



ANALYSIS OF THE NEW JERSEY BUDGET

DEPARTMENT OF ENVIRONMENTAL PROTECTION

FISCAL YEAR

2005 - 2006

NEW JERSEY STATE LEGISLATURE

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DEPARTMENT OF ENVIRONMENTAL PROTECTION

Budget Pages..... C-10 to C-11; C-17 to C-18; C-29;
D-103 to D-131; E-10 to E-11

Fiscal Summary (\$000)

	Expended FY 2004	Adjusted Appropriation FY 2005	Recommended FY 2006	Percent Change 2005-06
State Budgeted	\$422,069	\$442,339	\$347,114	(21.5)%
Federal Funds	63,571	221,510	216,330	(2.3)%
<u>Other</u>	<u>23,317</u>	<u>53,816</u>	<u>79,443</u>	<u>47.6%</u>
Grand Total	\$508,957	\$717,665	\$642,887	(10.4)%

Personnel Summary - Positions By Funding Source

	Actual FY 2004	Revised FY 2005	Funded FY 2006	Percent Change 2005-06
State	3,080	3,159	3,353	6.1%
Federal	118	109	103	(5.5)%
<u>Other</u>	<u>88</u>	<u>89</u>	<u>254</u>	<u>185.4%</u>
Total Positions	3,286	3,357	3,710	10.5%

FY 2004 (as of December) and revised FY 2005 (as of September) personnel data reflect actual payroll counts. FY 2006 data reflect the number of positions funded.

Introduction

The Department of Environmental Protection (DEP) protects and manages the State's natural resources, including its fish and wildlife. The DEP accomplishes this mandate by preserving open space and historical sites for recreation and conservation purposes; monitoring the State's rivers, beaches and ocean waters; regulating air and water pollution, radiation, pesticides, and hazardous waste generation; coordinating the remediation of pollution problems; and managing various aspects of solid waste disposal. The department operates numerous types of remedial, research and regulatory programs, many of which are directly or indirectly supported by revenues generated from general user fees, permit or license fees, penalty and fine charges, special taxes, bond acts, federal funds, and constitutional dedications.

Key Points

- The department's total **State Budgeted** appropriation is recommended at \$347.1 million, a decrease of \$95.2 million or 22 percent less than the FY 2005 adjusted funding level. State monies are allocated from the General Fund and the Property Tax Relief Fund.
- Excluding Debt Service obligations, the recommended **General Fund** (GF) appropriation is \$309.2 million, a net decrease of \$61.4 million or 17 percent less than the adjusted FY 2005 total.
- The **Property Tax Relief Fund - State Aid** recommendation is \$9.0 million, an increase of \$500,000 over the current appropriation. This sum supports the Payment in Lieu of Taxes program.
- The **Direct State Services** (DSS) portion of the GF recommendation is \$216.6 million, a reduction of \$8.9 million or 4 percent under the current adjusted appropriation. Notable changes in the **DSS** budget include:

A supplemental appropriation of \$4.5 million for the Division of Smart Growth is not continued as a line item. Instead, it is included in an off-budget appropriation of \$20 million for all Statewide smart growth activities.

Supplemental appropriations of \$1.5 million from excess fine revenues to augment the enforcement and compliance capabilities of the department's air, water and land use units are not continued. They are again recommended as budget language appropriations.

The Recycling of Solid Waste account, \$1.1 million, is discontinued since no transfer of revenue is anticipated from the State Recycling Fund. The account will be supported in FY 2006 from Solid Waste Utility Regulation revenues.

- No funding is recommended for the **Grants-In-Aid** (GIA) section of the GF. Current appropriations for Statewide Livable Communities, \$10 million, Waterloo Village operations, \$250,000, and Stormwater Management grants, \$6 million, are all discontinued.
- The **State Aid** (SA) portion of the GF is recommended at \$10.1 million, a decrease of \$2.3 million or 19 percent below the current funding level. This reduction reflects the elimination of funding for the Local Tire Management Program.
- The GF's **Capital Construction** (CC) appropriations are recommended at \$82.5 million, a net decrease of \$34 million or 29 percent. In Natural Resource Management, current funding of \$2.0 million each for Parks Improvements and the Liberty Science Center is eliminated, while the Flood Control account is reduced by \$3.1 million. In Site Remediation, dedicated Corporation Business Tax (CBT) funding is reduced by \$5.5 million each for private underground tank remediation and brownfields remediation. CBT funding for hazardous discharge site remediation is reduced by \$15.9 million.
- The **Debt Service** portion of the GF appropriation is recommended at \$28.9 million, a decrease of \$34.3 million or 54 percent less than the current year requirement. Anticipated savings are expected from the refinancing of bonds.
- **Federal Funds** are anticipated at \$216.3 million in FY 2006, a net decrease of \$5.2 million or 2 percent. No significant funding changes in ongoing programs are indicated.

