



**ANALYSIS OF THE NEW JERSEY BUDGET**

**DEPARTMENT OF ENVIRONMENTAL PROTECTION**

**FISCAL YEAR**

**2015 - 2016**

# NEW JERSEY STATE LEGISLATURE

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This report was prepared by the Environment, Agriculture, Energy and Natural Resources Section of the Office of Legislative Services under the direction of the Legislative Budget and Finance Officer. The primary author was Joseph A. Hroncich. The background paper entitled "Constitutional Dedication of Moneys for Open Space, Farmland, and Historic Preservation" was authored by Judith L. Horowitz.

Questions or comments may be directed to the OLS Environment, Agriculture, Energy and Natural Resources Section (609-847-3855) or the Legislative Budget and Finance Office (609-847-3105).

# DEPARTMENT OF ENVIRONMENTAL PROTECTION

Budget Pages..... C-4; C-10 to C-11; C-17 to C-18; D-107 to D-139; E-1; E-5 to E-6.

## **Fiscal Summary (\$000)**

	Expended FY 2014	Adjusted Appropriation FY 2015	Recommended FY 2016	Percent Change 2015-16
State Budgeted	\$384,659	\$383,775	\$399,432	4.1%
Federal Funds	\$195,868	\$429,607	\$171,138	(60.2%)
<u>Other</u>	<u>\$87,679</u>	<u>\$135,111</u>	<u>\$127,680</u>	<u>(5.5%)</u>
Grand Total	\$668,206	\$948,493	\$698,250	(26.4%)

## **Personnel Summary - Positions By Funding Source**

	Actual FY 2014	Revised FY 2015	Funded FY 2016	Percent Change 2015-16
State	826	817	707	(13.5%)
Federal	43	41	44	7.3%
<u>Other</u>	<u>1,866</u>	<u>1,876</u>	<u>2,062</u>	<u>9.9%</u>
Total Positions	2,735	2,734	2,813	2.9%

FY 2014 (as of December) and revised FY 2015 (as of January) personnel data reflect actual payroll counts. FY 2016 data reflect the number of positions funded.

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

## Highlights

- The Fiscal Year 2016 Budget for the Department of Environmental Protection totals \$353 million, excluding appropriations for debt service, which is an increase of \$3.9 million or 1.1 percent over the Fiscal Year 2015 adjusted appropriation.
- Appropriations of constitutionally dedicated Corporation Business Tax (CBT) revenues for Fiscal Year 2016, based on allocations that were revised by constitutional amendments approved in November 2014, total \$112.8 million, which is a \$9.7 million increase or 9.4 percent over the Fiscal Year 2015 adjusted amount.
- For FY 2016, based on CBT revenue projections and the new constitutional dedication of 71 percent, or \$80.12 million of total dedicated CBT revenues for open space, farmland, and historic preservation, the proposed allocation of this component of CBT revenue is as follows: \$27.97 million or 34.9 percent for Green Acres and Blue Acres; \$16.87 million or 21.05 percent for farmland preservation; \$1.38 million or 1.7 percent for historic preservation; \$13.93 million or 17.35 percent for capital projects for State parks; and \$19.97 million or 24.9 percent for State Parks Management.
- The department expects total federal funding for Fiscal Year 2016 to decrease by \$258.5 million or 60.2 percent from the Fiscal Year 2015 adjusted appropriation, primarily due to a decrease in aid related to Superstorm Sandy.
- The total number of personnel will increase by 79 positions from 2,734 in Fiscal Year 2015 to 2,813 in Fiscal Year 2016; these positions will be funded by dedicated CBT revenues and fees.
- The department expects to finalize a \$225 million natural resource damages settlement with ExxonMobil to resolve the corporations liability caused by contamination from refinery operations in Bayonne and Linden, and other sites detailed in the settlement. As was the case in FY 2015, budget language provides for the deposit of natural resource damage recoveries above \$50 million into the General Fund as general State revenue.
- General Obligation Debt Service appropriations for Fiscal Year 2016 are budgeted under the department at \$46.5 million, an increase of \$11.8 million or 33.9 percent more than the Fiscal Year 2015 adjusted amount of \$34.7 million.

## Background Paper

- Constitutional Dedication of Moneys for Open Space, Farmland, and Historic Preservation.....Page 30

**Fiscal and Personnel Summary**

**AGENCY FUNDING BY SOURCE OF FUNDS (\$000)**

	Expended FY 2014	Adj. Approp. FY 2015	Recom. FY 2016	Percent Change	
				2014-16	2015-16
<b>General Fund</b>					
Direct State Services	\$264,206	\$229,013	\$223,245	(15.5%)	(2.5%)
Grants-In-Aid	10,233	20,267	2,125	(79.2%)	(89.5%)
State Aid	9,175	6,160	6,160	(32.9%)	0.0%
Capital Construction	61,030	90,937	118,733	94.6%	30.6%
Debt Service	40,015	34,698	46,469	16.1%	33.9%
<b>Sub-Total</b>	<b>\$384,659</b>	<b>\$381,075</b>	<b>\$396,732</b>	<b>3.1%</b>	<b>4.1%</b>
<b>Property Tax Relief Fund</b>					
Direct State Services	\$0	\$0	\$0	0.0%	0.0%
Grants-In-Aid	0	0	0	0.0%	0.0%
State Aid	0	2,700	2,700	100%	0.0%
<b>Sub-Total</b>	<b>\$0</b>	<b>\$2,700</b>	<b>\$2,700</b>	<b>100%</b>	<b>0.0%</b>
<b>Casino Revenue Fund</b>	\$0	\$0	\$0	0.0%	0.0%
<b>Casino Control Fund</b>	\$0	\$0	\$0	0.0%	0.0%
<b>State Total</b>	<b>\$384,659</b>	<b>\$383,775</b>	<b>\$399,432</b>	<b>3.8%</b>	<b>4.1%</b>
<b>Federal Funds</b>	\$195,868	\$429,607	\$171,138	(12.6%)	(60.2%)
<b>Other Funds</b>	\$87,679	\$135,111	\$127,680	45.6%	(5.5%)
<b>Grand Total</b>	<b>\$668,206</b>	<b>\$948,493</b>	<b>\$698,250</b>	<b>4.5%</b>	<b>(26.4%)</b>

**PERSONNEL SUMMARY - POSITIONS BY FUNDING SOURCE**

	Actual FY 2014	Revised FY 2015	Funded FY 2016	Percent Change	
				2014-16	2015-16
State	826	817	707	(14.4%)	(13.5%)
Federal	43	41	44	2.3%	7.3%
All Other	1,866	1,876	2,062	10.5%	9.9%
<b>Total Positions</b>	<b>2,735</b>	<b>2,734</b>	<b>2,813</b>	<b>2.9%</b>	<b>2.9%</b>

FY 2014 (as of December) and revised FY 2015 (as of January) personnel data reflect actual payroll counts. FY 2016 data reflect the number of positions funded.

**AFFIRMATIVE ACTION DATA**

Total Minority Percent	19.2%	20.1%	---	---
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**Significant Changes/New Programs (\$000)**

<u>Budget Item</u>	<u>Adj. Approp. FY 2015</u>	<u>Recomm. FY 2016</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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NATURAL RESOURCE MANAGEMENT

**DIRECT STATE SERVICES**

<b>Parks Management</b>	<b>\$34,284</b>	<b>\$14,312</b>	<b>(\$19,972)</b>	<b>(58.3%)</b>	<b>D-114</b>
<b>Parks Management – Constitutional Dedication</b>	<b>\$0</b>	<b>\$19,972</b>	<b>\$19,972</b>	<b>100.0%</b>	<b>D-115</b>

The first appropriation funds the operation and maintenance of State parks, forests, recreation areas, marinas, public golf courses, and State historic sites and districts. The decrease is related to the Corporation Business Tax (CBT) constitutional amendment passed in November 2014, and was replaced by CBT funds for the acquisition, development, and stewardship of open space. An offset to this decrease is included in the Parks Management – Constitutional Dedication account.

