

# SENATE BUDGET AND APPROPRIATIONS COMMITTEE

## STATEMENT TO

[First Reprint]

### **SENATE, No. 2143**

# **STATE OF NEW JERSEY**

DATED: JUNE 5, 1997

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 2143 (1R).

Senate Bill No. 2143 (1R) suspends for one year the debt ceiling established under P.L.1985, c.334, which limits the aggregate principal amount of bonded indebtedness, including subordinated indebtedness, that the New Jersey Wastewater Treatment Trust may incur, to \$600 million.

Specifically, this bill suspends the current debt ceiling in order to implement the Trust's Fiscal Year 1998 Financial Plan as approved by the Legislature pursuant to SCR No. 132 of 1997, and as embodied in Senate Bill Nos. 2142 and 2144 of 1997. Under the Fiscal Year 1998 Financial Plan, the Trust and the Department of Environmental Protection would make loans to local governments for the construction of eligible wastewater treatment system projects.

Under Senate Bill No. 2144 of 1997, the Trust is authorized to expend up to \$50 million, and any unexpended balances from the authorizations made by P.L.1994, c.105, P.L.1995, c.218 and P.L.1996, c.87 to provide loans with an interest rate at or below the prevailing market rate to local governments to finance the costs of eligible wastewater treatment system projects, which are included in the "State Fiscal Year 1998 Project Priority List."

Senate Bill No. 2142 of 1997 appropriates up to \$25.5 million in federal moneys received pursuant to the federal "Water Quality Act of 1987," and from fees and penalties from the federal "Marine Protection, Research and Sanctuaries Act of 1972," to the DEP for use to provide zero interest loans to local governments for the remaining portion of eligible project costs and for the supplemental costs of one existing project. These bills together provide loan financing for the total eligible costs 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.

In 1993, the Legislature enacted P.L.1993, c.194, which suspended for one year the \$600 million debt ceiling established under P.L.1985, c.334 to permit the Trust to issue bonds in order to implement the

Fiscal Year 1994 Financial Plan. In 1994, the Legislature enacted P.L.1994, c.107, which suspended the debt ceiling for an additional year to permit the Trust to issue bonds in order to implement the Fiscal Year 1995 Financial Plan. In 1995, the Legislature enacted P.L.1995, c.220, which suspended the debt ceiling for an additional year to permit the Trust to issue bonds in order to implement the Fiscal Year 1996 Financial Plan. In 1996, the Legislature enacted P.L.1996, c.88, which suspended the debt ceiling for an additional year to permit the Trust to issue bonds in order to implement the Fiscal Year 1997 Financial Plan.

This bill extends the debt ceiling suspension for a fifth time to allow the Trust to issue bonds in order to implement the Fiscal Year 1998 Financial Plan.

As reported, this bill is identical to Assembly Bill No. 3022 (Chatzidakis/Gibson).

**FISCAL IMPACT:**

This bill suspends for one year the debt ceiling established under P.L.1985, c.334, which limits the aggregate principal amount of bonded indebtedness, including subordinated indebtedness, that the New Jersey Wastewater Treatment Trust may incur, to \$600 million.