Key Points (Cont'd)

- The **All Other Funds** or off-budget segment of the budget is estimated at \$79.4 million, a net increase of \$25.6 million or 48 percent over the current adjusted total. This increase reflects the inclusion of \$20 million for the Division of Smart Growth and an additional \$3.0 million for the Urban Forest Energy Efficiency Initiative.
- Significant budget language changes include an authorization of \$551,000 in 2003 bond funds for dam safety and flood control costs, and the elimination of provisions that authorize Spill Compensation funds to support three ongoing programs. As a result, these programs, totaling \$8.3 million, would once again be funded from regular GF appropriations.
- The department's staffing level is projected to increase to 3,710 in FY 2006, with all growth to occur in State-funded areas and in units supported by dedicated revenues or non-Federal sources. As of April 1, 2005, the department's staffing totaled about 3,460.

Program Description and Overview

The functions and programs of the Department of Environmental Protection (DEP) are grouped and displayed in the Budget Recommendation within six Statewide Program designations: Natural Resource Management; Science and Technical Programs; Site Remediation and Waste Management; Environmental Regulation; Environmental Planning and Administration; and Compliance and Enforcement. The DEP budget also includes funding or administrative support for various independent agencies that are budgetarily located "in, but not of" the department, such as the Natural Lands Trust, the Palisades Interstate Park Commission, the Highlands Council, the Pinelands Commission and the N.J. Environmental Infrastructure Trust.

Budget/Organizational Structure

In the Budget Recommendation, each Statewide Program consists of program classifications. These designations generally correspond to an agency's functional or organizational structure and reflect the operating levels at which specific appropriations are recommended. The following is a brief description of each Statewide Program (with its two-digit budget code) and corresponding program classifications as they appear in the DEP section of the Budget Recommendation:

Natural Resource Management (42). Comprised of seven program classifications: Forest Resource Management; Parks Management; Hunters' and Anglers' License Fund; Shellfish and Marine Fisheries Management; Wildlife Management; Natural Resources Engineering; and the Palisades Interstate Park Commission. Organizationally, this portion of the budget funds the Division of Fish and Wildlife, the Division of Parks and Forestry, the Green Acres Office, the Engineering and Construction unit (shore protection, dredging, dam safety, flood control), and the New Jersey portion of the Palisades Interstate Park Commission.

Science and Technical Programs (43). Comprised of eight program classifications: Water Supply; Smart Growth Permitting; Water Monitoring and Standards; Land Use Regulation; Science, Research and Technology; N.J. Geological Survey; Environmental Remediation and Monitoring; and Watershed Management. This part of the budget supports most of the department's research, monitoring and planning functions in the areas of land use (i.e. waterfront development, coastal zone management, wetlands), water supply, water quality, geology, watershed management and environmental assessment/risk analysis. It also encompasses the new Division of Smart Growth.

Site Remediation and Waste Management (44). Comprised of three program classifications: Solid and Hazardous Waste Management; Remediation Management and Response; and Environmental Remediation and Monitoring. This segment of the budget funds the regulation of solid and hazardous waste activities and the management and cleanup of properties contaminated by hazardous substances. These duties are carried out by the Division of Solid and Hazardous Waste Management, the Division of Remediation Support, and the Division of Remediation Management and Response. Most accounts are supported by constitutionally dedicated tax revenues, the Spill Compensation Fund, responsible party recoveries, federal funds, and bonds.

Environmental Regulation (45). Comprised of four program classifications: Radiation Protection; Air Pollution Control; Water Pollution Control; and Public Wastewater Facilities. Organizationally, this section of the budget supports the Division of Safety and Health, the Division of Water Quality, the Division of Air Quality and the New Jersey Environmental Infrastructure Trust. Major program activities include the regulation of radiation sources, air pollution facilities, public wastewater facilities, surface and groundwater discharge control, clean water protection and right-to-know compliance.

Program Description and Overview (Cont'd)

Environmental Planning and Administration (46). Comprised of two program classifications: Regulatory and Governmental Affairs, and Administration and Support Services. Organizationally, this portion of the budget funds the Commissioner's Office and all the department's support units that perform administrative, budget, legal, legislative and public information functions. It also includes State Aid funding for the Pinelands Commission, mosquito control assistance, and Payment in Lieu of Taxes aid to municipalities.

Compliance and Enforcement (47). Comprised of six program classifications: Air Pollution Control; Pesticide Control; Water Pollution Control; Land Use Regulation; Solid and Hazardous Waste Management; and Environmental Remediation and Monitoring. Organizationally, this part of the budget supports the units responsible for compliance and enforcement of laws and regulations pertaining to the program classification areas within this Statewide Program, including the inspection of underground storage tanks. This category also includes State Aid funding to county health agencies to support their efforts in enforcing State laws on behalf of the department.

