

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 1222

STATE OF NEW JERSEY

DATED: JUNE 13, 1996

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 1222.

Senate Bill No. 1222 authorizes the New Jersey Wastewater Treatment Trust to expend up to \$75,000,000, 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 government units for the costs of eligible wastewater treatment system projects. The eligible projects are those included in the "State Fiscal Year 1997 Project Priority List" and three projects that received loans in the past, each of which now require a supplemental loan in order to meet actual costs.

The New Jersey Wastewater Treatment Trust, established pursuant to P.L.1985, c.334 (C.58:11B-1 et seq.), is a State financing authority which can issue bonds, notes and other debt obligations. In the initial year of funding, the provisions of P.L.1987, c.199 authorized the Trust to expend \$150,000,000 for loans to local government units for up to 50% of the costs of eligible wastewater treatment system projects. Subsequently, the provisions of P.L.1988, c.132 authorized the expenditure of \$75,000,000, the provisions of P.L.1989, c.190 authorized \$85,000,000, the provisions of P.L.1990, c.97 authorized \$100,000,000, the provisions of P.L.1991, c.324 authorized \$90,000,000, the provisions of P.L.1992, c.37 authorized \$75,000,000, the provisions of P.L.1993, c.192 authorized \$75,000,000, the provisions of P.L.1994, c.105 authorized \$60,000,000, and the provisions of P.L.1995, c.218 authorized \$50,000,000.

A companion bill appropriates certain federal and State moneys to the Department of Environmental Protection (DEP) for the purpose of implementing the 1996 New Jersey Wastewater Treatment Financing Program, which is expected to finance approximately \$142.7 million in FY 1997. The DEP would use the funds to make zero interest loans to local governments for up to 50% of eligible project costs for new wastewater treatment system projects included in the "State Fiscal Year 1997 Project Priority list" and to provide supplemental zero interest loans to three local governments for the supplemental costs of previously funded projects.

This bill and a companion bill, together, provide loan financing for 100% of the eligible cost 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.

As reported, this bill is identical to Assembly Bill No. 47 of 1996 (DiGaetano/Allen).

FISCAL IMPACT

This bill permits the Trust to expend up to \$75 million for loans to local government units for eligible wastewater treatment system projects, and authorizes the use of any remaining moneys from prior authorizations, any loan repayments received to date, and the amounts for capitalized interest and issuance expenses, to fund the State FY 1997 financing program. Approximately \$6.8 million would be expended for supplemental loans for three existing projects and approximately \$64.2 million for loans to local governments identified on the priority list.