



ANALYSIS OF THE NEW JERSEY BUDGET

**DEPARTMENT OF
ENVIRONMENTAL
PROTECTION**

FISCAL YEAR

2014 - 2015

NEW JERSEY STATE LEGISLATURE

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DEPARTMENT OF ENVIRONMENTAL PROTECTION

Budget Pages..... C-4; C-11; C-12; C-18; C-19; C-24; C-26; C-27; D-105 to D-137; E-1; E-5 to E-7; H-12; H-15; H-18; H-19

Fiscal Summary (\$000)

	Expended FY 2013	Adjusted Appropriation FY 2014	Recommended FY 2015	Percent Change 2014-15
State Budgeted	\$380,643	\$372,909	\$368,783	(1.1%)
Federal Funds	\$57,165	\$202,762	\$411,068	102.7%
<u>Other</u>	<u>\$44,956</u>	<u>\$93,802</u>	<u>\$135,803</u>	<u>44.8%</u>
Grand Total	\$482,764	\$669,473	\$915,654	36.8%

Personnel Summary - Positions By Funding Source

	Actual FY 2013	Revised FY 2014	Funded FY 2015	Percent Change 2014-15
State	805	829	846	2.1%
Federal	44	42	44	4.8%
<u>Other</u>	<u>1,876</u>	<u>1,878</u>	<u>1,923</u>	<u>2.4%</u>
Total Positions	2,725	2,749	2,813	2.3%

FY 2013 (as of December) and revised FY 2014 (as of January) personnel data reflect actual payroll counts. FY 2015 data reflect the number of positions funded.

Link to Website: <http://www.njleg.state.nj.us/legislativepub/finance.asp>

Highlights

- The Fiscal Year 2015 Budget for the Department of Environmental Protection totals \$334.1 million, excluding appropriations for debt service, which is a decrease of \$17.3 million or 4.9 percent under the Fiscal Year 2014 adjusted appropriation.
- The budget recommends the transfer of \$147.5 million of cost recoveries from litigation related to the Passaic River cleanup to the General Fund for revenue. The FY 2014 Appropriations Act originally anticipated \$40 million from this source, but in February the Executive revised that amount to zero.
- In addition to the amount allocated to the General Fund, cost recoveries from the Passaic River cleanup litigation could provide \$17.4 million to the Hazardous Discharge Site Cleanup Fund for restoration of natural resources in the Newark Bay Complex.
- Appropriations of constitutionally dedicated Corporation Business Tax (CBT) revenues for FY 2015 total \$103.2 million, the same as the FY 2014 adjusted amount.
- The budget recommends the transfer of \$6.2 million from the State Recycling Fund to the General Fund for revenue, a decrease of \$15.4 million below the amount to be transferred in FY 2014.
- The budget recommends the transfer of \$3.7 million from the Clean Energy Fund to support the department's Office of Sustainability and Green Energy.
- The total number of personnel will increase by 64 positions from 2,749 in FY 2014 to 2,813 in FY 2015; 17 will be State-funded, two will be federally-funded, and 45 will be funded by dedicated fees.
- General Obligation Debt Service appropriations for FY 2015 are budgeted under the department at \$34.7 million, an increase of \$13.2 million or 61.3 percent more than the FY 2014 adjusted amount of \$21.5 million.

Fiscal and Personnel Summary

AGENCY FUNDING BY SOURCE OF FUNDS (\$000)

	Expended FY 2013	Adj. Approp. FY 2014	Recom. FY 2015	Percent Change	
				2013-15	2014-15
General Fund					
Direct State Services	\$263,483	\$231,369	\$214,051	(18.8%)	(7.5%)
Grants-In-Aid	10,203	20,267	20,267	98.6%	0.0%
State Aid	7,658	8,830	6,130	(20.0%)	(30.6%)
Capital Construction	80,449	90,937	90,937	13.0%	0.0%
Debt Service	18,850	21,506	34,698	84.1%	61.3%
Sub-Total	380,643	\$372,909	\$366,083	(3.8%)	(1.8%)
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	0	0	2,700	---	---
Sub-Total	\$0	\$0	\$2,700	---	---
Casino Revenue Fund	\$0	\$0	\$0	0.0%	0.0%
Casino Control Fund	\$0	\$0	\$0	0.0%	0.0%
State Total	\$380,643	\$372,909	\$368,783	(3.1%)	(1.1%)
Federal Funds	\$57,165	\$202,762	\$411,068	619.1%	102.7%
Other Funds	\$44,956	\$93,802	\$135,803	202.1%	44.8%
Grand Total	\$482,764	\$669,473	\$915,654	89.9%	36.8%

PERSONNEL SUMMARY - POSITIONS BY FUNDING SOURCE

	Actual FY 2013	Revised FY 2014	Funded FY 2015	Percent Change	
				2013-15	2014-15
State	805	829	846	5.1%	2.1%
Federal	44	42	44	0.0%	4.8%
All Other	1,876	1,878	1,923	2.5%	2.4%
Total Positions	2,725	2,749	2,813	3.2%	2.3%

FY 2013 (as of December) and revised FY 2014 (as of January) personnel data reflect actual payroll counts. FY 2015 data reflect the number of positions funded.