Fiscal and Personnel Summary

AGENCY FUNDING BY SOURCE OF FUNDS (\$000)

	Expended FY 2004	Adj. Approp. FY 2005	Recom. FY 2006	Percent Change	
				2004-06	2005-06
General Fund					
Direct State Services	\$236,091	\$225,524	\$216,636	(8.2)%	(3.9)%
Grants-In-Aid	7,818	16,250	0	(100.0)%	(100.0)%
State Aid	4,237	12,372	10,072	137.7%	(18.6)%
Capital Construction	100,614	116,453	82,463	(18.0)%	(29.2)%
Debt Service	63,180	63,240	28,943	(54.2)%	(54.2)%
Sub-Total	\$411,940	\$433,839	\$338,114	(17.9)%	(22.1)%
Property Tax Relief Fund					
Direct State Services	\$0	\$0	\$0	0.0%	0.0%
Grants-In-Aid	0	0	0	0.0%	0.0%
State Aid	10,129	8,500	9,000	(11.1)%	5.9%
Sub-Total	\$10,129	\$8,500	\$9,000	(11.1)%	5.9%
Casino Revenue Fund	\$0	\$0	\$0	0.0%	0.0%
Casino Control Fund	\$0	\$0	\$0	0.0%	0.0%
State Total	\$422,069	\$442,339	\$347,114	(17.8)%	(21.5)%
Federal Funds	\$63,571	\$221,510	\$216,330	240.3%	(2.3)%
Other Funds	\$23,317	\$53,816	\$79,443	240.7%	47.6%
Grand Total	\$508,957	\$717,665	\$642,887	26.3%	(10.4)%

PERSONNEL SUMMARY - POSITIONS BY FUNDING SOURCE

	Actual FY 2004	Revised FY 2005	Funded FY 2006	Percent Change	
				2004-06	2005-06
State	3,080	3,159	3,353	8.9%	6.1%
Federal	118	109	103	(12.7)%	(5.5)%
All Other	88	89	254	188.6%	185.4%
Total Positions	3,286	3,357	3,710	12.9%	10.5%

FY 2004 (as of December) and revised FY 2005 (as of September) personnel data reflect actual payroll counts. FY 2006 data reflect the number of positions funded.

AFFIRMATIVE ACTION DATA

Total Minority Percent	14.8%	15.2%	15.6%	—	—
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Significant Changes/New Programs (\$000)

<u>Budget Item</u>	<u>Adj. Approp. FY 2005</u>	<u>Recomm. FY 2006</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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NATURAL RESOURCE MANAGEMENT**GRANTS-IN-AID****Statewide Livable
Communities**

	\$10,000	\$0	(\$10,000)	(100.0)%	D-109
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This grant program was first established in FY 2003 with an appropriation of \$5 million. It was designed to help municipalities with the costs of building or upgrading playgrounds and other recreational or park facilities. As of May 1, 2005, \$1.5 million has been transferred out of the account and \$8.3 million has been placed in "Budget Authority Reserve," meaning its usage is restricted at the present time.

Waterloo Village	\$250	\$0	(\$250)	(100.0)%	D-109
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This grant was included in the current budget to help offset an anticipated deficit in the operations and maintenance budget of Waterloo Village, an historic site located in Stanhope, Sussex County operated by the Waterloo Foundation for the Arts. Various State-owned structures are also located in this restored, colonial-era village.

CAPITAL CONSTRUCTION**Bureau of Parks -**

Parks Improvements	\$2,000	\$0	(\$2,000)	(100.0)%	D-109
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Liberty Science Center	\$2,000	\$0	(\$2,000)	(100.0)%	D-109
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These appropriations were included in the current budget to address longstanding maintenance and improvement needs within the State Park System and at the Liberty Science Center.

Natural Resources**Engineering -**

HR-6 Flood Control	\$7,233	\$4,106	(\$3,127)	(43.2)%	D-111
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According to the Administration, the recommended funding decrease will not affect the department's ability to fully leverage federal funding available for flood control projects, estimated at \$27.3 million. Projects scheduled in FY 2006 will affect the Ramapo River, Green Brook, Mill Brook, Molly Ann Brook, Manish Park, South River, Harrison/Passaic River, Mahwah/Suffern River and Saddle River.

Significant Changes/New Programs (\$000) (Cont'd)

<u>Budget Item</u>	<u>Adj. Approp. FY 2005</u>	<u>Recomm. FY 2006</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
ALL OTHER FUNDS					
Forest Resource Management	\$2,236	\$5,307	\$3,071	137.3%	D-111

This net increase reflects the second-year contribution of \$4.96 million by the Board of Public Utilities (BPU) for the Urban Forest Energy Efficiency Initiative. This program was initiated by former Governor McGreevey in 2003 and is designed to plant 100,000 new trees in urban and older suburban communities over a three year period. The estimated cost of the plan, \$38 million, is financed by the BPU from the Clean Energy Fund, which is supported by the societal benefit charge on utility bills.