The increase in the second account is related to the CBT constitutional amendment passed in November 2014, which dedicates a portion of the CBT allocation to include acquisition, development, and stewardship of open space and farmland, and historic preservation. The increase offsets the decrease in the Parks Management account. For further information on impact of the constitutional revisions on Parks Management funding, please refer to the background paper beginning on page 30 of this analysis.

<b>Hunters’ and Anglers’ License Fund</b>	<b>\$14,602</b>	<b>\$15,315</b>	<b>\$713</b>	<b>4.9%</b>	<b>D-115</b>
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This program classification supports most of the Division of Fish and Wildlife’s budget through various fee and license revenues that are deposited into the Fund and then dedicated to the division for operating expenses. According to the department, an increase of \$1.3 million is necessary to fund the division’s increased fringe benefit costs. Netted against this increase is a reduction of \$587,000, corresponding to a FY 2015 supplemental appropriation that offsets revenue losses associated with the issuance of free waterfowl stamps and hunting and fishing licenses to active members of the State National Guard and disabled veterans.

<b>Personal Services: Salaries and Wages</b>	<b>\$40,364 (S) \$587</b>	<b>\$20,392</b>	<b>(\$20,559)</b>	<b>(50.2%)</b>	<b>D-115</b>
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This line item comprises total funding of all salary accounts within the Natural Resource Management Statewide Program. The change reflects the \$19,972,000 shift of Parks Management funding to dedicated CBT revenues, along with a reduction of \$587,000 in FY 2015 supplemental appropriations that offset revenue losses from the issuance of free waterfowl stamps and hunting and fishing licenses (both changes are described above).

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2015</u>	<u>Recomm. FY 2016</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
<b>CAPITAL CONSTRUCTION</b>					
<b>Recreational Land Development and Conservation – Constitutional Dedication</b>	<b>\$16,008</b>	<b>\$13,931</b>	<b>(\$2,077)</b>	<b>(13.0%)</b>	<b>D-116</b>
<b>Open Space, Farmland and Historic Preservation – Constitutional Dedication</b>	<b>\$0</b>	<b>\$46,219</b>	<b>\$46,219</b>	<b>100.0%</b>	<b>D-116</b>

The first appropriation supports State parks capital projects, such as deferred maintenance, development, and improvement projects in State parks, forests, historic sites and wildlife management areas. Prior to FY 2016, the Constitution required that 15 percent of total dedicated CBT revenues be appropriated for these purposes. The decrease is related to the CBT constitutional amendment passed in November 2014, which dedicates 71 percent of total dedicated CBT revenues to these purposes as well as to the acquisition, development, and stewardship of open space and farmland, and historic preservation. The amount allocated specifically to State parks capital projects is discretionary. The amount recommended for FY 2016 equals 17.35 percent of the \$81 million dedicated by the Constitution in FY 2016 for acquisition, development, and stewardship of open space and farmland, and historic preservation.

The second appropriation funds the acquisition, development, and stewardship of open space and farmland, and historic preservation, categories which correspond to previous general obligation bond acts and the law establishing the Open Space Preservation Trust. It is related to the CBT constitutional amendment passed in November 2014, which, as noted above dedicates 71 percent of dedicated CBT revenues for acquisition, development, and stewardship of open space and farmland, and historic preservation. New budget language allocates this appropriation as follows: 60.5 percent for Green Acres, 36.5 percent to the Department of Agriculture for farmland preservation, and three percent to the Department of Community Affairs for historic preservation. Thus, from these two appropriations DEP will retain about \$41.9 million for State parks capital needs and what are typically referred to as Green Acres (State and local) and Blue Acres purposes.

For further information on the impact of the constitutional revisions on Parks Management funding, please refer to the background paper beginning on page 30 of this analysis.

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

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2015</u>	<u>Recomm.</u> <u>FY 2016</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
<b>FEDERAL FUNDS</b>					
<b>Forest Resource Management</b>	<b>\$7,155</b>	<b>\$5,075</b>	<b>(\$2,080)</b>	<b>(29.1%)</b>	<b>D-116</b>
<b>Parks Management</b>	<b>\$36,339</b>	<b>\$14,954</b>	<b>(\$21,385)</b>	<b>(58.9%)</b>	<b>D-116</b>
<b>Hunters' and Anglers' License Fund</b>	<b>\$16,380</b>	<b>\$13,645</b>	<b>(\$2,735)</b>	<b>(16.7%)</b>	<b>D-116</b>

According to the DEP, "budgeted federal dollars are based on the most current information the department has available. The changes...are based on what the department expects to be available to apply for in FY 2016. These changes will have an immaterial impact...in FY 16." The OLS adds that, with regard to the decreases to the first and last grouping of federal appropriations above, it appears that various grants have been anticipated by the department for forestry and wildlife management for several years, but have not been awarded by the federal government.

The decrease to the second grouping of federal appropriations is primarily due to the inclusion of one-time disaster relief appropriations related to Superstorm Sandy received in FY 2015.

**ALL OTHER FUNDS**

<b>Natural Resources Engineering</b>	<b>\$4,200</b>	<b>\$200</b>	<b>(\$4,000)</b>	<b>(95.2%)</b>	<b>D-117</b>
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The reduction to this account reflects a decrease in the estimated receipts for the local share portion of the Shore Protection Fund. Normally, a local government is responsible for 10 percent of project costs. Due to Superstorm Sandy, a vast majority of the federally-funded beach restoration projects will not need a local sponsor cost share.



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

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2015</u>	<u>Recomm.</u> <u>FY 2016</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
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SCIENCE AND TECHNICAL PROGRAMS**DIRECT STATE SERVICES****Water Resources  
Monitoring and  
Planning**

<b>\$0</b>	<b>\$10,366</b>	<b>\$10,366</b>	<b>100.0%</b>	<b>D-121</b>
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**Water Resources  
Monitoring and  
Planning –  
Constitutional  
Dedication**

<b>\$16,008</b>	<b>\$5,642</b>	<b>(\$10,366)</b>	<b>(64.8%)</b>	<b>D-121</b>
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The first appropriation supports various water quality-related activities managed by the department and also provides funds to the Department of Agriculture for nonpoint source pollution programs. It is related to the CBT constitutional amendment passed in November 2014. The increased funding replaces or offsets the CBT funding decrease affecting the Water Resources Monitoring and Planning – Constitutional Dedication appropriation.

The decrease to the second appropriation is related to the CBT constitutional amendment passed in November 2014 which dedicates a reduced portion of the CBT allocation for Water Resources Monitoring and Planning. The amended constitution now allocates 5 percent of dedicated CBT revenues to water resources rather than 15 percent. The decrease is offset by the increase in the Water Resources Monitoring and Planning account.

Between funding from dedicated CBT revenues and funding from other General Fund sources, recommended appropriations for Water Resources Monitoring and Planning are unchanged from FY 2015 to FY 2016.