AFFIRMATIVE ACTION DATA

Total Minority Percent	18.3%	18.5%	18.4%	---	---
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Significant Changes/New Programs (\$000)

<u>Budget Item</u>	<u>Adj. Approp. FY 2014</u>	<u>Recomm. FY 2015</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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NATURAL RESOURCE MANAGEMENT**FEDERAL FUNDS**

Parks Management	\$39,084	\$21,825	(\$17,259)	(44.2%)	D-114
Natural Resources Engineering	\$2,870	\$1,390	(\$1,480)	(51.6%)	D-115

Total federal funds appropriated for Parks Management decrease because of reductions in one-time appropriations received for Superstorm Sandy disaster relief in FY 2014, reductions in grant funding for Highlands Conservation, and the completion of several projects that were funded with U.S. Department of Transportation ISTEA grants.

Natural Resources Engineering federal funding is reduced in FY 2015 due to a decrease in grant funding for the cooperative technical partnership that the department has with county health agencies to enforce New Jersey's environmental laws.

ALL OTHER FUNDS

Parks Management	\$12,141	\$27,207	\$15,066	124.1%	D-115
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This account reflects an increase of \$13.8 million in funding from the Port Authority of New York and New Jersey for the renovation and construction of three ferry piers at Liberty State Park. These piers will be used for regular passenger ferry service between New Jersey and Ellis Island, Liberty Island and Lower Manhattan, and for responding to emergencies and emergency evacuations when needed. The total contribution from the Port Authority is \$23 million, with \$4.6 million receivable in FY 2014 and \$18.4 million projected for FY 2015. In addition, revenues from fees for use of State parks and marinas are projected to increase by \$1.3 million.

SCIENCE AND TECHNICAL PROGRAMS**FEDERAL FUNDS**

Water Supply	\$20,200	\$58,425	\$38,225	189.2%	D-119
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The recommended increase reflects expected federal funding from the Disaster Relief Appropriation Act for the Drinking Water State Revolving Fund (DWSRF), which provides financing for most of the State's major water supply projects and other related activities. According to the department's Drinking Water State Revolving Fund Intended Use Plan, this increase is part of a total of \$229.3 million in Sandy-related federal funding, allocated between the DWSRF and the Clean Water State Revolving Fund. The plan also indicates that the State must provide a 20% match, and in order to meet that requirement the department is

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

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2014</u>	<u>Recomm.</u> <u>FY 2015</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
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coordinating with the Department of Community Affairs' Community Development Block Grant (CDBG) program to meet this requirement, and is also evaluating alternative funding sources.

According to Table 4 of that plan, "Intended Use of Superstorm Sandy Funds" (p. 11), the increase in the DWSRF, plus the required match of \$7.6 million, plus about \$14.8 million in resources from the New Jersey Environmental Infrastructure Trust, all totaling about \$60.6 million, will support a \$5 million reserve for Asset Management Plan projects, \$10 million for projects that provide auxiliary power to facilities that were impacted by Superstorm Sandy, and \$44.1 million in project funding, as well as administrative expenses.

ALL OTHER FUNDS

Environmental Policy and Planning	\$2,032	\$3,700	\$1,668	82.1%	D-120
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The budget recommends shifting support for the Office of Sustainability and Green Energy (SAGE) from the State Recycling Fund in FY 2014 to the Clean Energy Fund in FY 2015, as well as increasing the overall level of support by \$1.7 million. According to the department, the FY 2015 amount reflects the full operational cost, including fringe benefit rates and indirect charges associated with the office.

SITE REMEDIATION AND WASTE MANAGEMENT

DIRECT STATE SERVICES

Remediation Management and Response	\$48,612	\$32,812	(\$15,800)	(32.5%)	D-123
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The funding reduction for this program class is due to the reversal of projected FY 2014 supplemental appropriations in the Site Remediation Program in FY 2014. According to the Executive, this supplemental funding is needed due to a lack of resources in the New Jersey Spill Compensation Fund (\$2.7 million) and the Hazardous Discharge Site Cleanup Fund (\$13.1 million) to cover administrative costs. According to the department, these resources have declined because direct billings of Responsible Parties are being phased out with the implementation of the Licensed Site Remediation Professional (LSRP) program, and because of year to year changes in large cost recoveries.

