



ANALYSIS OF THE NEW JERSEY BUDGET

DEPARTMENT OF ENVIRONMENTAL PROTECTION

FISCAL YEAR

2016 - 2017

NEW JERSEY STATE LEGISLATURE

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DEPARTMENT OF ENVIRONMENTAL PROTECTION

Budget Pages..... C-4; C-10 to C-11; C-17 to C-18; C-23;
D-107 to D-139; E-1; E-5 to E-6; H-14
to H-15.

Fiscal Summary (\$000)

	Expended FY 2015	Adjusted Appropriation FY 2016	Recommended FY 2017	Percent Change 2016-17
State Budgeted	\$455,319	\$397,106	\$394,113	(0.8%)
Federal Funds	\$130,166	\$172,654	\$170,332	(1.3%)
<u>Other</u>	<u>\$82,299</u>	<u>\$123,086</u>	<u>\$108,000</u>	<u>(12.3%)</u>
Grand Total	\$667,784	\$692,846	\$672,445	(2.9%)

Personnel Summary - Positions By Funding Source

	Actual FY 2015	Revised FY 2016	Funded FY 2017	Percent Change 2016-17
State	821	659	720	9.3%
Federal	42	41	44	7.3%
<u>Other</u>	<u>1,851</u>	<u>1,984</u>	<u>2,049</u>	<u>3.3%</u>
Total Positions	2,714	2,684	2,813	4.8%

FY 2015 (as of December) and revised FY 2016 (as of January) personnel data reflect actual payroll counts. FY 2017 data reflect the number of positions funded.

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

Highlights

DEPARTMENT-WIDE OVERVIEW

- The Governor's FY 2017 Budget recommends a total appropriation of \$672.4 million for the Department of Environmental Protection (DEP) from State, Federal, and All Other Funds combined. This sum represents a decrease of \$20.4 million, or 2.9 percent, from the total FY 2016 appropriation of \$692.8 million.
- Recommended FY 2017 State appropriations total \$394.1 million, which is a net \$3.0 million, or 0.8 percent, less than FY 2016 adjusted appropriations. The most significant changes are a \$6.6 million decrease in appropriations out of that portion of Corporation Business Tax (CBT) collections that the New Jersey State Constitution dedicates for various environmental purposes, and a \$4.2 million increase in appropriations for debt service on general obligation bonds issued for environmental-related purposes.
- FY 2017 federal funds appropriations are recommended to total \$170.3 million, a net decline of \$2.3 million, or 1.3 percent, compared to FY 2016 adjusted appropriations. The most significant changes are the non-recurrence of \$2.3 million in *Asian Longhorned Beetle Project* grant funding and of \$1.5 million in *Diesel Emissions Reduction Act – Marine Vessel Emission Reduction* grant funding.
- FY 2017 All Other Funds appropriations are recommended to total \$108.0 million, a net decline of \$15.1 million, or 12.3 percent, relative to FY 2016 adjusted appropriations. The most significant changes are the non-recurrence in FY 2017 of an anticipated \$19.0 million Port Authority of New York and New Jersey payment in FY 2016 for the Liberty State Park Ferry Slip Restoration Project, and an anticipated combined \$2.7 million increase in the transfers to the Division of Remediation Management from the dedicated New Jersey Spill Compensation Fund and Hazardous Discharge Site Cleanup Fund.

CONSTITUTIONAL CORPORATION BUSINESS TAX REVENUE DEDICATION

- Recommended appropriations of constitutionally dedicated CBT revenues total \$100.5 million, which is a \$6.6 million, or 6.1 percent, decrease relative to FY 2016 adjusted appropriations. Of the \$100.5 million, 71 percent, or about \$71.4 million, is allocated for purposes related to the preservation and stewardship of open space, farmland, historic sites, and flood-prone areas; ten percent, or about \$10.1 million, for hazardous substance discharge remediation programs; nine percent, or about \$9.0 million, for underground storage tank programs; five percent, or about \$5.0 million, for water resources programs and projects; and five percent, or about \$5.0 million, for hazardous substance discharge cleanup performed by the State.
- Last year, the Administration proposed, and the Legislature rejected, using constitutionally dedicated CBT revenues to pay for some of the operating expenses of the State Park Service, i.e., Parks Management. The Governor's FY 2017 Budget once more includes an appropriation of constitutionally dedicated CBT revenues for that purpose (\$20.0 million).