**FEDERAL FUNDS**

<b>Water Supply</b>	<b>\$58,425</b>	<b>\$20,450</b>	<b>(\$37,975)</b>	<b>(65.0%)</b>	<b>D-122</b>
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<b>Land Use Regulation</b>	<b>\$9,350</b>	<b>\$2,950</b>	<b>(\$6,400)</b>	<b>(68.5%)</b>	<b>D-122</b>
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<b>Office of Science Support</b>	<b>\$1,550</b>	<b>\$750</b>	<b>(\$800)</b>	<b>(51.6%)</b>	<b>D-122</b>
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<b>New Jersey Geological Survey</b>	<b>\$870</b>	<b>\$350</b>	<b>(\$520)</b>	<b>(59.8%)</b>	<b>D-122</b>
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<b>Environmental Policy and Planning</b>	<b>\$8,033</b>	<b>\$5,849</b>	<b>(\$2,184)</b>	<b>(27.2%)</b>	<b>D-122</b>
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**Significant Changes/New Programs (\$000) (Cont'd)**

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2015</u>	<u>Recomm.</u> <u>FY 2016</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
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The first grouping of federal appropriations, for Water Supply, reflects a decrease in about \$38 million in federal funding that is primarily due to inclusion of one-time disaster relief funding for the Drinking Water State Revolving Fund (DWSRF) in FY 2015. According to the department’s DWSRF Intended Use Plan, \$229.3 million in Sandy-related federal funding was allocated between the DWSRF and the Clean Water State Revolving Fund. The plan also indicates that the State must provide a 20 percent 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 Table 4 of that plan, “Intended Use of Superstorm Sandy Funds” (p.11), about \$38 million in increased funds, 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.

As for the other grouping of federal grants, according to the DEP, “budgeted federal dollars are based on the most current information the department has available. The changes...are based on what the department expects to be available to apply for in FY 2016. These changes will have an immaterial impact...in FY 16”

SITE REMEDIATION AND WASTE MANAGEMENT

**DIRECT STATE SERVICES**

**Special Purpose:**

**Cleanup Projects**

<b>Administrative Costs</b>	<b>\$0</b>	<b>\$9,606</b>	<b>\$9,606</b>	<b>100.0%</b>	<b>D-126</b>
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**Special Purpose:**

**Cleanup Projects**

**Administrative Costs**

**– Constitutional**

<b>Dedication</b>	<b>\$9,606</b>	<b>\$0</b>	<b>(\$9,606)</b>	<b>(100.0%)</b>	<b>D-126</b>
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The first appropriation pays the administrative costs incurred by the department for site remediation and brownfields projects financed by dedicated CBT revenues appropriated to the capital construction accounts listed below. The recommended increase is related to the CBT constitutional amendment passed in November 2014. The increased funding fully replaces the CBT funding decrease for Cleanup Projects Administrative Costs – Constitutional Dedication.

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2015</u>	<u>Recomm. FY 2016</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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This increase is offset by the elimination of the Cleanup Projects Administrative Costs – Constitutional Dedication appropriation.

The decrease to the second appropriation is due to the CBT constitutional amendment passed in November 2014. The amendment reduced the portion of the CBT allocation for publicly funded cleanups administrative costs from 9 percent to zero. The decrease is offset by the increase in the Cleanup Projects Administrative Costs account.

**Special Purpose:****Hazardous Discharge**

<b>Site Cleanup – Responsible Party</b>	<b>\$18,903</b>	<b>\$18,903</b>	<b>(\$9,000)</b>	<b>32.2%</b>	<b>D-126</b>
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The decrease recommended for this appropriation, which is supported by revenues from environmental damage cost recoveries and licensed site remediation professionals fees that are transferred to the General Fund from the Hazardous Discharge Site Cleanup Fund, reflects the need for \$9 million in FY 2015 supplemental appropriations from other General Fund revenues that is not expected to reoccur in FY 2016. The OLS notes that the department projected a \$13.1 million need for supplemental appropriations in FY 2014, which it subsequently neither needed nor received.

**CAPITAL CONSTRUCTION****Hazardous Substance****Discharge****Remediation –****Constitutional****Dedication**

	<b>\$20,277</b>	<b>\$5,642</b>	<b>(\$14,635)</b>	<b>(72.2%)</b>	<b>D-126</b>
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**Private Underground****Storage Tank****Remediation –****Constitutional****Dedication**

	<b>\$11,146</b>	<b>\$10,156</b>	<b>(\$990)</b>	<b>(8.9%)</b>	<b>D-126</b>
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**Hazardous Substance****Discharge****Remediation Loans &****Grants –****Constitutional****Dedication**

	<b>\$12,006</b>	<b>\$11,285</b>	<b>(\$721)</b>	<b>(6.0%)</b>	<b>D-127</b>
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The first appropriation finances hazardous site cleanups not generally supported by responsible parties. The decrease is the result of the CBT constitutional amendment passed in November 2014. The amendment dedicates a portion of the CBT allocation to publicly funded cleanups,

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

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2015</u>	<u>Recomm.</u> <u>FY 2016</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
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and the decrease reflects a reduced allocation of the share of CBT revenue for this purpose. The portion of dedicated CBT revenue authorized for this type of hazardous site cleanup decreased from 19 percent to 5 percent.

The second appropriation funds grants and loans to replace, upgrade, close or remediate private underground storage tanks that do not meet federal or State standards. The decrease is also the result of the CBT constitutional amendment passed in November 2014. The amendment dedicates a portion of the CBT allocation to private underground storage tanks, and the decrease reflects the new allocation of 9 percent of the share of CBT revenue for this purpose, revised downward from 14 percent.

The third appropriation funds the brownfield program which provides loans and grants to developers and municipalities to remediate brownfield sites. The decrease is also due to the CBT constitutional amendment passed in November 2014. The amendment dedicates a portion of the CBT allocation to brownfields, and the decrease reflects the new allocation of a 10 percent share of CBT revenue for this purpose, compared to 11 percent before the amendment was approved.

**FEDERAL FUNDS****Remediation  
Management and  
Response**

<b>\$8,500</b>	<b>\$6,900</b>	<b>(\$1,600)</b>	<b>(18.8%)</b>	<b>D-127</b>
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According to the DEP, "budgeted federal dollars are based on the most current information the department has available. The changes...are based on what the department expects to be available to apply for in FY 2016. These changes will have an immaterial impact...in FY 16."

**ALL OTHER FUNDS****Remediation  
Management and  
Response**

<b>\$34,247</b>	<b>\$31,464</b>	<b>(\$2,783)</b>	<b>(8.1%)</b>	<b>D-127</b>
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This budget item consists of funds to be transferred from the New Jersey Spill Compensation Fund and the Hazardous Discharge Site Cleanup Fund to the department for administrative costs. The amount transferred is revised annually based on the estimate of available revenue and projected fringe benefits and indirect costs.

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

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2015</u>	<u>Recomm.</u> <u>FY 2016</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

**GRANTS-IN-AID**

**Diesel Risk Mitigation  
Fund – Constitutional  
Dedication**

<b>\$18,142</b>	<b>\$0</b>	<b>(\$18,142)</b>	<b>(100.0%)</b>	<b>D-131</b>
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This appropriation funds the Diesel Emissions Reduction Program, which encourages the use of ultra-low sulfur diesel fuel, regulates vehicle idling, and provides grants to retrofit publicly-owned or contracted diesel powered vehicles. The recommended decrease is the result of the CBT constitutional amendment passed in November 2014. As amended, the Constitution no longer dedicates a portion of the CBT allocation to include diesel risk mitigation. However, programmatic activities will not cease, since as of April 2015 nearly \$112 million remains unexpended from prior years' appropriations of CBT revenues.