SCIENCE AND TECHNICAL PROGRAMS

**Special Purpose:
Division of Smart
Growth**

\$4,500S	\$0	(\$4,500)	(100.0)%	D-115
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The supplemental appropriation for the Division of Smart Growth, created pursuant to the recent enactment of the so-called "smart growth" bill, P.L. 2004, c.89, was authorized from General Provision budget language that appropriated up to \$20 million to meet all costs related to the implementation of the act. Such costs include the creation of smart growth permitting units within the DEP and the Departments of Transportation and Community Affairs, as well as the Office of Administrative Law. Funding is expected to be supplied from permit fees related to the act and from the General Fund.

In February 2005, the Office of Management and Budget reduced the \$20 million budget authority in this account to \$4.5 million. This action was taken in light of an Executive Order issued in December, 2004 that essentially postponed the act's implementation for at least seven months in order to promulgate its necessary rules and regulations. Permit fees could therefore not be collected during this period, which in turn prompted the budget authority revision and appropriation from the General Fund.

No funding is indicated in FY 2006 for this account. Instead, a supplemental appropriation will likely be authorized later in FY 2006 when the division's annual funding amount is determined and the permitting program is underway. Budget language appropriating \$20 million is again recommended in FY 2006 (see page F-7 of the Budget Recommendation) and is also found as a line item on page D-116 in the All Other Funds section of the DEP budget. It should be remembered that allocations to the other State departments cited above will also be made from this account. Further, General Fund monies will be used to support these operating units in lieu of permit fees if such fees are not forthcoming or prove insufficient.

Significant Changes/New Programs (\$000) (Cont'd)

<u>Budget Item</u>	<u>Adj. Approp. FY 2005</u>	<u>Recomm. FY 2006</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
GRANTS-IN-AID					
Stormwater Management Grants	\$6,000	\$0	(\$6,000)	(100.0)%	D-115

This grant program was initiated in FY 2004 to help municipalities comply with new federal mandates for stormwater management. The program is supported by Corporation Business Tax (CBT) revenues constitutionally dedicated to the Water Resources Monitoring and Planning portion of the department's total CBT allocation. Program funding is not recommended in FY 2006. The total CBT dedication has been reduced as a result of a projected decline in CBT revenue collections in FY 2006.

ALL OTHER FUNDS

Smart Growth Permitting	\$0	\$20,000	\$20,000	—	D-116
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As explained above for the Division of Smart Growth line item, this off-budget amount is derived from General Provision budget language (see page F-7 of the Budget Recommendation) that appropriates \$20 million to meet all costs related to the implementation of P.L. 2004, c.89. Such costs include the creation of smart growth permitting units within the DEP and the Departments of Transportation and Community Affairs, as well as the Office of Administrative Law. Funding is expected to be supplied from permit fees related to the act and, if necessary, the General Fund. For budgetary convenience, the account receiving these funds was established in the DEP. No FY 2005 funding is indicated because permit fees have not been collected due to an Executive Order delaying the act's implementation.

SITE REMEDIATION AND WASTE MANAGEMENT

DIRECT STATE SERVICES

Special Purpose:

Recycling of Solid Waste	\$1,064	\$0	(\$1,064)	(100.0)%	D-119
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This account, as explained in Footnote (b) on page D-120 of the Budget Recommendation, will be funded from regular operating accounts in FY 2006 rather than as a Special Purpose line item. According to the department, this activity, which supports the administrative functions of the State's recycling programs, will now be funded from Solid Waste Utility Assessment fees instead of the State Recycling Tax. Since the Recycling Tax expired several years ago, revenues deposited into the State Recycling Fund have been largely derived from recycling project loan repayments, which have proved insufficient to fully support this account.

Significant Changes/New Programs (\$000) (Cont'd)

<u>Budget Item</u>	<u>Adj. Approp. FY 2005</u>	<u>Recomm. FY 2006</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
STATE AID					
Local Tire Management Program	\$2,300	\$0	(\$2,300)	(100.0)%	D-119

This program was initiated in FY 2005 to support local governments in cleaning up abandoned scrap tire piles. The program is funded by a \$1.50 per tire surcharge on the sale of all new tires in the State. It was originally estimated that the surcharge would generate up to \$12.3 million annually, with \$10 million being allocated to the Department of Transportation's snow removal budget. The proposed budget, however, now estimates such revenues at \$8.3 million in FY 2005 and \$9.0 million in FY 2006. No funding is recommended for the tire cleanup program in FY 2006.

CAPITAL CONSTRUCTION**Site Remediation:**

**Hazardous Substance
Discharge
Remediation-
Constitutional
Dedication**

\$45,350	\$29,431	(\$15,919)	(35.1)%	D-119
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**Private Underground
Tank Remediation-
Constitutional
Dedication**

\$17,435	\$11,963	(\$5,472)	(31.4)%	D-119
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**Hazardous Substance
Discharge
Remediation
Loans and Grants-
Constitutional
Dedication**

\$17,435	\$11,963	(\$5,472)	(31.4)%	D-119
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These three accounts are supported by constitutionally dedicated Corporation Business Tax (CBT) revenues. Since the amounts appropriated are based on a fixed percentage of total annual CBT revenues, the recommended funding levels reflect lower projected CBT collections in FY 2006.