Highlights (Cont'd)

- Last year, the Administration proposed, and the Legislature rejected, a dedicated CBT revenue appropriation and associated distribution schedule for the *Open Space, Farmland and Historic Preservation – Constitutional Dedication* account. The Governor's FY 2017 Budget once more proposes a similar distribution schedule for the \$37.5 million recommended for the account: 1) 60.5 percent, or \$22.7 million, to the DEP for the preservation of open space for recreation and conservation purposes; 2) 36.5 percent, or \$13.7 million, to the Department of Agriculture for farmland preservation; and 3) 3.0 percent, or \$1.1 million, to the Department of Community Affairs for historic preservation.
- Of the \$100.5 million in constitutionally dedicated CBT collections, the Governor's FY 2017 Budget appropriates 5.0 percent, or about \$5.0 million, for watershed-based water resource planning and management, financing the cost of water quality point and nonpoint source pollution and monitoring, nonpoint source pollution prevention projects, total maximum daily load development and implementation, and lake restoration and grants. Of the \$5.0 million, about \$3.5 million would be used as follows to support nonpoint source pollution and watershed management programs: \$1,645,000 for the New Jersey Geological Survey in the DEP, \$542,000 for Watershed Management in the DEP, \$500,000 for Forest Resource Management in the DEP, \$540,000 for Department of Agriculture nonpoint source pollution control programs, and an amount not to exceed \$250,000 for the Department of Agriculture's Conservation Assistance Program.

LIBERTY STATE PARK FERRY SLIP RESTORATION PROJECT

- The Governor's FY 2017 Budget includes a \$19.0 million reduction in projected dedicated revenue from the non-recurrence of an anticipated FY 2016 Port Authority of New York and New Jersey payment for the Liberty State Park Ferry Slip Restoration Project. In 2013, the Administration announced that it would reconstruct the severely damaged ferry slips at Liberty State Park. The Port Authority intended to support the project with up to \$23.0 million, of which the State has received \$525,000 as of May 3, 2016.

DEBT SERVICE ON GENERAL OBLIGATION BONDS

- The Governor's FY 2017 Budget includes \$50.7 million for debt service on general obligation bonds for environmental-related purposes, an increase of \$4.2 million, or 9.1 percent, over the FY 2016 adjusted appropriation of \$46.4 million. The net increase is consistent with existing maturity schedules on bonds already issued and predominantly reflects a shift to budgeted resources of debt service payments that were made in FY 2016 out of off-budget bond premium receipts.

Highlights (Cont'd)

SUPERSTORM SANDY BLUE ACRES BUYOUT PROGRAM

- The DEP-administered Superstorm Sandy Blue Acres Buyout program purchases flood-prone properties. According to a letter from the State Treasurer to the Assembly Budget Committee dated April 29, 2016, the DEP has identified \$292.3 million for the program. The amount of funding disbursed, or under contract for disbursement, to that date was \$127.5 million and the amount remaining for disbursement was \$164.8 million. A January 2016 DEP press release states that the Blue Acres program secured funding to purchase 797 properties Statewide and that of 724 offers extended to homeowners, 543 have been accepted and closings have been completed on 439 properties.

NATIONAL DISASTER RESILIENCE COMPETITION

- The DEP applied for \$321 million in funding under the U.S. Department of Housing and Urban Development's National Disaster Resilience Competition. In January 2016, New Jersey was awarded a \$15 million grant to support the creation of a "Regional Resiliency Planning Grant Program" to help regions and communities that experience significant flooding to undergo a comprehensive planning process to identify and address vulnerabilities due to increased flooding risk, and for work with university partners to develop a toolkit of best practices for communities to assess their flooding risks and develop resilient building codes and plans.

DRINKING WATER STATE REVOLVING FUND

- As part of the Safe Drinking Water program, the DEP administers the Drinking Water State Revolving Fund, which is the depository for federal capitalization and other grants, and other funds made available to the State for drinking water projects. The revolving fund is anticipated to receive \$28.2 million in federal and other grants in FY 2017, about \$11.5 million more than the \$16.7 million anticipated to be received in FY 2016. The fund balance is projected to increase from \$358.6 million at the end of FY 2016 to \$379.3 million at the end of FY 2017.

CLEAN WATER STATE REVOLVING FUND

- The DEP also operates the Clean Water State Revolving Fund, which provides low-interest loans to local government units for the construction of environmental infrastructure treatment facilities out of balances from federal capitalization grants and various State bond acts. The revolving fund is anticipated to receive \$110.0 million in federal and other grants in FY 2017, about \$11.3 million more than the \$98.7 million anticipated to be received in FY 2016. The fund balance is projected to increase from \$309.5 million at the end of FY 2016 to \$399.5 million at the end of FY 2017.