**FEDERAL FUNDS**

**Public Wastewater  
Facilities**

<b>\$245,710</b>	<b>\$63,500</b>	<b>(\$182,210)</b>	<b>(74.2%)</b>	<b>D-132</b>
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This projected decrease in federal appropriations primarily reflects the inclusion in FY 2015 of about \$191 million in one-time disaster relief funding for the Clean Water State Revolving Fund (CWSRF). The CWSRF 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, \$229.3 million in Sandy-related federal funding was allocated between the CWSRF and the Drinking Water State Revolving Fund. The plan also indicates that the State must provide a 20 percent 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), about \$191 million 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.</u> <u>FY 2015</u>	<u>Recomm.</u> <u>FY 2016</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
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ENVIRONMENTAL PLANNING AND ADMINISTRATION**DIRECT STATE SERVICES**

<b>New Jersey Environmental Management System</b>	<b>\$1,400</b>	<b>\$5,100</b>	<b>\$3,700</b>	<b>264.3%</b>	<b>D-134</b>
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The increase to this appropriation addresses the department's critical information technology needs, and is intended to fund improvements that include security and resiliency improvements and mandates, the expansion of geographic information system services, and the improvements of online services and operational efficiency.

**DEBT SERVICE**

<b>Interest on Bonds</b>	<b>\$8,276</b>	<b>\$18,994</b>	<b>\$10,718</b>	<b>129.5%</b>	<b>E-5</b>
<b>Bond Redemption</b>	<b>\$26,422</b>	<b>\$27,475</b>	<b>\$1,053</b>	<b>4.0%</b>	<b>E-5</b>
<b>Total</b>	<b>\$34,698</b>	<b>\$46,469</b>	<b>\$11,771</b>	<b>33.9%</b>	<b>E-5</b>

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 2016 recommended appropriations are consistent with existing maturity schedules on bonds already issued.

## Significant Language Changes

### Recreational Land Development and Conservation – Administrative Costs

Revision

2015 Handbook: p. B-59  
2016 Budget: p. D-117

Of the amount hereinabove appropriated for the Recreational Land Development and Conservation - Constitutional Dedication account, ~~an amount not to exceed five percent such amounts~~ of the appropriation as are to be determined by the Commissioner of Environmental Protection shall be allocated for costs associated with the administration of the program pursuant to the amendments effective ~~December 7, 2006~~ July 1, 2015 to Article VIII, Section II, paragraph 6 of the State Constitution, subject to the approval of the Director of the Division of Budget and Accounting.

#### Explanation

*According to the department, this language provision is related to changes in the Corporation Business Tax (CBT) constitutional amendment passed in November 2014, and allows for the continued funding of program administrative costs associated with the Recreational Land Development and Conservation – Constitutional Dedication account. As revised, the recommended language removes the five percent limitation on program administration costs. The department is therefore authorized to increase its use of this Capital Construction appropriation for administrative costs from a maximum \$800,000 in FY 2015 to an unlimited amount.*

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### Shellfish and Marine Fisheries Management

Revision

2015 Handbook: p. B-59  
2016 Budget: p. D-117

In addition to the amount hereinabove appropriated for Shellfish and Marine Fisheries Management, ~~an amount not to exceed \$1,100,000 is~~ may be appropriated from balances in the Nuclear Emergency Response account for the same purpose, subject to the approval of the Director of the Division of Budget and Accounting.

#### Explanation

*As revised, this language provision allows for the continued funding, on a permissive rather than mandatory basis, of Shellfish and Marine Fisheries Management program costs if a balance is available in the Nuclear Emergency Response account.*

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EXPLANATION: FY 2015 language not recommended for FY 2016 denoted by strikethrough.  
Recommended FY 2016 language that did not appear in FY 2015 denoted by underlining.

**Significant Language Changes (Cont'd)**

<b>Shore Protection Fund – Administrative Costs</b>	
Addition	2015 Handbook: p. N/A 2016 Budget: p. D-118

Notwithstanding the provisions of any law or regulation to the contrary, there are appropriated, subject to the approval of the Director of the Division of Budgeting and Accounting, from the Shore Protection Fund such additional amounts as are required to fund the Department’s administrative costs related to the Department’s oversight of flood control, coastal replenishment, and other projects funded by the federal Disaster Relief Appropriations Act, 2013; provided, however, that any reimbursements received by the State from the federal Disaster Relief Appropriations Act, 2013 that reimburse the State for such departmental administrative costs shall be deposited in the Shore Protection Fund.

**Explanation**

*According to the department, this new language allows for the administrative costs associated with projects funded by grants to the State from the federal Disaster Relief Appropriations Act, 2013 to be advanced from the Shore Protection Fund as required. This new language also directs that any federal disaster relief reimbursements associated with those same administrative costs be deposited back in the Shore Protection Fund.*



<b>Parks Management - Constitutional Dedication</b>	
Addition	2015 Handbook: p. N/A 2016 Budget: p. D-118

The amounts hereinabove appropriated for Parks Management - Constitutional Dedication shall be provided from revenue received from the Corporation Business Tax, pursuant to the "Corporation Business Tax Act (1945)," P.L.1945, c.162 (C.54:10A-1 et seq.), as dedicated by Article VIII, Section II, paragraph 6 of the State Constitution.

**Explanation**

*According to the department, this new language reflects changes in the CBT constitutional amendment passed in November 2014, and specifies that beginning in FY 2016, CBT revenue will replace other General Fund moneys as the source of operational funding for Parks Management.*



EXPLANATION: FY 2015 language not recommended for FY 2016 denoted by strikethrough.  
Recommended FY 2016 language that did not appear in FY 2015 denoted by underlining.



**Significant Language Changes (Cont'd)****Open Space, Farmland and Historic Preservation - Constitutional Dedication**

Addition

2015 Handbook: p. N/A  
2016 Budget: p. D-118

Notwithstanding the provisions of any law or regulation to the contrary, the amount hereinabove appropriated for the Open Space, Farmland and Historic Preservation - Constitutional Dedication Capital Construction appropriation is established pursuant to Article VIII, Section II, paragraph 6 of the State Constitution, and is subject to the following conditions: (1) 60.5% of the appropriation shall be allocated to the Department of Environmental Protection, and the Commissioner of the Department of Environmental Protection shall establish, implement and oversee a program to provide funding, including loans or grants, for the preservation, including acquisition, development and stewardship, of lands for recreation and conservation purposes, including lands that protect water supplies and lands that have incurred flood or storm damage or are likely to do so, or that may buffer or protect other properties from flood or storm damage, subject to the approval of the Director of the Division of Budget and Accounting; (2) 36.5% of the appropriation shall be allocated and transferred to the Department of Agriculture, and the Secretary of the Department of Agriculture shall establish, implement and oversee a program to provide funding, including loans and grants, for the preservation and stewardship of land for agricultural or horticultural use and production, subject to the approval of the Director of the Division of Budget and Accounting, and; (3) 3% of the appropriation shall be allocated and transferred to the Department of Community Affairs, and the Commissioner of the Department of Community Affairs shall establish, implement and oversee a program to provide funding, including loans and grants, for the preservation and stewardship of land for historic preservation, subject to the approval of the Director of the Division of Budget and Accounting.

**Explanation**

*This new language provision reflects constitutional changes approved in November 2014 to the allocation of CBT revenue for environmental purposes. As revised, the Constitution allocates 71 percent of dedicated CBT revenues, or about \$80.1 million, to fund preservation of lands for open space, recreation and conservation purposes and for agricultural or horticultural use and production, and for historic preservation purposes. The FY 2016 budget divides this total into three appropriations, two of which are for recreational development and conservation costs: Parks Management administrative costs, \$19.97 million, and Capital Construction funding of \$13.9 million for State Parks capital projects and for administrative cost. The third appropriation, to which this language provision pertains, provides Capital Construction funding of \$46.2 million for three uses: open space (i.e., Green Acres and Blue Acres projects), farmland preservation and historic preservation projects. The language divides this appropriation among the three uses as follows: open space, overseen by DEP, 60.5 percent*

EXPLANATION: FY 2015 language not recommended for FY 2016 denoted by strikethrough.  
Recommended FY 2016 language that did not appear in FY 2015 denoted by underlining.

