

LEGISLATIVE FISCAL ESTIMATE TO

[First Reprint]
ASSEMBLY, No. 1101

STATE OF NEW JERSEY

DATED: JULY 31, 1996

Assembly Bill No. 1101 (1R) of 1996 establishes a tax credit, to be applied against the Corporation Business Tax imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5), for businesses that use a non-ocean alternative for the disposal of contaminated dredged materials. The amount of the credit would be equal to the difference between expenses incurred in using a non-ocean alternative disposal method as compared to expenses incurred in using an ocean disposal method.

The Office of Legislative Services (OLS) cannot estimate the potential loss of State revenues resulting from credits earned against the Corporation Business Tax under this bill due to the uncertainty of pending or future projects that may or may not be undertaken by affected businesses. The present controversy over choosing the proper or environmentally safe disposal method for dredged materials in the New York/New Jersey port area also precludes the estimation of such tax credits at this time.

For informational purposes, the OLS notes that the U.S. Army Corps of Engineers has studied options for non-ocean or upland disposal that include dewatering Category II and Category III dredged material, which requires considerable acreage to provide sufficient space for simultaneous filling, compacting and drying areas. In analyzing these options, the Army Corps concluded that transporting the material overland to an upland site would be expensive and subject to spillage. Given these factors, the Army Corps (in 1989) estimated the costs of upland disposal at \$10 to \$30 per cubic yard. Estimates of disposing Category II and III materials in the ocean are not available because approved methods have not yet been decided.

The Army Corps has also officially stated in past reports that the costs of dewatering dredged material for use as landfill cover are much higher than those associated with conventional landfill cover, and so could not compete with the latter method on a cost per cubic yard basis. In 1989, the Army Corp estimated the cost of using dredged material as sanitary landfill cover at \$10 to \$40 per cubic yard.

The 1989 estimates cited above are currently being revised by the Army Corps. It intends to issue an updated report on the estimated cost of dredged material disposal methods in the summer of 1996.

As previously mentioned, a comparison of non-ocean disposal and ocean disposal costs cannot be made at this time because the

authorized methods of such disposal options, as well as the means of financing them through public expenditures, are still under discussion by the various public agencies involved with this problem. However, the eventual difference in real expenses incurred between ocean and non-ocean disposal may not be comparatively significant if the cost of ocean disposal alternatives, particularly ones that involve capping, prove to be prohibitively expensive.

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67.