

# SENATE BUDGET AND APPROPRIATIONS COMMITTEE

## STATEMENT TO

### SENATE, No. 2142

# STATE OF NEW JERSEY

DATED: JUNE 5, 1997

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 2142.

Senate Bill No. 2142 appropriates certain federal and State moneys to the Department of Environmental Protection (DEP) for the purpose of implementing the 1997 New Jersey Wastewater Treatment Financing Program, which is expected to finance approximately \$111 million in wastewater treatment system projects for State Fiscal Year 1998.

Specifically, the bill would appropriate to the DEP moneys from (1) the "Wastewater Treatment Fund - State Revolving Fund Accounts" established pursuant to section 1 of P.L.1988, c.133 an amount equal to the Federal Fiscal Year 1997 capitalization grant made available to the State pursuant to the federal "Water Quality Act of 1987" for wastewater treatment system projects; (2) any fees and penalties received pursuant to the federal "Marine Protection, Research, and Sanctuaries Act of 1972," as may be deposited in the State Revolving Fund Accounts; (3) the unappropriated balances from the "Wastewater Treatment Fund" established pursuant to section 15 of the "Wastewater Treatment Bond Act of 1985," (P.L.1985, c.329); and (4) the sum of \$10,000,000 from the "1992 Wastewater Treatment Fund" established pursuant to section 27 of the "Green Acres, Clean Water, Farmland and Historic Preservation Bond Act of 1992," (P.L.1992, c.88).

The DEP would use the funds appropriated under this bill to make zero interest loans to local governments for up to 50% of eligible project costs for wastewater treatment system projects included in the "State Fiscal Year 1998 Project Priority List" and to provide a supplemental zero interest loan to a local government that received a loan in past years. New wastewater treatment system projects that are eligible for financing in calendar year 1997 have allowable costs totaling approximately \$110.4 million, while previously financed projects that are eligible to receive supplemental loans under the State Fiscal Year 1998 Program total approximately \$.6 million.

The New Jersey Wastewater Treatment Financing Program is the primary source available for either federal or State funding to assist eligible local governments to finance necessary wastewater treatment (sewer) system upgrades.

To qualify for receipt of federal moneys under the "Water Quality Act of 1987," a state must establish a revolving loan fund and provide an annual 20 percent State-match to those moneys. In past years, the State has met the match requirement entirely through conventional General Fund appropriations or from a combination of a General Fund appropriation and by pledging loan repayment moneys from previous project loans made from the "Wastewater Treatment Bond Act of 1985." The 20% match for State Fiscal Year 1998 is expected to be provided entirely from loan repayments of older wastewater treatment system projects funded from the "Wastewater Treatment Bond Act of 1985" during the late 1980's.

The New Jersey Wastewater Treatment Financing Program has completed ten annual financing cycles and financed more than \$1.3 billion of wastewater treatment system projects throughout the State.

A new component of the Program introduced in 1995 permits local governments sponsoring wastewater treatment system projects partially funded from the "Pinelands Infrastructure Trust Fund" established pursuant to the "Pinelands Infrastructure Trust Bond Act of 1985," P.L.1985, c.302, to receive a Trust loan for the balance of allowable project costs. However, there are no Pinelands area projects scheduled to be financed in State Fiscal Year 1998.

As reported, this bill is identical to Assembly Bill No. 3021 (Myers/Kramer).

FISCAL IMPACT:

This bill appropriates certain federal and State moneys to the Department of Environmental Protection (DEP) for the purpose of implementing the 1997 New Jersey Wastewater Treatment Financing Program, which is expected to finance approximately \$111 million in wastewater treatment system projects for State Fiscal Year 1998.