Fiscal and Personnel Summary

AGENCY FUNDING BY SOURCE OF FUNDS (\$000)

	Expended FY 2015	Adj. Approp. FY 2016	Recom. FY 2017	Percent Change	
				2015-17	2016-17
General Fund					
Direct State Services	\$259,764	\$226,531	\$225,332	(13.3%)	(0.5%)
Grants-In-Aid	56,743	2,125	2,025	(96.4%)	(4.7%)
State Aid	6,483	6,310	6,310	(2.7%)	0.0%
Capital Construction	77,976	112,971	107,034	37.3%	(5.3%)
Debt Service	50,912	46,469	50,712	(0.4%)	9.1%
Sub-Total	\$451,878	\$394,406	\$391,413	(13.4%)	(0.8%)
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	3,441	2,700	2,700	(21.5%)	0.0%
Sub-Total	\$3,441	\$2,700	\$2,700	(21.5%)	0.0%
Casino Revenue Fund	\$0	\$0	\$0	0.0%	0.0%
Casino Control Fund	\$0	\$0	\$0	0.0%	0.0%
State Total	\$455,319	\$397,106	\$394,113	(13.4%)	(0.8%)
Federal Funds	\$130,166	\$172,654	\$170,332	30.9%	(1.3%)
Other Funds	\$82,299	\$123,086	\$108,000	31.2%	(12.3%)
Grand Total	\$667,784	\$692,846	\$672,445	0.7%	(2.9%)

PERSONNEL SUMMARY - POSITIONS BY FUNDING SOURCE

	Actual FY 2015	Revised FY 2016	Funded FY 2017	Percent Change	
				2015-17	2016-17
State	821	659	720	(12.3%)	9.3%
Federal	42	41	44	4.8%	7.3%
All Other	1,851	1,984	2,049	10.7%	3.3%
Total Positions	2,714	2,684	2,813	3.6%	4.8%

FY 2015 (as of December) and revised FY 2016 (as of January) personnel data reflect actual payroll counts. FY 2017 data reflect the number of positions funded.

AFFIRMATIVE ACTION DATA

Total Minority Percent	19.6%	19.7%	N/A	---	---
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Significant Changes/New Programs (\$000)

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2016</u>	<u>Recomm.</u> <u>FY 2017</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
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NATURAL RESOURCE MANAGEMENT**General Fund,****Direct State Services:****Hunters' and Anglers'****License Fund**

	\$15,929	\$15,315	(\$614)	(3.9%)	D-115
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This budget line represents the General Fund appropriation to the Division of Fish and Wildlife. Most of the total originates in various fee and license revenues that are deposited in the Hunters' and Anglers' License Fund and dedicated to the division for operating expenses. The recommended reduction reflects the non-recurrence of an FY 2016 supplemental General Fund appropriation that reimburses the Division of Fish and Wildlife for the revenue loss it incurs from issuing free waterfowl stamps and hunting and fishing licenses to active members of the State National Guard and disabled veterans in accordance with N.J.S.A.23:3-1e. By convention, the State does not include a specific amount in the annual appropriations acts for the reimbursement of the division's revenue loss but instead provides therefor through mid-year supplemental appropriations authorized by a recurring language provision.

General Fund,**Direct State Services:****Shellfish and Marine****Fisheries Management**

	\$1,182	\$2,282	\$1,100	93.1%	D-115
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This line item shows an increase of \$1.1 million as a result of a shift in funding sources, with no change in the overall amount appropriated for Shellfish and Marine Fisheries Management. General Fund moneys are recommended to replace the \$1.1 million that a FY 2016 language provision appropriated to Shellfish and Marine Fisheries Management from the DEP's *Nuclear Emergency Response* account, thereby reverting to the pre-FY 2011 funding practice for the account. Beginning in FY 2011, similar budget language annually appropriated the \$1.1 million from the surplus balances in the *Nuclear Emergency Response* account, which are now exhausted. The Governor's FY 2017 Budget does not continue the language provision.

The DEP's *Nuclear Emergency Response* account is the depository of the DEP's allocation of Nuclear Emergency Response Assessment collections. Under "The Radiation Accident Response Act," N.J.S.A.26:2D-37 et seq., the Department of the Treasury collects the assessment annually from operators of the State's nuclear electric generating facilities to defray the costs incurred by State and local agencies in developing, testing and updating their State Radiation Emergency Response Plans and in acquiring and maintaining the equipment to carry out their various responsibilities under those plans. The Administration anticipates \$5.7 million in Nuclear Emergency Response Assessment collections in FY 2017, some \$136,000 more than in FY 2016 (pages C-6 and C-11). Of the \$5.7 million, the Governor's FY 2017 Budget recommends allocating \$3.8 million to the DEP and \$1.9 million to the New Jersey State Police in the Department of Law and Public Safety.