The first program listed above provides State funding for hazardous site cleanups not generally supported by responsible parties. The underground tank remediation account provides loans and grants to businesses, private individuals and local governments to upgrade, replace or remediate underground storage tanks and ground contaminations. The third account provides loans and grants for brownfields redevelopment projects. The latter two programs are jointly administered by the New Jersey Economic Development Authority and the department.

Significant Changes/New Programs (\$000) (Cont'd)

<u>Budget Item</u>	<u>Adj. Approp. FY 2005</u>	<u>Recomm. FY 2006</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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ENVIRONMENTAL PLANNING AND ADMINISTRATION

Debt Service	\$63,240	\$28,943	(\$34,297)	(54.2)%	D-127
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This account reflects the amounts necessary to pay principal and interest due on capital projects financed from the issuance by the State of general obligation bonds. The department's debt service costs are related to bonds issued for environmentally-related projects that it manages. The recommended decrease in FY 2006 is a result of savings from the refinancing of general obligation bonds in January, 2005.

COMPLIANCE AND ENFORCEMENT**DIRECT STATE SERVICES**

Services Other Than Personal	\$1,390				
	\$1,500S	\$1,417	(\$1,473)	(103.9)%	D-130

ALL OTHER FUNDS

Air Pollution Control	\$0	\$600	\$600	—	D-130
Water Pollution Control	\$1,170	\$1,455	\$285	24.4%	D-130
Land Use Regulation	\$753	\$1,372	\$619	82.2%	D-130

The recommended amounts in the three **All Other Funds** (off-budget) accounts include a total of \$1.5 million in fine revenues from the cited regulatory areas estimated to be collected in excess of anticipated fine revenue totals. Pursuant to budget language, these excess receipts (if realized) are appropriated as a supplemental appropriation to related operating accounts for program support. This occurred in FY 2005, as indicated above in the "Services Other Than Personal" account. Consequently, the proposed off-budget amounts again represent the anticipation of these excess fees and, if realized, will again be appropriated to the "Services Other Than Personal" account in FY 2006.

Language Provisions

NATURAL RESOURCE MANAGEMENT

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p. D-112

No comparable language.

An amount not to exceed \$161,000 is allocated from the Dam, Lake, Stream Bond Fund–Flood Control account in accordance with the Dam, Lake, Stream and Wastewater Treatment Project Bond Act of 2003, P.L 2003, c.162, for costs attributable to flood control, subject to the approval of the Director of the Division of Budget and Accounting.

No comparable language.

An amount not to exceed \$390,000 is allocated from the Dam, Lake, Stream Bond Fund–Dam Safety account in accordance with the Dam, Lake, Stream and Wastewater Treatment Project Bond Act of 2003, P.L. 2003, c.162, for costs attributable to dam safety, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

These two provisions allocate funds from the \$200 million bond issue approved by voters in November 2003, the "Dam, Lake, Stream, Flood Control, Water Resources, and Wastewater Treatment Project Bond Act of 2003" (P.L. 2003, c.162). This act provides \$15 million in bond funds for restoration of State-owned dams, \$95 million in financial assistance to owners of privately-owned dams, and \$25 million for State flood control projects. The monies appropriated under the proposed language would cover administrative costs incurred by the department for managing bond-financed flood control and dam safety projects.



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p. B-59

In addition to the amount appropriated hereinabove for Parks Improvement there is appropriated \$2,000,000 from the Division of Fish and Wildlife property sales revenue.

No comparable language.

Explanation

This provision refers to revenues from the sale of State-owned property originally bought and financed from hunting and fishing license fees. It was included in the current budget to help finance

Language Provisions (Cont'd)

parks improvement projects. Since it was subsequently determined that proceeds from the sale of such lands could only be used for fish, hunting and wildlife-related purposes, the appropriation was never made.

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p. B-60

The unexpended balance as of June 30, 2004 for public and private dam repair, made available through a transfer to the Department of Environmental Protection from the unexpended balances in accounts established pursuant to the "Emergency Disaster Relief Act of 1999," P.L.1999, c.262, and from the Emergency Services Fund allocation for Hurricane Floyd, is appropriated. Further, the department shall transfer an amount not to exceed \$1,500,000 for the replacement of Aids to Navigation equipment which shall include the replacement of the buoy tender and work boat and facility upgrades. The department also may transfer an amount not to exceed \$300,000 for an agreement with the New Jersey State Council on the Arts for the design competition costs related to the State's urban park initiative. The department also may transfer an amount not to exceed \$1,800,000 for the replacement of the Division of Parks and Forestry's vehicles and forest fire equipment.

No comparable language.

Explanation

The elements of this provision pertaining to appropriations for specific purposes were included in the current budget as one-time funding initiatives. The carryforward language is no longer needed in light of the approval by voters in November, 2003 of the \$200 million bond issue authorized under the "Dam, Lake, Stream, Flood Control, Water Resources, and Wastewater Treatment Project Bond Act of 2003" (P.L. 2003, c.162).