Remediation Management and Response appropriations are supported by the resources in the New Jersey Spill Compensation Fund, while the Hazardous Discharge Site Cleanup Fund – Responsible Party appropriation is funded from responsible party cost recoveries deposited into the Hazardous Discharge Site Cleanup Fund. Budget language also allows this appropriation to be augmented by Licensed Site Remediation Professionals fees. The OLS notes that the "Supplementary Information" section of the FY 2015 Budget (available only online, not in the

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

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2014</u>	<u>Recomm.</u> <u>FY 2015</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
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published version of the Budget), indicates for the New Jersey Spill Compensation Fund a positive fund balance of \$2.72 million at June 30, 2014, and for the Hazardous Discharge Site Cleanup Fund a positive fund balance of \$150.1 million at June 30, 2014. Furthermore, the FY 2014 resources of each fund have been revised upward in the FY 2015 budget information compared to original FY 2014 projections included in FY 2014 budget information. The OLS also notes that the license and fee revenue of the Hazardous Discharge Site Cleanup Fund is projected to increase by \$31 million (105%), from \$19 million in FY 2014 to \$40 million in FY 2015.

ALL OTHER FUNDS

Solid and Hazardous Waste Management	\$2,872	\$24,966	\$22,094	769.3%	D-124
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This increase is due to a change in administering the municipal and county recycling grants that are awarded annually from the State Recycling Fund. In FY 2014 and prior, grants were provided directly from the State Recycling Fund from the previous year's tax collections. According to the department, the purpose of this change is to align the annual fiscal year grants with the same fiscal year tax collections. There will be no decrease in support for the municipal and county recycling grant programs which are projected to total \$21.5 million in FY 2015.

Remediation Management and Response	\$32,261	\$34,247	\$1,986	6.2%	D-124
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This increase is primarily related to changes in the projected FY 2015 administrative costs for COLA, fringe benefit rates, and indirect charges associated with the Statewide remediation programs. The OLS notes that the FY 2015 estimate is predicated on adequate funds being available from the New Jersey Spill Compensation Fund and the Hazardous Discharge Site Cleanup Fund. According to the Executive, these funds lack the resources to fully support administrative costs in FY 2014.

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

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2014</u>	<u>Recomm.</u> <u>FY 2015</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
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ENVIRONMENTAL REGULATION

DIRECT STATE SERVICES

Nuclear Emergency Response	\$2,579 (\$ 991)	\$2,579	(\$991)	(27.8%)	D-129
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The decrease to this account results primarily from the annual technical adjustment related to COLA, fringe benefit rates, and indirect charges associated with the Nuclear Emergency Response line item. Each year, a supplemental appropriation, funded by an assessment on the nuclear power industry is added to the current year's original appropriation to account for these costs, which are then excluded from the base budget for the following year.

FEDERAL FUNDS

Public Wastewater Facilities	\$54,600	\$245,710	\$191,110	350.0%	D-129
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The recommended increase reflects expected federal funding from the Disaster Relief Appropriation Act for the Clean Water State Revolving Fund (CWSRF), which provides loans to local government units for the construction of environmental infrastructure, e.g., wastewater treatment facilities. According to the department's Federal Fiscal Year 2014 Clean Water Financing Priority System, Intended Use Plan and Project Priority List, this increase is part of a total of \$229.3 million in Sandy-related federal funding, allocated between the CWSRF and the Drinking Water State Revolving Fund. The plan also indicates that the State must provide a 20% match, and in order to meet that requirement the department is coordinating with the Department of Community Affairs' Community Development Block Grant (CDBG) program to meet this requirement, and is also evaluating alternative funding sources.

According to the "Sandy SRF Financing Program" included in that plan (p. 11), this increase in federal funds, plus the required match of \$38.2 million, plus about \$73.8 million in resources from the New Jersey Environmental Infrastructure Trust, all totaling about \$303.1 million, will support \$260.5 million in project funding, an asset management reserve of \$10 million and \$25 million for auxiliary power sources for water supply and wastewater facilities, as well as administrative expenses.

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2014</u>	<u>Recomm. FY 2015</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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ALL OTHER FUNDS

Water Pollution Control	\$1,800	\$2,900	\$1,100	61.1%	D-130
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This change is a result of increased collections above the anticipated General Fund revenue collected from the New Jersey Pollutant Discharge Elimination System (NJPDDES) annual fee billing. This additional funding will offset program administrative costs. The NJPDDES program protects New Jersey's surface and ground water by assuring proper treatment and disposal of wastewater and stormwater from various types of facilities and activities.

ENVIRONMENTAL PLANNING AND ADMINISTRATION**FEDERAL FUNDS**

Administration and Support Services	\$2,300	\$600	(\$1,700)	(73.9%)	D-132
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This account change reflects an expected decrease in federal funding from the U.S. Environmental Protection Agency for the National Environmental Exchange Network program which provides for the sharing of environmental data between all levels of government and the public.

