

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 1511

STATE OF NEW JERSEY

DATED: MAY 13, 1996

The Assembly Appropriations Committee reports favorably Assembly Bill No. 1511 (1R).

Assembly Bill No. 1511 (1R) permits the New Jersey Wastewater Treatment Trust, a State financing authority currently empowered to maximize the use of available State funds for financing the costs of wastewater treatment system projects, to provide financial assistance to local governments for most other types of environmental infrastructure projects as well, including stormwater management or combined sewer overflow abatement projects, solid waste management projects, landfill mining projects, municipal solid waste landfill closure projects, and water supply projects. The bill also permits the Trust to make loans to private sector firms (i.e. investor-owned water companies and so-called small water companies) for water supply projects.

The New Jersey Wastewater Treatment Trust, established pursuant to P.L.1985, c.334 (C.58:11B-1 et seq.), may currently issue bonds, notes and other debt obligations to provide low-rate loans to local government units for approximately 50% of the allowable costs of eligible wastewater treatment system projects. The eligible projects are those included in the annual "State Fiscal Year Project Priority List" submitted to the Legislature by the Trust in January of each year.

Under the New Jersey Wastewater Treatment Financing Program, the Department of Environmental Protection (DEP) has utilized State general obligation bond moneys from the "Wastewater Treatment Bond Act of 1985," (P.L.1985, c.329), federal moneys received under the federal "Water Quality Act of 1987," and from fees and penalties from the federal "Marine Protection, Research and Sanctuaries Act of 1972," and bond moneys made available under the "Green Acres, Clean Water, Farmland and Historic Preservation Bond Act of 1992," P.L.1992, c.88, which allocated \$50 million for the financing of wastewater treatment system projects, to provide zero interest loans to local governments for up to 50% of eligible project costs for wastewater treatment system projects. The Trust issues revenue bonds to provide moneys for low interest loans to local governments for the remaining balance of eligible project costs for these projects.

Currently, a local government seeking financial assistance for a wastewater treatment system project would apply for a loan from each State agency. In most instances, this combined State financing approach would be considerably less costly to the average local government than bonding for the project on its own. Typically, participants in the New Jersey Wastewater Treatment Financing Program have realized an average savings of 30% on the financing of the total eligible cost of the project over what it would cost a local government to secure its own financing.

This bill renames the Trust as the "New Jersey Environmental Infrastructure Trust," and extends the combined State financing approach discussed above to virtually all environmental infrastructure projects, including stormwater management or combined sewer overflow abatement projects, solid waste management projects, including the construction of composting facilities, materials recovery facilities, recycling centers, resource recovery facilities and environmentally sound sanitary landfill facilities, as well as landfill mining projects, municipal solid waste landfill closure projects, and water supply projects.

The bill funds these projects from several existing State general obligation bond acts: the "Water Supply Bond Act of 1981" (P.L.1981, c.261); the "Stormwater Management and Combined Sewer Overflow Abatement Bond Act of 1989" (P.L.1989, c.181); and the "Resource Recovery and Solid Waste Disposal Facility Bond Act of 1985" (P.L.1985, c.330). These bond acts would be amended by separate bills (Assembly Bill Nos. 156, 1512 and 1126, respectively) to authorize the Trust and the DEP to jointly administer the bond moneys in order to maximize the pool of State moneys available for environmental infrastructure projects.

Additionally, the bill establishes two new landfill programs. DEP is required to establish a landfill mining program for sanitary landfill facilities. Any local government that owns or operates a sanitary landfill facility may undertake a landfill mining project after filing a mining plan with the department. A sanitary landfill facility owner or operator undertaking a mining project must prepare a final report concerning the project within 6 months of its completion, which would be submitted to the DEP and the Legislature. The final report must include an explanation of the procedures used in the project, the amount and type of recyclable materials recovered and sold or composted, the buyers of any materials, the additional disposal capacity created, other measures of effectiveness and inefficiency and any other information the DEP deems appropriate.

The bill also requires the DEP to establish a closure program for municipal solid waste landfills. A program eligible municipal landfill must have received for disposal household solid waste and either commercial solid waste, industrial solid waste or hazardous waste material that was received prior to the effective date of the federal RCRA program regulating hazardous waste disposal. The municipal

landfills that ceased operations prior to the effective date of the "Sanitary Landfill Facility Closure and Contingency Fund Act," P.L.1981, c.306 (C.13:1E-100 et seq.) and that are not federal Superfund sites are specifically included in the closure program. Landfills that ceased operations between January 1, 1982 and the effective date of the bill, which are required by law to have a closure escrow account, may be included in the program if the DEP determines that they ceased operations before sufficient funds accumulated in the escrow accounts.

The bill also makes a number of technical changes to the provisions of P.L.1985, c.334 in order to facilitate the transition from a single purpose wastewater treatment financing program to a greatly expanded environmental infrastructure project financing program.

FISCAL IMPACT:

The bill was not certified as requiring a fiscal note. The bill does not itself require or authorize the expenditure of additional State revenues. The bill extends the combined State financing approach currently used by the New Jersey Wastewater Treatment Trust to maximize the use of available State funds for financing the costs of wastewater treatment system projects to provide financial assistance to local governments for most other types of environmental infrastructure projects as well.