Language Provisions (Cont'd)**SCIENCE AND TECHNICAL PROGRAMS****2005 Appropriations Handbook****2006 Budget Recommendations****p. B-61**

Notwithstanding the provisions of P.L.1991, c.235 (C.13:1D-35 et seq.) or any other law to the contrary, the amount appropriated hereinabove for Greenhouse Gas Action Plan is chargeable to receipts anticipated from the Pollution Prevention Fund, together with an amount not to exceed \$239,000 for costs attributable to administration of the Greenhouse Gas Action Plan, subject to the Director of the Division of Budget and Accounting.

No comparable language.

Explanation

This language refers to the department's efforts to reduce greenhouse gas levels in New Jersey, which encompass the design of strategies for industries to reduce toxic emissions and support new technologies. The language is not continued because the Pollution Prevention Fund, which receives dedicated allocations from "Worker and Community Right to Know Act" fees, is not expected to generate sufficient revenues in FY 2006 to sustain this allocation. According to the department, the program will be continued using General Fund monies.

2005 Appropriations Handbook**2006 Budget Recommendations****p. B-62**

Notwithstanding the provisions of the "Spill Compensation and Control Act," P.L. 1976, c.141 (C.58:10-23.11 et seq.) or any law to the contrary, the amounts appropriated hereinabove for the Office of Permit Information and Assistance account and the Science, Research and Technology program classification, excluding the Greenhouse Gas Action Plan account, are chargeable to receipts anticipated from the New Jersey Spill Compensation Fund, subject to the approval of the Director of the Division of Budget and Accounting.

No comparable language.

Language Provisions (Cont'd)**Explanation**

This language was included in the current budget to authorize revenues from the Spill Compensation Fund to replace General Fund (GF) monies as the primary funding source for the designated accounts. This action was made in conjunction with a planned increase in the Spill Fund tax rate, and replaced a total of \$2.8 million in GF appropriations. The language is not continued because Spill Fund revenue levels are not expected to be sufficient to sustain this support in FY 2006. The cited accounts, recommended at \$3.15 million, would instead be supported by the General Fund.

2005 Appropriations Handbook**2006 Budget Recommendations****p. B-62**

The unexpended balance as of June 30, 2004 in the Water Supply Fund established in section 14 of the "Water Supply Bond Act of 1981," P.L.1981, c.261, not to exceed \$35,080,000, is appropriated to the Department of Environmental Protection to be used for water supply demonstration projects consistent with the "Water Supply Bond Act of 1981," P.L.1981, c.261.	No comparable language.
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Explanation

This provision was included in the current budget to authorize bond funds for a grants program for water demonstration projects. It is no longer needed because in January 2005, 23 grants worth \$35 million were awarded statewide for projects aimed largely at fostering the beneficial reuse of treated wastewater.

Language Provisions (Cont'd)

SITE REMEDIATION AND WASTE MANAGEMENT

2005 Appropriations Handbook2006 Budget Recommendations**p. B-63**

Notwithstanding section 5 of P.L.1981, c.278 (C.13:1E-96), the amount hereinabove for the Recycling of Solid Waste account is appropriated from the State Recycling Fund, together with an amount not to exceed \$415,000, for the administration of the Recycling of Solid Waste program, subject to the approval of the Director of the Division of Budget and Accounting. If receipts are less than anticipated, the appropriation shall be reduced proportionately.

No comparable language.

Explanation

This language is discontinued because both the referenced account, funded at \$1.1 million in FY 2005, and revenue from the State Recycling Fund have been eliminated from the FY 2006 budget. Footnote (b) on page D-120 of the Budget Recommendation indicates that funding for administrative costs associated with State recycling programs in FY 2006 will be provided from regular operating accounts which, according to the department, will be derived from Solid Waste Utility Assessment fees instead of the State Recycling Fund. The fund's principal source of revenue, the State Recycling Tax, expired years ago and it now receives limited annual revenue from loan repayments.

2005 Appropriations Handbook2006 Budget Recommendations**p. B-64**

The amount hereinabove for the Local Tire Management Program account is payable from receipts derived from a surcharge on the sale of new tires pursuant to P.L. 2004, c.46.

No comparable language.

Explanation

This program was initiated in FY 2005 to support local governments in cleaning up abandoned scrap tire piles. The program is funded by a \$1.50 per tire surcharge on the sale of all new tires in the State. It was originally estimated that the surcharge would generate up to \$12.3 million annually, with \$10 million being allocated to the Department of Transportation's snow removal budget. The proposed budget, however, now estimates such revenues at \$8.3 million in FY 2005 and \$9.0 million in FY 2006. As a result, no funding is recommended for the program in FY 2006.