DEBT SERVICE

Interest on Bonds	\$10,491	\$8,276	(\$2,215)	(21.1%)	E-5
Bond Redemption	\$11,015	\$26,422	\$15,407	139.9%	E-5
Total	\$21,506	\$34,698	\$13,192	61.3%	E-5

Appropriations for debt service on general obligation bonds issued for environmental-related purposes, e.g., Green Acres, are allocated to the department's budget, although the department has no role in administering debt service payments. FY 2015 recommended appropriations are consistent with existing maturity schedules on bonds already issued.

Significant Language Changes

Green Acres/Open Space Administration

Revision

2014 Handbook: p. B-58
2015 Budget: p. D-115

Notwithstanding the provisions of any law or regulation to the contrary, the amount hereinabove appropriated for the Green Acres/Open Space Administration account is transferred from the Garden State Green Acres Preservation Trust Fund ~~Account~~, the 2007 Green Acres Fund, and the 2009 Green Acres Fund to the General Fund, together with an amount not to exceed ~~\$272,000~~ \$403,000, and is appropriated to the Department of Environmental Protection for Green Acres/Open Space Administration, subject to the approval of the Director of the Division of Budget and Accounting. Further, there are appropriated from the Garden State Green Acres Preservation Trust Fund such sums as may be required for the Department's administrative costs related to programs for buyout of flood-prone properties funded by the federal "Disaster Relief Appropriations Act, 2013," provided that reimbursements to the Department of such costs from federal funding agencies shall be reimbursed to the Garden State Green Acres Preservation Trust Fund.

Explanation

The recommended language allows the administrative costs of the Green Acres Program to be appropriated from the Garden State Preservation Trust (GSPT) or the 2007 and 2009 Green Acres bond funds based on the expected workload of the program in FY 2015. The language is also being expanded to authorize access to additional funding from the GSPT to cover additional costs associated with the acquisition of flood-prone properties damaged from Superstorm Sandy. It is expected that these additional costs will be reimbursed from federal funding.

Hunters' and Anglers' License Fund

Revision

2014 Handbook: p. B-59
2015 Budget: p. D-115

Of the amount hereinabove for the Hunters' and Anglers' License Fund, the first ~~\$11,740,000~~ \$11,983,000 is appropriated from that fund and any amount remaining therein and the unexpended balance at the end of the preceding fiscal year of the receipts in the Hunters' and Anglers' License Fund, together with any receipts in excess of the amount anticipated, are appropriated for the same purpose. If receipts to that fund are less than anticipated, the appropriation from the fund shall be reduced proportionately.

EXPLANATION: FY 2014 language not recommended for FY 2015 denoted by strikethrough.
Recommended FY 2015 language that did not appear in FY 2014 denoted by underlining.

Significant Language Changes (Cont'd)

Explanation

As revised, this language provision increases by \$243,000 the amount of revenue anticipated for the Hunters' and Anglers' License Fund to support budgeted appropriations. The increase equals the difference between original FY 2014 appropriations (\$13.772 million) and recommended FY 2015 appropriations (\$14.015 million), an increase which is attributable to cost of living adjustments to be allocated during FY 2014.

Water Resources Monitoring and Planning – Constitutional Dedication

Revision

2014 Handbook: p. B-61
2015 Budget: p. D-120

Notwithstanding the provisions of any law or regulation to the contrary, funds appropriated in the Water Resources Monitoring and Planning - Constitutional Dedication special purpose account shall be made available to support nonpoint source pollution and watershed management programs, consistent with the constitutional dedication, within the Department of Environmental Protection in the amounts of \$1,536,000 for Water Monitoring and Standards, \$1,007,000 for New Jersey Geological Survey, \$542,000 for Watershed Management, \$500,000 for Forest Resource Management, and an amount not to exceed \$790,000 for the Department of Agriculture to support nonpoint source pollution control programs, at a level of \$540,000, and the Conservation Assistance Program, at ~~a level of an amount not to exceed~~ \$250,000, on or before September 1, ~~2013~~ 2014, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

As revised, this recommended language makes permissive rather than mandatory the allocation of Corporation Business Tax funding to the Department of Agriculture for the Conservation Assistance Program. A corresponding change is recommended in related language in the budget for the Department of Agriculture (page D-18). The revision to both language provisions is intended to provide flexibility in determining the precise amount to be transferred, to assure that Agriculture's Animal Waste Management Program does not receive more funding than is required.

EXPLANATION: FY 2014 language not recommended for FY 2015 denoted by strikethrough.
Recommended FY 2015 language that did not appear in FY 2014 denoted by underlining.

Significant Language Changes (Cont'd)

Office of Science Support

Revision	2014 Handbook: p. B-62 2015 Budget: p. D-121
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In addition to the amount hereinabove appropriated for the Office of Science Support, an amount not to exceed ~~\$2,382,000~~ \$2,616,000 is appropriated from the Hazardous Discharge Site Cleanup Fund for the same purpose, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

As revised, this language provision increases the level of funding for the Office of Science Support, appropriated from the Hazardous Discharge Site Cleanup Fund, by \$234,000 (10%). According to the department, the amount was increased to cover FY 2015 contractual cost of living adjustments for the office.