**Significant Language Changes (Cont'd)**

*of the total, or \$27.96 million; farmland preservation, overseen by the Department of Agriculture, 36.5 percent of the total, or \$16.87 million; and historic preservation, overseen by the Department of Community Affairs, 3 percent of the total, or \$1.39 million.*

*For more information on the impact of the CBT constitutional amendment approved in November 2014, please refer to the background paper beginning on page 30 of this analysis.*



<b>Safe Drinking Water Program</b>	
Revision	2015 Handbook: p. B-61 2016 Budget: p. D-123

The amount hereinabove appropriated for the Safe Drinking Water Fund account is appropriated from receipts received pursuant to the "Safe Drinking Water Act," P.L.1977, c.224 (C.58:12A-1 et seq.), together with an amount not to exceed ~~\$444,000~~ \$269,000, for administration of the Safe Drinking Water 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.

**Explanation**

*The purpose of this language is to augment budget appropriations with additional funding from revenues generated by or related to the program. The decreased amount reflects the changes in anticipated COLA, fringe benefit rates, and indirect expenses in FY 2016 when compared to FY 2015. These amounts are typically revised annually based on available revenues and cost projections.*



<b>Water Supply Management – Administrative Costs</b>	
Revision	2015 Handbook: p. B-62 2016 Budget: p. D-123

The amounts hereinabove appropriated for the Administrative Costs Water Supply Bond Act of 1981 - Management and Watershed and Aquifer accounts are appropriated from the "Water Supply Bond Act of 1981," P.L.1981, c.261, together with an amount not to exceed ~~\$86,000~~ \$22,000, for costs attributable to administration of water supply programs, subject to the approval of the Director of the Division of Budget and Accounting.

EXPLANATION: FY 2015 language not recommended for FY 2016 denoted by strikethrough.  
Recommended FY 2016 language that did not appear in FY 2015 denoted by underlining.

**Significant Language Changes (Cont'd)**

**Explanation**

*The decreased amount reflects the change in anticipated COLA expenses in FY 2016 when compared to FY 2015. These amounts are typically revised annually based on available revenues and cost projections.*

**Water Resources Monitoring and Planning - Constitutional Dedication**

Revisions

2015 Handbook: p. B-62  
2016 Budget: p. D-123

The amount hereinabove appropriated for the ~~Environmental Management~~ CBT Water Resources Monitoring and Planning - Constitutional Dedication ~~program classification~~ shall be provided from revenue received from the Corporation Business Tax, pursuant to the "Corporation Business Tax Act (1945)," P.L.1945, c.162 (C.54:10A-1 et seq.), as dedicated by Article VIII, Section II, paragraph 6 of the State Constitution. The unexpended balance at the end of the preceding fiscal year in the Water Resources Monitoring and Planning - Constitutional Dedication special purpose account is appropriated to be used in a manner consistent with the requirements of the constitutional dedication.

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~~ \$1,645,000 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 an amount not to exceed \$250,000, on or before September 1, ~~2014~~ 2015, subject to the approval of the Director of the Division of Budget and Accounting.

**Explanation**

*The two language provisions allocate constitutionally dedicated CBT funding for water resources which is reduced by the November 2014 constitutional revisions, from 15 percent to 5 percent of the total CBT dedication. The change in the first language provision is to simply specify that CBT revenue is the source of funding for the Water Resources Monitoring and Planning – Constitutional Dedication account. The changes in the second language provision reflect the reduced FY 2016 appropriation from CBT revenues and revise the amounts allocated from the account for related program expenses anticipated in FY 2016, along with the date that such funds shall be made available.*

EXPLANATION: FY 2015 language not recommended for FY 2016 denoted by strikethrough.  
Recommended FY 2016 language that did not appear in FY 2015 denoted by underlining.

## Significant Language Changes (Cont'd)

In FY 2015, this language allocated a total of \$4.375 million to uses related to water resources management. In FY 2016, the language allocates \$3.477 million, deletes an allocation for Water Monitoring and Standards which will receive direct funding from non-CBT sources, and increases the allocation for the New Jersey Geological Survey.

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### Environmental Management – Administrative Costs

Deletion

2015 Handbook: p. B-63  
2016 Budget: p. N/A

~~The amount hereinabove appropriated for the Environmental Management – CBT Dedication program classification shall be provided from revenue received from the Corporation Business Tax, pursuant to the "Corporation Business Tax Act (1945)," P.L.1945, c.162 (C.54:10A-1 et seq.), as dedicated by Article VIII, Section II, paragraph 6 of the State Constitution. The unexpended balance at the end of the preceding fiscal year in the Cleanup Projects Administrative Costs – Constitutional Dedication account is appropriated, subject to the approval of the Director of the Division of Budget and Accounting.~~

#### Explanation

*According to the department, this language provision is related to changes in the CBT constitutional amendment passed in November 2014, and provided funding for the Cleanup Projects Administrative Costs – Constitutional Dedication account. The language is no longer needed because General Fund moneys will replace CBT funds beginning in FY 2016, with no change in the amount appropriated.*

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EXPLANATION: FY 2015 language not recommended for FY 2016 denoted by strikethrough.  
Recommended FY 2016 language that did not appear in FY 2015 denoted by underlining.

**Significant Language Changes (Cont'd)**

<b>Remediation Management and Response Program</b>	
Revision	2015 Handbook: p. B-64 2016 Budget: p. D-127

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 ~~\$10,540,000~~ \$9,362,000 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**

*The decreased amount reflects the changes in anticipated COLA, fringe benefit rates, and indirect expenses in FY 2016 when compared to FY 2015. These amounts are typically revised annually based on available revenues and cost projections.*



<b>Hazardous Discharge Site Cleanup Fund - Responsible Party</b>	
Revision	2015 Handbook: p. B-64 2016 Budget: p. D-127

The amount hereinabove appropriated 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 ~~\$16,145,000~~ \$14,476,000 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**

*The decreased amount reflects the changes in anticipated COLA, fringe benefit rates, and indirect expenses in FY 2016 when compared to FY 2015. These amounts are typically revised annually based on available revenues and cost projections.*



EXPLANATION: FY 2015 language not recommended for FY 2016 denoted by strikethrough.  
Recommended FY 2016 language that did not appear in FY 2015 denoted by underlining.

**Significant Language Changes (Cont'd)**

<b>Petroleum Underground Storage Tank Remediation, Upgrade, and Closure Fund – Administrative Costs</b>	
Deletion	2015 Handbook: p. B-64 2016 Budget: p. N/A

~~There is hereby appropriated from the Petroleum Underground Storage Tank Remediation, Upgrade, and Closure Fund an amount not to exceed \$1,000,000 for costs associated with the department's administration of the loan and grant program for the upgrade, replacement, or closure of underground storage tanks that store or were used to store hazardous substances pursuant to the amendments effective December 8, 2005 to Article VIII, Section II, paragraph 6 of the State Constitution. The unexpended balance at the end of the preceding fiscal year in the Private Underground Storage Tank Administrative Costs – Constitutional Dedication account is appropriated, subject to the approval of the Director of the Division of Budget and Accounting.~~

**Explanation**

*According to the department, this language provision is related to changes in the CBT constitutional amendment passed in November 2014 which resulted in reduced funding for the Private Underground Storage Tank Remediation – Constitutional Dedication account. The deletion of this language discontinues an annual allocation of up to \$1 million from this appropriation for administrative expenses, in light of reduced funding. The department plans to use projected carryforward balances for the administrative costs necessary to continue this program in FY 2016.*



<b>Office of Dredging and Sediment Technology</b>	
Revision	2015 Handbook: p. B-64 2016 Budget: p. D-127

The amount hereinabove appropriated for the Office of Dredging and Sediment Technology is appropriated from the 1996 Dredging and Containment Facility Fund, created pursuant to section 18 of P.L.1996, c.70, the "Port of New Jersey Revitalization, Dredging, Environmental Cleanup, Lake Restoration, and Delaware Bay Area Economic Development Bond Act of 1996," together with an amount not to exceed ~~\$391,000~~ \$355,000 for the administration of the Dredging and Sediment Technology program, subject to the approval of the Director of the Division of Budget and Accounting.

