

SENATE ENVIRONMENT COMMITTEE

STATEMENT TO

SENATE, No. 1749

with committee amendments

STATE OF NEW JERSEY

DATED: JANUARY 27, 1997

The Senate Environment Committee favorably reports Senate Bill No. 1749 with committee amendments.

This bill appropriates \$12 million from moneys constitutionally dedicated for the public cleanup of hazardous waste sites. The bill also requires the Department of Environmental Protection to submit to the Legislature each year a fiscal plan that covers both the publicly funded and privately funded site remediation programs within the department.

In November, 1996 the voters of the State of New Jersey approved an amendment to the Constitution to dedicate moneys, on an annual basis, for the cleanup of hazardous waste sites. The constitutional amendment, allocated at Article VIII, Section II, paragraph 6 of the New Jersey Constitution, dedicates 4% of the moneys annually collected under the Corporate Business Tax. Of this money, one-half is dedicated to hazardous waste cleanups. The remainder of the dedicated moneys are to be used for underground storage tank upgrades and cleanups and water quality related projects.

This bill is the first piece of legislation to appropriate the dedicated moneys to the Department of Environmental Protection for the cleanup of hazardous waste sites. This bill appropriates \$12 million for those purposes which represents one half year's collections of the moneys constitutionally dedicated for hazardous waste cleanups. One half year's collection of the portion of the tax dedicated is appropriated because the constitutional dedication was enacted in the middle of the fiscal year. In the next fiscal year, the moneys appropriated will equal approximately twice this amount when the constitutional dedication covers full year. Of the sum appropriated in this bill, only \$2,160,000 may be used for the direct administrative costs of the State which are those costs directly related to the operation of the publicly funded site remediation program. The State may not use any of this money for indirect costs, which includes fringe benefit costs and any other costs not directly related to the cleanup program.

The bill, as amended, also requires the department to submit an annual financial plan to the Legislature so that the Legislature can

better exercise its oversight function. The financial plan shall include a list of projects for which public funds are anticipated to be authorized and expended, a summary of prior action on the site, the phase of the project for which funding is to be authorized, a summary of the funds by source that have been authorized and a total of funds by source, for each project. The bill, as amended, would also require as a part of the financial plan, a summary of the revenue sources, proposed expenditure and allocation of funds from each source to be used in the publicly funded program and the responsible party program, direct and indirect administrative costs, fringe benefit costs, project expenditures, operation and maintenance, federal matches and other costs incurred by the site remediation program.

Committee amendments require the State Treasurer to certify revenues collected pursuant to the "Corporation Business Tax Act (1945)" annually for the previous fiscal year, and the amount of money credited in the previous fiscal year to the special account.

Also, the committee amended the bill to reappropriate \$20 million that had been previously appropriated to the DEP from the "Hazardous Discharge Bond Act of 1986" to the Economic Development Authority for deposit in the Hazardous Discharge Site Remediation Fund. The amendments would also prohibit the use of any moneys from the 1981 "Hazardous Discharge Bond Act" and the "Hazardous Discharge Bond Act of 1986" for indirect administrative or fringe benefit costs incurred by the State. Finally, the committee amendments also streamlined the DEP reporting requirements.