Office of Sustainability and Green Energy

Revision	2014 Handbook: p. B-62 2015 Budget: p. D-121
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Notwithstanding the provisions of any law or regulation to the contrary, an amount not ~~greater than \$2,032,000~~ to exceed \$3,700,000, as determined by the Director of the Division of Budget and Accounting, is appropriated from the ~~State Recycling~~ Clean Energy Fund to support the Office of Sustainability and Green Energy, in the Department of Environmental protection subject to the ~~approval of the Director of the Division of Budget and Accounting~~ following condition: The Board of Public Utilities and the Office of Sustainability and Green Energy shall enter into a memorandum of understanding providing for the terms and conditions for the expenditure of the funds, including but not limited to the uses of the funds and program coordination between the two agencies.

Explanation

This language is being revised to fund the full cost of the department's Office of Sustainability and Green Energy, including fringe and indirect charges, from the Clean Energy Fund in FY 2015 instead of the State Recycling Fund. It is unclear whether the 82% increase in the office's funding authorized by this language provision represents reduced reliance on other funding sources or is a true increase in the office's cost and scope of operations.

EXPLANATION: FY 2014 language not recommended for FY 2015 denoted by strikethrough.
Recommended FY 2015 language that did not appear in FY 2014 denoted by underlining.

Significant Language Changes (Cont'd)

Remediation Management and Response Program	
Revision	2014 Handbook: p. B-63 2015 Budget: p. D-125

In addition to site specific charges, the amounts hereinabove for the Remediation Management and Response program classification, excluding the Hazardous Discharge Site Cleanup Fund - Responsible Party and the Underground Storage Tanks accounts, are appropriated from the New Jersey Spill Compensation Fund, in accordance with the provisions of P.L.1976, c.141 (C.58:10-23.11 et seq.), together with an amount not to exceed ~~\$9,530,000~~ \$10,540,000 for administrative costs associated with the cleanup of hazardous waste sites, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

According to the department, the increased amount reflects the changes in anticipated COLA, fringe benefit rates, and indirect expenses in FY 2015 when compared to FY 2014. The OLS notes that the Executive projects the need for an FY 2014 supplemental appropriation of \$2.7 million to support these administrative costs, attributed to a lack of resources in the New Jersey Spill Compensation Fund. Despite the Executive’s concern about the fund’s resource capacity in FY 2014, it is recommending a larger appropriation in FY 2015 while assuming no change in FY 2015 fund revenues.



Hazardous Discharge Site Cleanup Fund – Responsible Party	
Revision	2014 Handbook: p. B-63 2015 Budget: p. D-125

The amount hereinabove for the Hazardous Discharge Site Cleanup Fund - Responsible Party account is appropriated from responsible party cost recoveries deposited into the Hazardous Discharge Site Cleanup Fund, together with an amount not to exceed ~~\$15,149,000~~ \$16,145,000 for administrative costs associated with the cleanup of hazardous waste sites, subject to the approval of the Director of the Division of Budget and Accounting.

EXPLANATION: FY 2014 language not recommended for FY 2015 denoted by strikethrough.
Recommended FY 2015 language that did not appear in FY 2014 denoted by underlining.

Significant Language Changes (Cont'd)

Explanation

According to the department, the increased amount reflects the changes in anticipated COLA, fringe benefit rates, and indirect expenses in FY 2015 when compared to FY 2014. The OLS notes that the Executive projects the need for an FY 2014 supplemental appropriation of \$13.1 million to support these administrative costs, attributed to a lack of resources in the Hazardous Discharge Site Cleanup Fund. The fund is projected to receive an increase in licenses and fees in FY 2015 from \$19 million to \$40 million, which if realized will support the increased allocation for administrative costs authorized by this language.

Passaic River Cleanup Litigation – Cost Recoveries

Revision

2014 Handbook: p. B-64
2015 Budget: p. D-125

Notwithstanding the provisions of any law or regulation to the contrary, an amount not to exceed ~~\$12,000,000~~ \$147,500,000 of cost recoveries from litigation related to the Passaic River cleanup are ~~appropriated to the New Jersey Spill Compensation Fund and any remaining recoveries, not to exceed \$40,000,000,~~ shall be deposited in the General Fund as State revenue, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

According to the department, in December 2013, the trial court approved two settlements of the Passaic River litigation: a \$130,000,000 settlement with Direct Defendants and a \$35,400,000 settlement with over 200 third parties. The settlement funds are in escrow pending the conclusion of appeals. The department indicates that the settlement funds will reimburse the State for approximately \$107,000,000 in past costs expended by the DEP and the Department of Transportation in connection with research, fish advisories, and remediation pilot studies, and will also reimburse a substantial portion of the costs of the litigation, \$12,000,000 of which came from the General Fund. The \$12,000,000 originally intended to reimburse the New Jersey Spill Compensation Fund in FY 2014 for litigation costs will instead be directed to the General Fund. Except for the \$12 million appropriated from the General Fund in FY 2007 for litigation costs, the OLS has no information that either confirms or contradicts this statement of past costs.