Language Provisions (Cont'd)**ENVIRONMENTAL REGULATION****2005 Appropriations Handbook****2006 Budget Recommendations****p. B-66**

Notwithstanding the provisions of the "Spill Compensation and Control Act," P.L. 1976, c.141 (C.58:10-23.11 et seq.) or any law to the contrary, the amount appropriated hereinabove for the Quality Assurance – Lab Certification Programs account is chargeable to receipts anticipated from the New Jersey Spill Compensation Fund, subject to the approval of the Director of the Division of Budget and Accounting.

No comparable language.

Explanation

This language was included in the current budget to authorize revenues from the Spill Compensation Fund to replace General Fund (GF) monies as the primary funding source for the designated account. This action was made in conjunction with a planned increase in the Spill Fund tax rate, and replaced \$1.64 million in GF appropriations. The language is not continued because Spill Fund revenue levels are not expected to be sufficient to sustain this support in FY 2006. The cited account, recommended again at \$1.64 million, would instead be supported by the General Fund.

COMPLIANCE AND ENFORCEMENT**2005 Appropriations Handbook****2006 Budget Recommendations****p. B-69**

Notwithstanding the provisions of the "Spill Compensation and Control Act," P.L. 1976, c.141 (C.58:10-23.11 et seq.) or any law to the contrary, the amount appropriated hereinabove for the County Environmental Health Act account is chargeable to receipts anticipated from the New Jersey Spill Compensation Fund, subject to the approval of the Director of the Division of Budget and Accounting.

No comparable language.

Language Provisions (Cont'd)

Explanation

This language was included in the current budget to authorize revenues from the Spill Compensation Fund to replace General Fund (GF) monies as the primary funding source for the designated account. This action was made in conjunction with a planned increase in the Spill Fund tax rate, and replaced \$3.53 million in GF appropriations. The language is not continued because Spill Fund revenue levels are not expected to be sufficient to sustain this support in FY 2006. The cited account, recommended again at \$3.53 million, would instead be supported by the General Fund.



DEPARTMENT-WIDE

2005 Appropriations Handbook

2006 Budget Recommendations

p. B-71

In addition to the amounts hereinabove, there is appropriated an amount not to exceed \$300,000, which shall be charged first to any fees derived from pending diesel emissions legislation, for the Department's initiative to reduce diesel exhaust emissions, subject to the approval of the Director of the Division of Budget and Accounting.

No comparable language.

Explanation

This language was included in the current budget to help support the department's efforts in reducing diesel exhaust emissions. The referenced "pending" legislation that would assess fees for diesel emissions was not enacted, obviating the inclusion of this language.



Language Provisions (Cont'd)**2005 Appropriations Handbook****2006 Budget Recommendations****p. B-71**

In addition to the amounts hereinabove, there is appropriated an amount not to exceed \$2,166,000, which shall be charged first to any fees authorized by the "Highlands Water Protection and Planning Act," P.L.2004, c. (now pending before the Legislature as Senate Bill, No.1), for the coordination of the Highlands Water Protection and Planning Council activities as they relate to water supply, water quality, land use management and open space preservation, and any Highlands Preservation Area approvals issued under the regulatory authorities of the Department of Environmental Protection, subject to the approval of the Director of the Division of Budget and Accounting.

No comparable language.

Explanation

This language was included in the current budget to appropriate Highlands-related permit revenues to the department to meet costs incurred in carrying out its responsibilities under the subject act (P.L. 2004, c.120). The cited amount appears as a supplemental appropriation in FY 2005 and as a recommended appropriation in FY 2006, as indicated on page D-115 of the Budget Recommendation under "Special Purpose: Highlands Permitting."

Discussion Points

1. Since FY 1996, the department's budget has included federal appropriations for the Clean Water State Revolving Fund (CWSRF) and the Safe Drinking Water State Revolving Fund (SDWSRF). These programs, respectively, support low-interest loans to upgrade wastewater treatment facilities and public water supply systems. Although the CWSRF account has recorded the receipt of \$57.6 million annually since FY 2000, and the SDWSRF has recorded receiving \$20 million per year during the same period, budget records indicate that such appropriations have remained virtually untouched. Instead, records indicated that most of these funds are lapsed at the end of each fiscal. The department does utilize related federal funds to support the administration of these programs.

- **Question:** Please explain the disposition of these federal funds, and the reason they are listed in the budget year after year. How are these activities supported without the indicated federal support?

2. An FY 2005 supplemental appropriation of \$4.5 million is indicated for the Division of Smart Growth, which was created under the so-called "smart growth" bill, P.L. 2004, c.89. No funding for this line item is recommended in FY 2006. The FY 2005 appropriation comes from a budget language appropriation of \$20 million derived from permit fees and the General Fund. This sum is authorized to support smart growth permitting units within the DEP, the Departments of Transportation (DOT) and Community Affairs, and the Office of Administrative Law. An account was established in the DEP for this amount.

In February 2005, the Office of Management and Budget (OMB) reduced the \$20 million budget authority in this account to \$4.5 million. This action was taken in light of an Executive Order issued in December, 2004 that essentially postponed the act's implementation for at least seven months in order to promulgate its rules and regulations. Another \$20 million is recommended for this purpose by similar budget language in FY 2006.