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

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2016</u>	<u>Recomm.</u> <u>FY 2017</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
General Fund, Capital Construction: Open Space, Farmland and Historic Preservation – Constitutional Dedication	\$40,457 S	\$37,475	(\$2,982)	(7.4%)	D-116

The recommended decrease in the FY 2017 appropriation of constitutionally dedicated Corporation Business Tax (CBT) collections to the *Open Space, Farmland and Historic Preservation – Constitutional Dedication* account reflects a projected \$6.6 million decrease in total dedicated CBT appropriations for FY 2017 and the Administration's recommendation to allocate \$3.0 million of the decrease to this account.

Article VIII, Section II, paragraph 6 of the New Jersey State Constitution dedicates four percent of annual CBT collections to certain environmental purposes and sets forth the following distribution schedule: 1) 71 percent for the preservation and stewardship of open space, farmland, historic sites, and flood-prone areas; 2) ten percent for hazardous substance discharge remediation programs; 3) nine percent for underground storage tank programs; 4) five percent for water resources programs and projects; and 5) five percent for hazardous substance discharge cleanup performed by the State.

The Governor's FY 2017 Budget appropriates \$100.5 million in constitutionally dedicated CBT collections. Of that total, 71 percent, or about \$71.4 million, is allocated for purposes related to the preservation and stewardship of open space, farmland, historic sites, and flood-prone areas, as follows: \$20.0 million to pay for the general operating expenses of the State Park Service, i.e., Parks Management (page D-115); \$13.9 million for Recreational Land Development and Conservation expenditures (page D-116); and \$37.5 million for Open Space, Farmland and Historic Preservation expenditures (page D-116).

A new language provision recommends a distribution for the \$37.5 million the Governor's FY 2017 Budget provides for the *Open Space, Farmland and Historic Preservation – Constitutional Dedication* account: 1) 60.5 percent, or \$22.7 million, to the DEP for the preservation of open space for recreation and conservation purposes; 2) 36.5 percent, or \$13.7 million, to the Department of Agriculture for farmland preservation; and 3) 3.0 percent, or \$1.1 million, to the Department of Community Affairs for historic preservation.

Last year's Governor's Budget included similar language but the Legislature disagreed with the allocation of CBT funds and the language's distribution schedule, and omitted from the FY 2016 Appropriations Act both the language and an appropriation for the *Open Space, Farmland and Historic Preservation – Constitutional Dedication* account. While the Administration has projected approval of a \$40.5 million supplemental appropriation for that purpose in FY 2016, neither a supplemental appropriation nor a specific allocation of the funding has been approved. The recommended FY 2017 language reiterates the allocation the Administration proposed for FY 2016.

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

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2016</u>	<u>Recomm.</u> <u>FY 2017</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
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Federal Funds:**Forest Resource
Management**

	\$5,075	\$2,775	(\$2,300)	(45.3%)	D-116
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This budget line aggregates several sources of grant funding the DEP's State Forestry Services receives from the federal government. The decrease reflects the anticipated non-recurrence of \$2.3 million in federal funding the State Forestry Services expects to receive in FY 2016 as part of the *Asian Longhorned Beetle Project*, an initiative by the Animal and Plant Health Inspection Service in the United States Department of Agriculture. The invasive species was first discovered in New Jersey in 2002 and its eradication involved the removal of over 20,000 infested trees. In March 2013, the New Jersey Department of Agriculture declared the State free of the beetle.

Federal Funds:**Hunters' and Anglers'
License Fund**

	\$13,645	\$15,400	\$1,755	12.9%	D-116
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This budget line aggregates several sources of grant funding the Division of Fish and Wildlife receives from the federal government. The increase is primarily due to a new anticipated \$1.0 million federal grant in FY 2017 for *Boat Access (Fish and Wildlife)* and a new anticipated \$600,000 federal grant for the *Assessment of the Vulnerability of NJ's Habitat and Wildlife Climate Change Fund*.

All Other Funds:**Parks Management**

	\$26,993	\$8,145	(\$18,848)	(69.8%)	D-116
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The budget line aggregates several dedicated, off-budget accounts administered by the DEP's State Park Service. This decline is primarily due to the non-recurrence in FY 2017 of an anticipated \$19.0 million Port Authority of New York and New Jersey payment in FY 2016 for the Liberty State Park Ferry Slip Restoration Project. In 2013, the Administration announced that it would reconstruct the severely damaged ferry slips at Liberty State Park, which are essential in transporting State residents and tourists to and from Ellis Island and the Statue of Liberty. The project would rebuild the historic Central Railroad New Jersey Terminal Ferry Slips and dredge the area to provide boat access into and adjacent to the slips and docks. The Port Authority of New York and New Jersey entered into an agreement with the DEP for the Port Authority to provide up to \$23.0 million in support of the project. As of May 3, 2016, the State has received \$525,000 in total payments from the Port Authority.