EXPLANATION: FY 2014 language not recommended for FY 2015 denoted by strikethrough.
Recommended FY 2015 language that did not appear in FY 2014 denoted by underlining.

Significant Language Changes (Cont'd)

Passaic River Cleanup Litigation – Municipal Settling Third-Party Defendant	
Revision	2014 Handbook: p. B-64 2015 Budget: p. D-125

Notwithstanding the provisions of any law or regulation to the contrary, and in order to carry out the terms of the Third-Party Consent Judgment entered into with respect to the Passaic River Litigation, ~~upon the entry of the Third Party Consent Judgment,~~ any amount owed by a Municipal Settling Third-Party Defendant pursuant to the Third-Party Consent Judgment may be deducted from the first two payments immediately following court approval of the Third-Party Consent Judgment due in Fiscal Year 2015 in the amount of \$50,000 of the first payment and \$45,000 of the second payment from the appropriation to the Municipal Settling Third-Party Defendant for Consolidated Municipal Property Tax Relief Aid (CMPTRA). Such deductions shall constitute partial or full satisfaction of the obligation of such Settling Third-Party Defendant; provided that in the event that the deductions are not sufficient to satisfy the full obligation of the Municipal Settling Third-Party Defendant under the Third-Party Consent Judgment, the Municipal Settling Third-Party Defendant shall be liable for the remainder.

Explanation

This language was initiated in FY 2014 to allow the 69 municipal Third-Party Defendants that settled the Passaic River litigation with the State to meet their obligation to pay \$95,000 each to settle by electing to deduct that amount from their Consolidated Municipal Property Tax Relief Aid in two installments, as described in the language provision, rather than have to make payments. The revision to this language updates its applicability to FY 2015 since the settlement's terms were not implemented in FY 2014.



EXPLANATION: FY 2014 language not recommended for FY 2015 denoted by strikethrough.
Recommended FY 2015 language that did not appear in FY 2014 denoted by underlining.

Significant Language Changes (Cont'd)

Passaic River Cleanup Litigation – Hazardous Discharge Site Cleanup Fund	
Addition	2014 Handbook: p. N/A 2015 Budget: p. D-126

Notwithstanding the provisions of any law or regulation to the contrary, an amount not to exceed \$17,445,686.70 of cost recoveries from the Third-Party Consent Judgment and Court Approved Settlement Agreement in the litigation related to the Passaic River cleanup are appropriated to the Hazardous Discharge Site Cleanup Fund for the restoration of natural resources in the Newark Bay Complex as that term is defined in the complaint and amended complaints in the case styled as New Jersey Department of Environmental Protection, et al. v. Occidental Chemical Corporation, et al., Superior Court of New Jersey, Law Division, Docket No. ESX-L-009868-05 (PASR) and to implement restoration activities of the Office of Natural Resource Restoration.

Explanation

According to the department, this new language provision reflects the stipulation in the Passaic River settlement agreements that provides credit to the settling parties totaling \$17.4 million, collectively, against the State’s Natural Resource Damages claims. This element of the settlements was approved by the trial and appellate courts. As a result, \$17.4 million of the settlement funds must be spent on projects to restore damaged natural resources in the Newark Bay Complex. The settlement funds are in escrow pending the conclusion of appeals.



EXPLANATION: FY 2014 language not recommended for FY 2015 denoted by strikethrough.
Recommended FY 2015 language that did not appear in FY 2014 denoted by underlining.

Significant Language Changes (Cont'd)

Hazardous Discharge Site Cleanup Fund – Cost Recoveries	
Revision	2014 Handbook: p. B-65 2015 Budget: p. D-126

~~All natural resource and other associated damages recovered by the State~~ Except as otherwise provided in this act and notwithstanding the provisions of any other law or regulation to the contrary, the first \$50,000,000 in natural resource, cost recoveries and other associated damages recovered by the State, along with such additional amounts as may be determined by the Director of the Division of Budget and Accounting, in consultation with the Attorney General, to be necessary to pay for the costs of legal services related to such recoveries, shall be deposited into the Hazardous Discharge Site Cleanup Fund established pursuant to section 1 of P.L.1985, c.247 (C.58:10-23.34), and are appropriated for: direct and indirect costs of remediation, restoration, and clean up; costs for consulting, expert, and legal services incurred in pursuing claims for damages; and grants to local governments and nonprofit organizations to further implement restoration activities of the Office of Natural Resource Restoration. Recoveries in excess of the amounts appropriated pursuant to this paragraph, consistent with the terms and conditions of applicable settlement agreements or court rulings, shall be deposited in the General Fund as general State revenue.

