

SENATE ENVIRONMENT COMMITTEE

STATEMENT TO

SENATE COMMITTEE SUBSTITUTE FOR SENATE CONCURRENT RESOLUTION Nos. 41 and 60

STATE OF NEW JERSEY

DATED: MAY 16, 1996

The Senate Environment Committee favorably reports a Senate Committee Substitute for Senate Concurrent Resolution Nos. 41 and 60.

This Senate Committee Substitute for Senate Concurrent Resolution Nos. 41 and 60 would amend the Constitution of the State of New Jersey to dedicate four percent of the revenue annually received from the "Corporation Business Tax Act (1945)," P.L.1945, c.162 (C.54:10A-1 et seq.)("CBT") for certain specific environmental purposes. If the CBT is subsequently amended or repealed, the four percent dedication would be based on the amended law or any other State law of similar effect.

Based on current revenue projections the CBT is expected to raise \$1.2 billion in fiscal year 1997. At that level this concurrent resolution would dedicate \$48 million of that amount for the purposes enumerated in the concurrent resolution. In fiscal year 1996 the CBT raised \$1 billion. The dedicated funding will vary with the increase or decrease in the amount raised by the CBT.

The concurrent resolution lists three general categories for which the moneys dedicated may be expended and also sets a minimum of how much may be expended for each category. All expenditures of these dedicated moneys must be made by legislative appropriation. The three categories for use of the dedicated moneys are site remediation, underground storage tank upgrades and cleanups, and water pollution projects. None of the moneys dedicated may be used to pay the principal or interest on any general obligation bond that was approved by the voters prior to this amendment to the Constitution.

The concurrent resolution provides that a minimum of one half of the moneys (\$24 million in fiscal year 1997) is allocated to State costs for site remediation. This money is limited for use on site remediation projects where the State is funding the remediation when there is no available responsible party or the responsible party has not paid for the cleanup. The money may also be used to pay the State's share in federal "Superfund" cleanups. Under State law and practice, site remediation for publicly funded cleanups includes the performance of a preliminary assessment, site investigation, remedial investigation, feasibility study, the preparation of a remedial action workplan, the implementation of a remedial action, operation and maintenance costs, as well as other activities that may necessarily be incurred by the State in performing and overseeing a site remediation. The moneys may also be used for providing alternative sources of public or private water supplies when a water supply has been, or is suspected of being, contaminated by a hazardous substance

discharge.

Finally, the money allocated for site remediation may be used for direct site remediation program administrative costs of the State. The concurrent resolution provides that an amount not to exceed nine percent of the total amount dedicated in the constitutional amendment may be used for those direct administrative costs which amount will be deducted from the amount specifically allocated for site remediation. Thus, in fiscal year 1997 if the CBT revenues are \$1.2 billion, \$48 million would be dedicated for the purposes of the concurrent resolution, and a minimum of \$24 million would be dedicated for State site remediation costs. Of the \$24 million, up to \$4.32 million could be expended for direct administrative costs (nine percent of \$48 million) and at least \$19.68 million would be expended for non-administrative site remediation costs. None of this money may be used for the indirect administrative costs of the State which are generally items that support the program but are not directly part of it such as the cost of the services of the Attorney General's office and the Office of Administrative Law.

The concurrent resolution provides that a minimum of one third of the moneys (\$16 million in fiscal year 1997) is allocated to underground storage tank upgrades, replacements, and closures as well as site remediation costs resulting from a hazardous substance discharge from an underground storage tank. The moneys dedicated for underground storage tanks may only be used for those tanks that store or were used to store hazardous substances. These moneys may not be expended for any underground storage tank owned by the State, its departments, agencies, or authorities. The dedication of these moneys for underground storage tanks expires on December 31, 2008 at which time these moneys may continue to be expended for underground storage tanks or for the other purposes authorized in the concurrent resolution.

The concurrent resolution provides that moneys allocated for underground storage tanks may be used to provide loans and grants to any person so that they can undertake the above-mentioned tank activities. All loan repayments would be dedicated for these underground storage tank purposes and that dedication would not expire. None of the money may be used for any direct or indirect administrative costs of the State. The current practice of both the Department of Environmental Protection and the Economic Development Authority is to recover administrative costs by charging fees and imposing other charges on those persons using the State services.

The third category of use of the dedicated revenues is for the cost of water quality point and nonpoint source pollution monitoring, watershed based water resource planning and management, and nonpoint source pollution prevention planning. A minimum of one sixth of the moneys (\$8 million in fiscal year 1997), or a minimum of \$5 million, whichever is less, is allocated for these purposes. There is no limitation on the use of these moneys for administrative expenses.

If approved by the Legislature, this proposed constitutional amendment would have to be approved by the people of the State at the next general election.