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

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2016</u>	<u>Recomm.</u> <u>FY 2017</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

**General Fund,
Direct State Services:
Water Resources
Monitoring and
Planning –
Constitutional
Dedication**

	\$5,642	\$5,027	(\$615)	(10.9%)	D-122
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The recommended decrease in the FY 2017 appropriation of constitutionally dedicated Corporation Business Tax (CBT) collections to Water Resources Monitoring and Planning reflects a projected \$6.6 million decrease in total dedicated CBT appropriations for FY 2017 and the Administration's recommendation to allocate \$615,000 of the decrease to this account.

Article VIII, Section II, paragraph 6 of the New Jersey State Constitution dedicates four percent of annual CBT collections to certain environmental purposes and sets forth the following distribution schedule: 1) 71 percent for the preservation and stewardship of open space, farmland, historic sites, and flood-prone areas; 2) ten percent for hazardous substance discharge remediation programs; 3) nine percent for underground storage tank programs; 4) five percent for water resources programs and projects; and 5) five percent for hazardous substance discharge cleanup performed by the State.

The Governor's FY 2017 Budget appropriates \$100.5 million in constitutionally dedicated CBT collections. Of that total, the Governor's FY 2017 Budget allocates 5.0 percent, or about \$5.0 million, for watershed-based water resource planning and management, financing the cost of water quality point and nonpoint source pollution and monitoring, nonpoint source pollution prevention projects, total maximum daily load development and implementation, and lake restoration and grants. A retained language provision specifies that of the \$5.0 million, some \$3.5 million would be used as follows to support nonpoint source pollution and watershed management programs: \$1,645,000 for the New Jersey Geological Survey in the DEP, \$542,000 for Watershed Management in the DEP, \$500,000 for Forest Resource Management in the DEP, \$540,000 for Department of Agriculture nonpoint source pollution control programs, and an amount not to exceed \$250,000 for the Department of Agriculture's Conservation Assistance Program.

Federal Funds:

Land Use Regulation	\$2,950	\$2,600	(\$350)	(11.9%)	D-122
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This budget line aggregates several sources of grant funding the Division of Land Use Regulation receives from the federal government. The net decline reflects the non-recurrence of a \$200,000 Coastal Zone Management grant the division received from the National Oceanic and Atmospheric Administration under section 310 of the federal Coastal Zone

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2016</u>	<u>Recomm. FY 2017</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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Management Act (Technical Assistance), and of \$150,000 in federal funding for *Wetlands Living Shoreline*.

Federal Funds:**New Jersey**

Geological Survey	\$350	\$400	\$50	14.3%	D-122
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This budget line aggregates several sources of grant funding the New Jersey Geological and Water Survey in the Division of Water Supply and Geoscience receives from the federal government. The recommended increase reflects the anticipation of \$50,000 in federal funding in FY 2017 from a new grant named *New Jersey Statewide Water Use Data*.

All Other Funds:

Water Supply	\$4,733	\$4,606	(\$127)	(2.7%)	D-122
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The budget line aggregates several dedicated, off-budget accounts administered by the DEP's Division of Water Supply and Geoscience. Several factors account for the net reduction:

- a \$215,000 decrease in anticipated collections from *Well Permits, Well Driller, Pump Installer Licenses* from \$1,095,000 in FY 2016 to \$880,000 in FY 2017;
- a \$10,000 decrease in anticipated receipts from *Landscape Irrigation Contractor Certifications* from \$140,000 in FY 2016 to \$130,000 in FY 2017;
- a \$23,000 increase in *Water Allocation* receipts from \$2,977,000 in FY 2016 to \$3,000,000 in FY 2017; and
- a net \$75,000 increase in miscellaneous receipts from \$521,000 in FY 2016 to \$596,000 in FY 2017.

All Other Funds:

Land Use Regulation	\$3,347	\$3,675	\$328	9.8%	D-122
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The budget line aggregates several dedicated, off-budget accounts administered by the DEP's Division of Land Use Regulation. The line item is projected to receive a \$333,000 increase from miscellaneous excess receipts from \$3.2 million in FY 2016 to \$3.5 million in FY 2017 in accordance with a language provision that is recommended to be continued that appropriates for administrative costs associated with Land Use Regulation receipts in excess of the amounts anticipated as Schedule 1 revenue for "Coastal Area Facility Review Act," P.L.1973, c.185 (C.13:19-1 et seq.), Freshwater Wetlands, Stream Encroachment, Waterfront Development, and Wetlands fees, and the unexpended balance at the end of the preceding year of such receipts. The amount transferred pays for the division's administrative costs and is revised annually based on the estimate of available revenue and projected employee fringe benefits and indirect costs.

