act of 1992," P.L.1992, c.88 to the DEP for use in providing zero interest loans to local governments for the remaining portion of eligible project costs and for the supplemental costs of three existing projects.

These bills together provide loan financing for the total eligible costs of a wastewater treatment system project: approximately one-half of the loan amount from the Trust with interest at or below the prevailing market rate and one-half from a zero interest loan from the DEP.

In 1993, the Legislature enacted P.L.1993, c.194, which suspended for one year the \$600 million debt ceiling established under P.L.1985, c.334 to permit the Trust to issue bonds in order to implement the Fiscal Year 1994 Financial Plan. In 1994, the Legislature enacted P.L.1994, c.107, which suspended the debt ceiling for an additional year to permit the Trust to issue bonds in order to implement the Fiscal Year 1995 Financial Plan. In 1995, the Legislature enacted P.L.1995, c.220, which suspended the debt ceiling for an additional year to permit the Trust to issue bonds in order to implement the Fiscal Year 1996 Financial Plan.

FISCAL IMPACT:

This bill does not make an appropriation but extends the debt ceiling suspension for a fourth time to allow the Trust to issue bonds in order to implement the Fiscal Year 1997 Financial Plan. The current cap on the debt the Trust may incur is \$600 million.