EXPLANATION: FY 2015 language not recommended for FY 2016 denoted by strikethrough. Recommended FY 2016 language that did not appear in FY 2015 denoted by underlining.

**Significant Language Changes (Cont'd)**

**Explanation**

*The decreased amount reflects the changes in anticipated COLA, fringe benefit rates, and indirect expenses in FY 2016 when compared to FY 2015. These amounts are typically revised annually based on available revenues and cost projections.*

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**Passaic River Cleanup Litigation – Cost Recoveries**

Deletion

2015 Handbook: p. B-64  
2016 Budget: p. N/A

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

**Explanation**

*This language provision is recommended for deletion because it is related to the Passaic River cleanup litigation that has been settled. According to information provided by the State Treasurer, at least \$140 million in revenue from Passaic River cleanup litigation will be deposited in the General Fund in FY 2015.*

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EXPLANATION: FY 2015 language not recommended for FY 2016 denoted by strikethrough.  
Recommended FY 2016 language that did not appear in FY 2015 denoted by underlining.

**Significant Language Changes (Cont'd)**

<b>Passaic River Cleanup Litigation – Municipal Settling Third-Party Defendant</b>	
Deletion	2015 Handbook: p. B-64 2016 Budget: p. N/A

~~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, 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 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 provision is recommended for deletion because it is related to the Passaic River cleanup litigation that has been settled. The OLS assumes that municipal third-party defendants have paid all amounts under the settlement, and the State no longer needs the authorization to redirect State aid payments to these municipalities to satisfy required settlement payments.*

<b>Passaic River Cleanup Litigation – Hazardous Discharge Site Cleanup Fund</b>	
Deletion	2015 Handbook: p. B-65 2016 Budget: p. N/A

~~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: FY 2015 language not recommended for FY 2016 denoted by strikethrough.  
Recommended FY 2016 language that did not appear in FY 2015 denoted by underlining.



**Significant Language Changes (Cont'd)**

**Explanation**

*This language provision is recommended for deletion because it is related to the Passaic River cleanup litigation that has been settled. The OLS notes that it has no way to independently verify that the cost recoveries governed by this language were deposited into the Hazardous Site Cleanup Fund.*

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**Private Underground Storage Tank Remediation - Constitutional Dedication**

Addition

2015 Handbook: p. N/A  
2016 Budget: p. D-128

The amounts hereinabove appropriated for Private Underground Storage Tank Remediation - Constitutional Dedication shall be provided from revenue received from the Corporation Business Tax, pursuant to the "Corporation Business Tax Act (1945)," P.L.1945, c.162 (C.54:10A-1 et seq.), as dedicated by Article VIII, Section II, paragraph 6 of the State Constitution.

**Explanation**

*According to the department, this new language is related to changes in the CBT constitutional amendment passed in November 2014, and specifies that CBT revenue is the source of funding for the Private Underground Storage Tank Remediation – Constitutional Dedication account. The language was added for consistency and to clearly identify CBT revenue as the source of funding for the appropriation. Funding for this program is currently and will continue to be derived from the CBT in FY 2016.*

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**Nuclear Emergency Response**

Revision

2015 Handbook: p. B-67  
2016 Budget: p. D-132

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.). Receipts in excess of the amount anticipated, not to exceed ~~\$1,181,000~~ \$1,070,000, are appropriated. The unexpended balance at the end of the preceding fiscal year in the Nuclear Emergency Response account is appropriated for the same purpose, subject to the approval of the Director of the Division of Budget and

EXPLANATION: FY 2015 language not recommended for FY 2016 denoted by strikethrough.  
Recommended FY 2016 language that did not appear in FY 2015 denoted by underlining.

**Significant Language Changes (Cont'd)**

Accounting.

**Explanation**

*The decreased amount reflects the changes in anticipated COLA, fringe benefit rates, and indirect expenses in FY 2016 when compared to FY 2015. These amounts are typically revised annually based on available revenues and cost projections.*



<b>Pollution Prevention Program</b>	
Revision	2015 Handbook: p. B-67 2016 Budget: p. D-132

The amount hereinabove appropriated for the Pollution Prevention account is payable from receipts received pursuant to the "Pollution Prevention Act," P.L.1991, c.235 (C.13:1D-35 et seq.), together with an amount not to exceed ~~\$255,000~~ \$100,000, for administration of the Pollution Prevention 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.

**Explanation**

*The decreased amount reflects the changes in anticipated COLA, fringe benefit rates, and indirect expenses in FY 2016 when compared to FY 2015. These amounts are typically revised annually based on available revenues and cost projections.*



<b>Worker and Community Right to Know Act</b>	
Revision	2015 Handbook: p. B-67 2016 Budget: p. D-132

Notwithstanding the provisions of the "Worker and Community Right to Know Act," P.L.1983, c.315 (C.34:5A-1 et seq.), the amount hereinabove appropriated for the Worker and Community Right to Know Act account is payable out of the Worker and Community Right to Know Fund, and the receipts in excess of the amount anticipated, not to exceed ~~\$503,000~~ \$465,000, are appropriated. If receipts to that fund are less than anticipated, the appropriation shall be reduced proportionately.

EXPLANATION: FY 2015 language not recommended for FY 2016 denoted by strikethrough.  
Recommended FY 2016 language that did not appear in FY 2015 denoted by underlining.

**Significant Language Changes (Cont'd)**

**Explanation**

*The decreased amount reflects the changes in anticipated COLA, fringe benefit rates, and indirect expenses in FY 2016 when compared to FY 2015. These amounts are typically revised annually based on available revenues and cost projections.*



<b>Oil Spill Prevention Program</b>	
Revision	2015 Handbook: p. B-67 2016 Budget: p. D-132

The amount hereinabove appropriated for the Oil Spill Prevention account is payable out of the New Jersey Spill Compensation Fund, and the receipts in excess of those anticipated, not to exceed ~~\$930,000~~ \$944,000, from the New Jersey Spill Compensation Fund for the Oil Spill Prevention program are appropriated, in accordance with the provisions of P.L.1990, c.76 (C.58:10-23.11f2 et seq.), P.L.1990, c.78 (C.58:10-23.11d1 et seq.), and section 1 of P.L.1990, c.80 (C.58:10-23.11f1), subject to the approval of the Director of the Division of Budget and Accounting.

**Explanation**

*The increased amount reflects the changes in anticipated COLA, fringe benefit rates, and indirect expenses in FY 2016 when compared to FY 2015. These amounts are typically revised annually based on available revenues and cost projections.*



EXPLANATION: FY 2015 language not recommended for FY 2016 denoted by strikethrough.  
Recommended FY 2016 language that did not appear in FY 2015 denoted by underlining.