Explanation

This language authorizes up to \$50 million in cost recoveries and natural resource and other associated damages, and such additional amounts necessary to pay for legal services, to be deposited into the Hazardous Discharge Site Cleanup Fund. Recoveries in excess of this amount shall be deposited into the General Fun, as long as that is not inconsistent with the settlement terms and conditions. According to the department, in FY 2012 and 2013, revenues pertaining to cost recoveries and natural resource and other associated damages totaled approximately \$48 million and \$21.5 million, respectively. It is not clear how this language interacts with other language provisions concerning settlement of the Passaic River cleanup litigation in allocating cost recoveries and natural resource damages between the General Fund and the Hazardous Discharge Site Cleanup Fund, and in expending those funds for legal costs, natural resources restoration, remediation and other purposes.



EXPLANATION: FY 2014 language not recommended for FY 2015 denoted by strikethrough. Recommended FY 2015 language that did not appear in FY 2014 denoted by underlining.

Significant Language Changes (Cont'd)

Nuclear Emergency Response	
Revision	2014 Handbook: p. B-66 2015 Budget: p. D-130

The amount hereinabove appropriated for the Nuclear Emergency Response account is payable from receipts received pursuant to the assessments of electrical utility companies under P.L.1981, c.302 (C.26:2D-37 et seq.), ~~and the~~. Receipts in excess of the amount anticipated, not to exceed \$1,181,000, are appropriated. The unexpended balances balance at the end of the preceding fiscal year in the Nuclear Emergency Response account, ~~together with receipts in excess of the amount anticipated, not to exceed \$991,000 are appropriated~~ is appropriated for the same purpose, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

This language change clarifies the authorization to carry forward all available balances at the end of the preceding fiscal year and increases the appropriation of excess receipts for the department's administrative expenses to cover anticipated FY 2015 changes in COLA, fringe benefit rates, and indirect expenses.



Air Pollution Control Program	
Revision	2014 Handbook: p. B-66 2015 Budget: p. D-130

Receipts in excess of those anticipated from Air Permitting Minor Source fees, and the unexpended balance at the end of the preceding fiscal year of such receipts, are appropriated to the Department of Environmental Protection for expansion of the Air Pollution Control program, ~~and for "County Environmental Health Act," P.L.1977, c.443 (C.26:3A2-21) agencies to inspect non-major source facilities,~~ subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

The recommended language restricts the use of excess receipts from certain air pollution emissions fees to air permitting related expenses. It is unclear whether any county environmental health agencies were receiving funds to inspect non-major facilities for compliance with air quality standards, and if so, whether funds from any other source will replace air permitting fees to continue those activities.



EXPLANATION: FY 2014 language not recommended for FY 2015 denoted by strikethrough.
Recommended FY 2015 language that did not appear in FY 2014 denoted by underlining.

Significant Language Changes (Cont'd)

Tidelands Peak Demands	
Revision	2014 Handbook: p. B-70 2015 Budget: p. D-136

The amounts hereinabove appropriated for the Tidelands Peak Demands accounts are payable from receipts from the sales, grants, leases, licensing, and rentals of State riparian lands. If receipts are less than anticipated, the appropriation shall be reduced proportionately. In addition, there is appropriated an amount not to exceed ~~\$3,707,000~~ \$4,197,000 from the same source for other administrative costs, including legal services, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

As revised, this language increases the amount of additional appropriations for the Tidelands Peak Demands account by \$490,000 (13%) to fund changes in anticipated COLA, fringe benefit rates, and indirect expenses in FY 2015 when compared to FY 2014.



Shore Protection Fund Projects	
Revision	2014 Handbook: p. B-71 2015 Budget: p. D-137

There is ~~appropriated~~ reappropriated to the Department of Environmental Protection an amount not to exceed \$5,000,000 from the "Shore Protection Fund" established pursuant to the "Shore Protection Bond Act of 1983," P.L.1983, c.356 (Act) ~~an amount not to exceed \$5,000,000 from unappropriated balances~~ for the cost, as defined by the Act, of State Projects, including State Projects to restore coastal protection systems and removal of sand from State waterways resulting from Superstorm Sandy, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

The recommended language which originated in FY 2014 is being revised to authorize the continued use of \$5 million in shore protection funds for State projects to restore coastal protection systems and for sand removal from State waterways caused by Superstorm Sandy.



EXPLANATION: FY 2014 language not recommended for FY 2015 denoted by strikethrough. Recommended FY 2015 language that did not appear in FY 2014 denoted by underlining.