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

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2016</u>	<u>Recomm.</u> <u>FY 2017</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
<u>SITE REMEDIATION AND WASTE MANAGEMENT</u>					
General Fund, Capital Construction: Environmental Management and Preservation – CBT Dedication TOTAL:	<u>\$27,083</u>	<u>\$24,128</u>	<u>(\$2,955)</u>	<u>(10.9%)</u>	D-126
Private Underground Storage Tank Remediation – Constitutional Dedication	\$10,156	\$9,048	(\$1,108)	(10.9%)	D-126
Hazardous Substance Discharge Remediation – Constitutional Dedication	\$5,642	\$5,027	(\$615)	(10.9%)	D-126
Hazardous Substance Discharge Remediation Loans & Grants – Constitutional Dedication	\$11,285	\$10,053	(\$1,232)	(10.9%)	D-127

The recommended decrease in the FY 2017 appropriation of constitutionally dedicated Corporation Business Tax (CBT) collections to the remediation of private underground storage tanks and of hazardous substance discharges reflects a projected \$6.6 million decrease in total dedicated CBT appropriations for FY 2017 and the Administration's recommendation to allocate \$3.0 million of the decrease to these accounts. Overall, the Governor's FY 2017 Budget appropriates \$100.5 million in constitutionally dedicated CBT collections.

The appropriation for *Private Underground Storage Tank Remediation – Constitutional Dedication* funds grants and loans to replace, upgrade, close or remediate private underground storage tanks that do not meet federal or State standards. The New Jersey State Constitution dedicates nine percent of the CBT allocation to this purpose, which the Governor's FY 2017 Budget implements.

The appropriation for *Hazardous Substance Discharge Remediation – Constitutional Dedication* finances hazardous site cleanups not generally supported by responsible parties.

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

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2016</u>	<u>Recomm.</u> <u>FY 2017</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
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The New Jersey State Constitution dedicates five percent of the CBT allocation to these publicly-funded cleanups, which the Governor’s FY 2017 Budget implements.

The appropriation for *Hazardous Substance Discharge Remediation Loans & Grants – Constitutional Dedication* funds the brownfield program which provides loans and grants to developers and municipalities to remediate brownfield sites. The New Jersey State Constitution dedicates ten percent of the CBT allocation to this purpose, which the Governor’s FY 2017 Budget implements.

Article VIII, Section II, paragraph 6 of the New Jersey State Constitution dedicates four percent of annual CBT collections to certain environmental purposes and sets forth the following distribution schedule: 1) 71 percent for the preservation and stewardship of open space, farmland, historic sites, and flood-prone areas; 2) ten percent for hazardous substance discharge remediation programs; 3) nine percent for underground storage tank programs; 4) five percent for water resources programs and projects; and 5) five percent for hazardous substance discharge cleanup performed by the State.

All Other Funds:

Remediation

Management	\$25,964	\$28,489	\$2,525	9.7%	D-127
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The budget line aggregates several dedicated, off-budget accounts administered by the DEP’s Division of Remediation Management, the most significant being funds transferred from the New Jersey Spill Compensation Fund and Hazardous Discharge Site Cleanup Fund for the division’s administrative costs. The amount transferred is revised annually based on the estimate of available revenue and projected employee fringe benefits and indirect costs. Transfers are projected to grow by \$2.7 million from \$23.8 million in FY 2016 to \$26.5 million in FY 2017. The increase is partially offset by an anticipated \$158,000 decline in other dedicated, off-budget accounts.

Established in accordance with N.J.S.A.58:10-23.11i, the New Jersey Spill Compensation Fund is a dedicated, off-budget fund whose receipts accrue from taxes and penalties levied on owners and operators of major hazardous substances facilities. Fund balances may be used for hazardous substance cleanup costs, removal costs, research, the division’s related administrative expenses, and payments of approved claims.

Established pursuant to N.J.S.A.58:10-23.34, the Hazardous Discharge Site Cleanup Fund is a dedicated, off-budget fund whose deposits are comprised of collections for costs in site cleanups, including legal settlements. Fund balances are dedicated to preparing feasibility studies, engineering designs, and other work necessary for the cleanup or mitigation of hazardous discharge sites.

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

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2016</u>	<u>Recomm.</u> <u>FY 2017</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**General Fund,****Direct State Services:****Special Purpose:****Nuclear Emergency****Response****\$2,621****\$1,070 S****\$2,621****(\$1,070)****(29.0%)****D-131**

The recommended reduction reflects the non-recurrence in FY 2017 of a \$1,070,000 supplemental appropriation that supports the Radiation Protection Element's FY 2016 activities related to the development, testing and updating of State radiation emergency response plans. By convention, the State does not include the full amount of anticipated *Nuclear Emergency Response* appropriations in the budget line item but instead effects mid-year supplemental appropriations authorized by a recurring language provision. The recommended FY 2017 language provision anticipates the supplemental appropriation to equal \$1,206,000.