## Significant Language Changes (Cont'd)

### Diesel Risk Mitigation Fund - Constitutional Dedication

#### Deletions

2015 Handbook: p. B-67  
2016 Budget: p. N/A

~~Of the amount hereinabove appropriated for the Diesel Risk Mitigation Fund – Constitutional Dedication, an amount not to exceed \$1,150,000 shall be appropriated for costs associated with the administration of the program pursuant to the amendments effective December 8, 2005, to Article VIII, Section II, paragraph 6 of the State Constitution. The unexpended balance at the end of the preceding fiscal year in the Diesel Risk Mitigation Fund Administrative Costs – Constitutional Dedication account is appropriated for the same purpose, subject to the approval of the Director of the Division of Budget and Accounting.~~

~~The amount hereinabove appropriated for the Diesel Risk Mitigation Fund – Constitutional Dedication shall be provided from revenue received from the Corporation Business Tax, pursuant to the "Corporation Business Tax Act (1945)," P.L.1945, c.162 (C.54:10A-1 et seq.), as dedicated by Article VIII, Section II, paragraph 6 of the State Constitution. The unexpended balance at the end of the preceding fiscal year in the Diesel Risk Mitigation Fund – Constitutional Dedication account is appropriated, subject to the approval of the Director of the Division of Budget and Accounting.~~

~~Notwithstanding the provisions of any law or regulation to the contrary, funds hereinabove appropriated from the Diesel Risk Mitigation Fund – Constitutional Dedication account may be used to reimburse the owner of a regulated vehicle or regulated equipment as defined by section 2 of P.L.2005, c.219 (C.26:2C-8.27) for the cost of repowering or rebuilding a diesel engine if repowering or rebuilding results in a reduction of fine particle diesel emissions from that engine as approved by the Department of Environmental Protection and in accordance with rules and regulations adopted pursuant thereto. Any reimbursement shall be subject to conditions and limitations provided in P.L.2005, c.219 (C.26:2C-8.26 et al.) and rules and regulations adopted pursuant thereto and shall not exceed the amount of the lowest priced retrofit device on the State Contract at the prescribed best available retrofit technology level for the subject vehicle or equipment type.~~

### Explanation

*These language provisions each pertained to funding for the Diesel Risk Mitigation Fund – Constitutional Dedication appropriation. Due to the CBT constitutional amendment that passed in November 2014, the language provisions are no longer appropriate because CBT revenues are no longer allocated to diesel risk mitigation purposes after June 30, 2015.*

EXPLANATION: FY 2015 language not recommended for FY 2016 denoted by strikethrough.  
Recommended FY 2016 language that did not appear in FY 2015 denoted by underlining.

**Significant Language Changes (Cont'd)**

**Information Technology Enhancements**

Revision

2015 Handbook: p. B-71  
2016 Budget: p. D-138

In the event that revenues are received in excess of the amount of revenues anticipated from Solid Waste Utility Regulation, Water Allocation, New Jersey Pollutant Discharge Elimination System/Stormwater Permits, Coastal Area Facility Review Act, Freshwater Wetlands, Stream Encroachment, Waterfront Development, Wetlands, Well Permits/Well Drillers/Pump Installers Licenses, Water and Wastewater Operators Licensing program, Air Permitting Minor Source, and Pesticide fees, if the amounts of such unanticipated revenues exceed ~~\$8,426,000~~ \$4,600,000, the amounts of such unanticipated revenues in excess of ~~\$8,426,000~~ \$4,600,000 and any reappropriated balances are appropriated for information technology enhancements in the Department of Environmental Protection, subject to the approval of the Director of the Division of Budget and Accounting.

**Explanation**

*This language provision authorizes the use of excess receipts above stipulated levels from a variety of fee and permit sources for department-wide information technology enhancements. According to the department, this language change was made in error by the Department of the Treasury. The DEP plans on requesting a correction to the error through the budget resolution process.*



**Hazardous Substance Discharge Remediation Loans and Grants - Constitutional Dedication**

Revision

2015 Handbook: p. B-71  
2016 Budget: p. D-138

Of the amount hereinabove appropriated for the Hazardous Substance Discharge Remediation Loans and Grants - Constitutional Dedication account, an amount not to exceed ~~\$2,000,000~~ \$1,000,000 shall be allocated for costs associated with the State Underground Storage Tank Inspection Program, pursuant to the amendments effective ~~December 4, 2003~~ July 1, 2015, to Article VIII, Section II, paragraph 6 of the State Constitution. The unexpended balance at the end of the preceding fiscal year in the Underground Storage Tank Inspection Program account is appropriated for the same purpose, subject to the approval of the Director of the Division of Budget and Accounting.

EXPLANATION: FY 2015 language not recommended for FY 2016 denoted by strikethrough.  
Recommended FY 2016 language that did not appear in FY 2015 denoted by underlining.

**Significant Language Changes (Cont'd)**

**Explanation**

*This language provision is the result of changes in the CBT constitutional amendment passed in November 2014, and reflects the reduction in the amount of funding that is authorized to be allocated for costs of the Underground Storage Tank Inspection Program.*



<b>Tidelands Peak Demands</b>	
Revision	2015 Handbook: p. B-71 2016 Budget: p. D-138

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 ~~\$4,197,000~~ \$3,873,000 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**

*The decreased amount reflects the changes in anticipated COLA, fringe benefit rates, and indirect expenses in FY 2016 when compared to FY 2015. These amounts are typically revised annually based on available revenues and cost projections.*



<b>Dredging and Containment Facility Fund</b>	
Revision	2015 Handbook: p. B-72 2016 Budget: p. D-139

There is hereby appropriated for the same purpose the unexpended balance of the \$10 million of funds that were 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 \$10,000,000, as determined by the Commissioner of the Department of Environmental Protection, P.L. 1996, c. 70 to provide funding to the Department of Transportation for financing the cost of dredging navigation channels not located in the port

EXPLANATION: FY 2015 language not recommended for FY 2016 denoted by strikethrough. Recommended FY 2016 language that did not appear in FY 2015 denoted by underlining.

**Significant Language Changes (Cont'd)**

~~region, as provided for in section 7 of P.L. 1996, c. 70, subject to the following conditions: pursuant to a memorandum of understanding between the Department of Environmental Protection shall enter into a memorandum of understanding with and the Department of Transportation to provide for the terms and conditions pursuant to which the bond monies shall be spent, including, setting forth, among other things, 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**

*According to the department, this language change reappropriates any remaining unexpended balance out of the funds that were appropriated to the DEP in FY 2015, to provide funding to the Department of Transportation (DOT) to finance the cost of dredging navigation channels that are not located in the port region. This will be pursuant to a memorandum of understanding entered between the DEP and DOT.*



**General Provisions – Transfer from State Recycling Fund to General Fund**

Deletion

2015 Handbook: p. E-8  
2016 Budget: p. N/A

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

**Explanation**

*This language provision is recommended for deletion because it refers to a one-time FY 2015 shift of revenue from the State Recycling Fund to the General Fund. The State Recycling Fund had accumulated a surplus not immediately needed for programmatic purposes. This surplus is to be transferred to the General Fund in FY 2015. Continuing the language in FY 2016 would likely result in reduced funding for the State Recycling Grant Program.*

EXPLANATION: FY 2015 language not recommended for FY 2016 denoted by strikethrough.  
Recommended FY 2016 language that did not appear in FY 2015 denoted by underlining.