Significant Language Changes (Cont'd)

Dredging and Containment Facility Fund Projects	
Revision	2014 Handbook: p. B-71 2015 Budget: p. D-137

There is appropriated to the Department of Environmental Protection from the "1996 Dredging, and Containment Facility Fund," established pursuant to section 18 of the "Port of New Jersey Revitalization, Dredging, Environmental Cleanup, Lake Restoration, and Delaware Bay Area Economic Development Bond Act of 1996," P.L.1996, c.70, an amount not to exceed ~~\$12,478,000~~ \$10,000,000 for the cost of Projects, as defined in determined by the Commissioner of the Act, including Department of Environmental Protection, to provide funding to the removal of wet debris, resulting from Superstorm Sandy, in various State Department of Transportation for financing the cost of dredging navigation channels not located in the port region, as provided for in Section 7 of the Bond Act, subject to the approval of the Director of the Division of Budget following conditions: the Department of Environmental Protection shall enter into a memorandum of understanding with the Department of Transportation to provide for the terms and Accounting conditions pursuant to which the bond monies shall be spent, including a list of the channels to be dredged; and any monies appropriated pursuant to this provision that are not expended for the purposes set forth in this provision shall be returned for deposit into the "1996 Dredging and Containment Facility Fund."

Explanation

This recommended language is being revised to authorize the use of available bond funds to cover the costs associated with the Department of Transportation's dredging of navigational channels in FY 2015. It is unclear whether the intent of this language is to provide a \$10 million appropriation from the bond fund that is in addition to the \$12,478,000 appropriated in the FY 2014 appropriations act, or whether the language supersedes the FY 2014 language with respect to all or a \$10 million portion of the FY 14 appropriation.



EXPLANATION: FY 2014 language not recommended for FY 2015 denoted by strikethrough.
Recommended FY 2015 language that did not appear in FY 2014 denoted by underlining.

Significant Language Changes (Cont'd)

General Provisions – Transfer from Global Warming Solutions Fund to General Fund	
Deletion	2014 Handbook: p. E-7 2015 Budget: p. N/A

~~Notwithstanding the provisions of any law or regulation to the contrary, there is appropriated the available balance from the Global Warming Solutions Fund for transfer to the General Fund as State revenue.~~

Explanation

This provision provided for the transfer of the available balance from the Global Warming Solutions Fund to the General Fund for revenue. The language is no longer needed because no funds are available.

General Provisions – Transfer from Sanitary Landfill Facility Contingency Fund to General Fund	
Deletion	2014 Handbook: p. E-7 2015 Budget: p. N/A

~~Notwithstanding the provisions of any law or regulation to the contrary, there is appropriated an amount not to exceed \$5,000,000 from the Sanitary Landfill Facility Contingency Fund for transfer to the General Fund as State revenue, subject to the approval of the Director of the Division of Budget and Accounting.~~

Explanation

This language provision provided for the transfer of \$5 million from the Sanitary Landfill Facility Contingency Fund to the General Fund for revenue to support the FY 2014 budget, following a transfer of \$10 million in FY 2013. Fund resources are projected to decline to \$4.7 million in FY 2015 consisting of a carryforward balance of \$3 million and revenues of \$1.7 million. Since there will be insufficient resources and a low carryforward balance, there will be no transfer to the General Fund in FY 2015 from this source.

EXPLANATION: FY 2014 language not recommended for FY 2015 denoted by strikethrough. Recommended FY 2015 language that did not appear in FY 2014 denoted by underlining.

Significant Language Changes (Cont'd)

General Provisions – Transfer from State Recycling Fund to General Fund	
Revision	2014 Handbook: p. E-8 2015 Budget: p. F-10

Notwithstanding the provisions of any law or regulation to the contrary, there is appropriated ~~\$21,600,000~~ \$6,200,000 from the State Recycling Fund to the General Fund as State revenue.

Explanation

This provision appropriates \$6.2 million from the State Recycling Fund to the General Fund for revenue to support the FY 2015 budget. The Recycling Fund is supported by the State recycling tax and is used to provide annual recycling tonnage grants to qualified counties and municipalities. The transfer is not expected to reduce spending in FY 2015 on recycling grants and other purposes to which the fund's revenues are dedicated.

EXPLANATION: FY 2014 language not recommended for FY 2015 denoted by strikethrough.
Recommended FY 2015 language that did not appear in FY 2014 denoted by underlining.

OFFICE OF LEGISLATIVE SERVICES

The Office of Legislative Services provides nonpartisan assistance to the State Legislature in the areas of legal, fiscal, research, bill drafting, committee staffing and administrative services. It operates under the jurisdiction of the Legislative Services Commission, a bipartisan body consisting of eight members of each House. The Executive Director supervises and directs the Office of Legislative Services.

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Individuals wishing information and committee schedules on the FY 2015 budget are encouraged to contact:

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