Under "The Radiation Accident Response Act," N.J.S.A.26:2D-37 et seq., the Department of the Treasury assesses operators of the State's nuclear electric generating facilities an annual fee to defray the costs incurred by State and local agencies in developing, testing and updating their State Radiation Emergency Response Plans and in acquiring and maintaining the equipment to carry out their various responsibilities under those plans. The DEP's activities under the plan include the development and implementation of training for all nuclear emergency response participants, the planning for and initiation of nuclear emergency response during exercises and nuclear emergency events, the upkeep of response facilities, the development of procedures, and the maintenance of staff ready to initiate, at a moment's notice, a response to a nuclear power plant emergency.

The Administration anticipates \$5.7 million in Nuclear Emergency Response Assessment collections in FY 2017, some \$136,000 more than in FY 2016 (pages C-6 and C-11). The Governor's FY 2017 Budget recommends allocating the \$5.7 million as follows: \$3.8 million to the DEP (\$2.6 million budgeted in *Nuclear Emergency Response* line item and \$1.2 million budgeted by means of a language provision) and \$1.9 million to the New Jersey State Police in the Department of Law and Public Safety (pages D-252 and D-253).

Federal Funds:**Air Pollution Control****\$11,170****\$9,955****(\$1,215)****(10.9%)****D-131**

This budget line aggregates several sources of grant funding the Division of Air Quality receives from the federal government. Two grants account for the vast majority of the net \$1.2 million decrease. First, the non-recurrence of a \$1.5 million grant that the United States Environmental Protection Agency announced in April 2015 for *Diesel Emissions Reduction Act - Marine Vessel Emission Reduction*. The grant pays for the replacement by the DEP of four Tier 1 marine propulsion engines with Tier 4 certified engines on marine vessels that operate between

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2016</u>	<u>Recomm. FY 2017</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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Atlantic Highlands in New Jersey and terminal locations in New York City, significantly reducing particulate matter, nitrogen oxides and other pollutants. The \$1.5 million reduction is partially offset by a new anticipated \$250,000 federal grant for *Clean Diesel Retrofit*.

All Other Funds:

Radiation Protection	\$3,833	\$3,999	\$166	4.3%	D-132
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The budget line aggregates several dedicated, off-budget accounts administered by the DEP's Radiation Protection Element. Two factors account for the projected increase in dedicated receipts. First, receipts for the Radiation Protection Element's activities related to the development, testing and updating of State radiation emergency response plans are projected to increase by \$136,000 from \$1.1 million in FY 2016 to \$1.2 million in FY 2017. The receipts: a) pay for administrative costs of the Radiation Protection Element; b) are revised annually based on the estimate of available revenue and projected employee fringe benefits and indirect costs; and c) by convention, will be converted into a mid-year supplemental appropriation to the *Nuclear Emergency Response* budget line. In addition, the Administration anticipates a \$29,000 increase in *Mammography Quality Standards Act* inspection fee collections from \$328,000 in FY 2016 to \$357,000 in FY 2017. The Mammography Section within the DEP's Bureau of X-Ray Compliance is responsible for annually inspecting all U.S. Food and Drug Administration certified Mammography Quality Standards Act facilities.

All Other Funds:

Air Pollution Control	\$1,649	\$1,894	\$245	14.9%	D-132
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The budget line aggregates several dedicated, off-budget accounts administered by the DEP's Division of Air Quality. The revenues pay for the division's administrative costs and are revised annually based on the estimate of available revenue and projected employee fringe benefits and indirect costs.

The \$245,000 net increase represents growth in three revenue lines: a) an \$114,000 increase from \$100,000 in FY 2016 to \$214,000 in FY 2017 in Pollution Prevention Act receipts from penalties collected for violations of the Pollution Prevention Act (N.J.S.A.13:1D-35 et seq.); b) a \$53,000 increase from \$465,000 in FY 2016 to \$518,000 in FY 2017 in Worker and Community Right to Know Act receipts from the collection by the Department of Labor and Workforce Development from employers of an annual assessment of \$2.00 per employee that are transferred to the DEP for the implementation of the Pollution Prevention Act (N.J.S.A.34:5A-26); and c) a \$78,000 increase from \$944,000 in FY 2016 to \$1,022,000 in FY 2017 in the transfer from the dedicated, off-budget New Jersey Spill Compensation Fund, established in accordance with N.J.S.A.58:10-23.11i. Fund receipts accrue from taxes and penalties levied on owners and operators of major hazardous substances facilities and are dedicated to hazardous substance cleanup costs, removal costs, research, the division's administrative expenses, and payments of approved claims.