## Background Paper: Constitutional Dedication of Moneys for Open Space, Farmland, and Historic Preservation

Budget Pages.... D-114-118

### Introduction

In November 2014, the voters approved an amendment to the New Jersey Constitution to dedicate a portion of corporation business tax revenues for open space, farmland, and historic preservation. Since 1961, the State's voters have approved a series of bond referenda and constitutional amendments to provide funding to preserve open space, farmland, and historic properties. In 1998, voters approved a constitutional amendment that provided a stable source of funding from 1999 through 2009 by requiring the dedication of sales and use tax revenues of \$98 million per year and authorizing the issuance of up to \$1.0 billion (later increased to \$1.15 billion by approval of the voters in November 2003) in revenue bonds based upon the constitutionally dedicated funds, for the purposes of funding open space preservation (including park development), farmland preservation, and historic preservation efforts. The "Garden State Preservation Trust Act," N.J.S.A.13:8C-1 et seq., which was enacted in 1999 and established the parameters for spending the constitutionally dedicated moneys, built upon the foundation laid by the existing Green Acres, farmland preservation, and historic preservation programs funded theretofore by 10 State general obligation bond acts approved by the voters in the period from 1961 through 1995.

In 2006, the voters approved a measure to constitutionally dedicate moneys for the *development* of lands for recreation and conservation purposes. This provision, which was deleted in the last constitutional revision approved in November 2014, also included the authority to bond for those purposes. On average, for the last five fiscal years, \$16.5 million per year was appropriated to the Department of Environmental Protection for State Park development projects (capital construction) under this authority. No bonds were issued under this provision. After 2006, voters approved two additional bond referenda: the "Green Acres, Farmland, Blue Acres, and Historic Preservation Bond Act of 2007" and the "Green Acres, Water Supply and Floodplain Protection, and Farmland and Historic Preservation Bond Act of 2009," authorizing the issuance of a total of \$600 million in general obligation bonds for open space, farmland, and historic preservation purposes.

The most recent constitutional amendment, which takes effect July 1, 2015, dedicates an amount equivalent to four percent of corporation business tax revenues for various environmental programs. Of the four percent dedication, until 2019, 71 percent is dedicated for open space, farmland, and historic preservation. On July 1, 2019, the dedication increases to an amount equivalent to six percent of corporation business tax revenues. At that time, 78 percent thereof will be dedicated for the preservation of open space, farmland, and historic properties. Unlike the 1999 and 2006 constitutional dedications, the new provisions do not authorize bonding and do not have an endpoint.



## **Background Paper: Constitutional Dedication of Moneys for Open Space, Farmland, and Historic Preservation (Cont'd)**

### **Governor's FY 2016 Budget Recommendation**

In the last 25 years, almost all allocations in the Green Acres, farmland, and historic preservation programs were made by bond act language or permanent statute. Similarly, for at least the last several decades, the Legislature has enacted legislation approving the project lists developed by the Executive branch for funding. In a departure from this practice, the Governor's Budget Recommendation would allocate and appropriate program funding for FY 2016 in broad categories.

According to recommended appropriations and revenue projections (net of adjustments) for the corporation business tax contained in the FY 2016 budget, the new constitutional dedication for open space, farmland, and historic preservation will provide \$80.1 million next fiscal year. Of that amount, the Governor's Budget Recommendation would allocate 42 percent, or \$33.9 million, for State parks management (\$20 million) and State parks capital projects (\$13.9 million). The remaining 58 percent, or \$46.2 million, is recommended for appropriation to the Green Acres, farmland, and historic preservation programs. Recommended budget language would divide the 58 percent allocation (or \$46.2 million) in close to the traditional program allocation percentages, as follows: 60.5 percent for Green Acres, 36.5 percent for farmland preservation, and three percent for historic preservation. However, when regarded in the context of the total constitutionally dedicated amount of \$80.1 million for open space, farmland, and historic preservation, in actuality only 34.9 percent is allocated for Green Acres, 21 percent for farmland preservation, and 1.7 percent for historic preservation.

Moreover, the Governor's Budget Recommendation leaves the Executive branch with discretion regarding whether and how the Green Acres, farmland, and historic preservation moneys might be divided to fund Green Acres, farmland, and historic preservation projects undertaken by counties, municipalities, and nonprofit organizations. There is no provision for the Legislature to review and approve the projects for funding. Thus, assuming the recommended budget language is incorporated as is into the FY 2016 budget bill, upon enactment, it is likely the Legislature will have no further involvement in the allocation of this funding to the State, counties, municipalities, and nonprofit organizations, and no involvement in the approval of projects.

## Background Paper: Constitutional Dedication of Moneys for Open Space, Farmland, and Historic Preservation (Cont'd)

The table below outlines the program allocations established for the various funding sources over the last 16 years, for comparison to the Governor's FY 2016 Budget Recommendation.

<b>Allocations For Open Space, Farmland, and Historic Preservation Funding 1999-2015</b>					
	<b>GSPTA* 1999-2009 Approx. \$202 million/yr</b>	<b>2007 Bond Act \$200 million</b>	<b>2009 Bond Act \$400 million</b>	<b>CBT Dedication** CY2007-2015</b>	<b>Governor's FY2016 Budget Recommendation \$80.1 million</b>
Green Acres - acquisition and development	<b>58.2%</b> <b>(\$117.6 million)</b>  50% State (\$58.8 million)  40% local (\$47.04 million)  10% nonprofit (\$11.76 million)	<b>60.5%***</b> <b>(\$121 million)</b>  47.11% State (\$57 million)  45.45% local (\$55 million)  7.44% nonprofit (\$9 million)	<b>60.5%***</b> <b>(\$242 million)</b>  47.11% State (\$114 million)  45.45% local (\$110 million)  7.44% nonprofit (\$18 million)		<b>34.9%***</b>  \$27.96 million
Farmland Preservation	<b>38.8%</b> \$78.4 million	<b>36.5%</b> \$73 million	<b>36.5%</b> \$146 million		<b>21.05%</b> \$16.87 million
Historic Preservation	<b>3%</b> \$6 million	<b>3%</b> \$6 million	<b>3%</b> \$12 million		<b>1.7%</b> \$1.38 million
Capital Projects for State Parks				<b>\$16 million/yr approx.</b>	<b>17.35%</b> \$13.93 million
State Parks Management					<b>24.9%</b> \$19.97 million

Note: Some numbers may not add due to rounding.

\*Garden State Preservation Trust Act

\*\*Corporation Business Tax Constitutional Dedication prior to July 1, 2015

\*\*\*Includes Blue Acres (preservation of lands vulnerable to, or damaged by, flooding or storms)

### Change in Program Allocations

The allocation in the Governor's FY 2016 Budget Recommendation of the dedicated open space, farmland, and historic preservation moneys is a departure from past allocations. In the recent past, the Green Acres program has been allocated approximately 60 percent and the farmland preservation program approximately 40 percent of the available funding. Of the Green Acres funding, past legislation has allocated 50 percent for State projects, 40 percent for local government projects, and 10 percent for nonprofit organization projects. In contrast, the Governor's Budget Recommendation does not detail how much of the Green Acres allocation will be used to provide moneys for local government or nonprofit organization projects.

**Background Paper: Constitutional Dedication of Moneys for Open Space, Farmland, and Historic Preservation (Cont'd)**

Finally, of the \$80.1 million constitutionally dedicated for open space, farmland, and historic preservation, almost \$20 million is recommended for appropriation for Parks Management. Historically, State parks management has been funded mostly by General Fund appropriations. Also, the sum of \$13.9 million is recommended for appropriation for State parks capital projects. Together, those two recommended appropriations total over 42 percent of the dedicated amount. It is unknown how the funds appropriated for State parks management and capital projects will be used.

## OFFICE OF LEGISLATIVE SERVICES

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Individuals wishing information and committee schedules on the FY 2016 budget are encouraged to contact:

**Legislative Budget and Finance Office  
State House Annex  
Room 140 PO Box 068  
Trenton, NJ 08625  
(609) 847-3105 • Fax (609) 777-2442**