- **Question:** Please describe the establishment and functions of this division, including its budget and staffing status at the present time and later, when it becomes fully operational. How will the \$20 million appropriation be distributed amongst the participating agencies and how will subsequent funding allocations be determined?

3. The Local Tire Management Program was initiated with an appropriation of \$2.3 million in FY 2005 to support local governments in cleaning up abandoned scrap tire piles. It is funded by a \$1.50 per tire surcharge on the sale of all new tires in the State. It was originally estimated that the surcharge would generate up to \$12.3 million annually, with \$10 million being allocated to the DOT's snow removal budget. The proposed budget, however, now estimates such revenues at \$8.3 million in FY 2005 and \$9.0 million in FY 2006. No program funding is recommended in FY 2006.

- **Question:** What is the projected status of the program in FY 2006? How was the current appropriation distributed?

4. The Stormwater Grants program was initiated in FY 2004 to help municipalities comply with new federal mandates for stormwater management. This \$6 million program was supported by Corporate Business Tax (CBT) revenues constitutionally dedicated to the Water Resources Monitoring and Planning portion of the department's total CBT allocation. Program funding is not continued in FY 2006 due to the projected reduction in CBT revenue collections.

- **Question:** Please provide a listing of the grants awarded thus far. What is the total funding request of pending grant applications? Are any towns in danger of not meeting federal mandates because of insufficient grant funds? Will this program be reinstated at a later date if sufficient CBT monies become available?

Discussion Points (Cont'd)

5. Current budget language that appropriates \$2.166 million in Highlands-related permit fees to the department for administrative costs related to the "Highlands Water Protection and Planning Act," (P.L. 2004, c.120) is not continued. The cited amount appears as a supplemental appropriation in FY 2005 and as a line item appropriation in FY 2006. The "Schedule 1: State Revenues" section of the Budget Recommendation estimates \$1.558 million in Highlands permit revenues being collected in FY 2005. The OMB transferred this amount, as a supplemental appropriation, to the department in October 2004.

- **Question:** Why is this language not continued in FY 2006? Please describe the present and planned disposition of the FY 2005 and FY 2006 appropriations, including staffing and operational requirements. Why does the Budget Recommendation indicate \$2.166 million for the FY 2005 appropriation when the actual amount was \$1.558 million?

6. The combined appropriation for the three capital accounts supported by environmentally dedicated Corporation Business Tax (CBT) revenues is recommended at \$53.36 million, a decrease of \$26.86 million or 34 percent below the current adjusted total. These accounts support hazardous site remediation, underground storage tank cleanups, and brownfields development. Since the amounts appropriations are based on a fixed percentage of total annual CBT revenues, the recommended funding levels reflect lower projected CBT collections in FY 2006.

- **Question:** How will the projected decrease in funding affect these programs' project priorities and implementation schedules in FY 2006? Will the receipt of federal or responsible party funding support be affected by the CBT reductions and, if so, how? How much of the CBT dedication for hazardous substance discharge remediation has been allocated to the Brownfield Site Reimbursement Fund thus far, and for what projects?

7. The current practice of providing the State match for federal wildlife grants, which help support the State Endangered and Nongame Species Program, from wildlife conservation license plate sales and the endangered and nongame species State income tax check-off may be in jeopardy due to declining revenues from these sources. This problem has prompted recent legislation to be introduced that appropriates \$381,715 to match \$1,215,376 in federal wildlife grant funding, New Jersey's federal FY 2004 allocation.

- **Question:** Notwithstanding the cited legislation, what other options are being considered to provide matching funds for the federal FY 2004 and FY 2005 allocations? If these federal funds cannot be fully matched, how would the endangered and nongame species program be affected?

8. No capital construction funding is recommended for State parks or forests. In the current budget, \$2 million was included for parks improvements. It has been documented in previous studies that the capital needs of the State park and forest system exceeds \$200 million.

- **Question:** Please provide an estimate of the deferred maintenance costs of the State park and forest system. How long can required maintenance continue to be deferred before such facilities have to be closed or limited to the public due to health and safety concerns? Of the \$37.9 million federal fund recommendation for parks management, what monies, if any, could be redirected or used for deferred maintenance projects?

Discussion Points (Cont'd)

9. The Budget Recommendation includes a revenue proposal that projects \$500 million from the sale of State-owned assets. At the Assembly Budget Committee hearing on March 31, 2005, the State Treasurer indicated that departments with jurisdiction or ownership over potentially expendable properties have been directed to prepare lists of such properties or assets.

- **Question:** Which DEP-owned properties or assets are being considered for sale as part of the \$500 million revenue enhancement proposal? What criteria were used to identify such properties or assets? What impact would the sale of each property being considered have on the department's operating budget and unmet capital needs, respectively?

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Individuals wishing information and committee schedules on the FY 2006 budget are encouraged to contact:

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