

# SENATE ENVIRONMENT COMMITTEE

## STATEMENT TO

### SENATE, No. 2144

# STATE OF NEW JERSEY

DATED: JUNE 5, 1997

The Senate Environment Committee favorably reports Senate Bill No. 2144.

This bill would authorize the New Jersey Wastewater Treatment Trust to expend up to \$50,000,000, 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 government units for the costs of eligible wastewater treatment system projects. The eligible projects are those included in the "State Fiscal Year 1998 Project Priority List" and one project that received loans in the past and which now requires 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, the provisions of P.L.1995, c.218 authorized \$50,000,000, and the provisions of P.L.1996, c.87 authorized \$75,000,000.

This bill permits the Trust to expend up to \$50 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 1998 financing program.

A companion bill (Assembly Bill No. 3021 of 1997 and Senate Bill No. 2142 of 1997) would appropriate certain federal and State moneys to the Department of Environmental Protection 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 FY 1998. The department would use the funds appropriated under that bill 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 1998 Project Priority List" and to provide a supplemental loan to a local government for the supplemental costs of a previously funded project.

Thus, this bill and Assembly Bill No. 3021 of 1997 and Senate Bill No. 2142 of 1997 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 Department.

This bill is identical to Assembly Bill No. 3020.