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2016</u>	<u>Recomm. FY 2017</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
All Other Funds:					
Clean Waters	\$2,185	\$3,000	\$815	37.3%	D-132

The budget line represents the administrative expenses of the Division of Water Quality-operated Clean Water State Revolving Fund. The DEP indicated that it had underestimated the portion of the FY 2016 federal Water Resources Reform and Development Act grant award that the DEP may use for program administration. According to the department, the FY 2016 total should approximate \$3.0 million, roughly the same as the FY 2017 revenue anticipation. The DEP attributed the FY 2016 underestimate to an adjustment in the formula for calculating allowable administrative costs that was enacted as part of 2014 amendments to the federal law.

Specifically, in September 2015, the United States Environmental Protection Agency awarded \$57.0 million in capitalization grants to the Clean Water State Revolving Fund. New Jersey has to contribute \$11.4 million, or 20.0 percent of the federal grant. DEP may use up to \$3.2 million of the \$57.0 million federal grant for administrative expenses under the revised formula, as opposed to up to \$2.3 million under the previous formula.

P.L.2009, c.77 established the Clean Water State Revolving Fund to provide low-interest loans to local government units for the construction of environmental infrastructure treatment facilities out of balances from federal capitalization grants and various State bond acts. The projects eligible for financial assistance include water and wastewater treatment plant upgrades or improvements, facilities for the beneficial reuse and treatment of sewage sludge, collection and conveyance facilities, on-site system rehabilitation, infiltration/inflow correction, combined sewer overflow and interconnection/cross-connection abatement, and nonpoint source projects (such as land acquisition, brownfield remediation, well sealing and landfills).

ENVIRONMENTAL PLANNING AND ADMINISTRATION

General Fund,					D-134,
Total Debt Service	\$46,469	\$50,712	\$4,243	9.1%	E-5, E-6

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. The Governor’s proposed FY 2017 appropriations for these payments are consistent with existing maturity schedules on bonds already issued. The net increase is predominantly the result of a shift to budgeted resources of debt service payments on general obligation bonds that were made in FY 2016 out of off-budget bond premium receipts that had been collected as part of an FY 2015 sale of general obligation bonds for environmental-related purposes.

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

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2016</u>	<u>Recomm.</u> <u>FY 2017</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
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In all, the Administration recommends a \$340.8 million FY 2017 appropriation for general obligation bond debt service payments from budgeted resources, of which \$290.1 million would be funded in the Department of the Treasury budget and \$50.7 million in the DEP budget. The proposed FY 2017 appropriation for all general obligation bond debt service payments combined reflects a net \$105.0 million, or 23.6 percent, decrease from the \$445.8 million allocated in FY 2016. The net decrease has three major components: a) a \$143.5 million reduction in debt service payments under the terms of existing refunding bond covenants (Department of the Treasury); b) a \$29.7 million shift to budgeted resources in FY 2017 of debt service payments that were made out of off-budget bond premium receipts in FY 2016 on the following bonds sold in FY 2015: \$450.0 million in new Building Our Future Bonds (P.L.2012, c.41) to finance higher educational capital projects, \$60.3 million in new Green Acres, Water Supply and Floodplain Protection, and Farmland and Historic Preservation Bonds (P.L.2009, c.117), and \$14.7 million in new Port of New Jersey Revitalization, Dredging Bonds (P.L.1996, c.70) (Department of the Treasury and DEP); and c) an \$8.8 million FY 2017 appropriation for debt service payments on anticipated, unspecified future bond sales (Department of the Treasury).

Significant Language Changes

Parks Management – Constitutional Dedication

Revision

2016 Handbook: p. B-59

2017 Budget: p. D-117

~~Notwithstanding the provisions of any law or regulation to the contrary, there is appropriated \$19,972,000 for Parks Management.~~ 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. The unexpended balance at the end of the preceding fiscal year in the Parks Management - Constitutional Dedication special purpose account is appropriated to be used for the same purpose.

Explanation

The Governor's FY 2017 Budget recommends an unchanged \$34.7 million appropriation for the general operating expenses of the State Park Service, i.e., Parks Management, composed of a \$14.8 million General Fund appropriation and a \$20.0 million appropriation out of that portion of corporation business tax (CBT) collections the State Constitution dedicates to certain environmental programs. The revised language would effectuate the \$20.0 million appropriation out of the \$100.5 million in constitutionally dedicated FY 2017 CBT appropriations and would provide carry forward authority so that unexpended program balances at the end of FY 2016 remain appropriated for the same purpose in FY 2017.

Prior to FY 2016, General Fund appropriations paid for most of the operating expenses of the State Park Service. In the Governor's FY 2016 Budget, however, the Administration recommended a funding source shift for \$20.0 million of the appropriation for Parks Management to constitutionally dedicated CBT collections and included language similar to this year's recommended language to accomplish that objective. The Legislature rejected the funding shift and passed the FY 2016 Appropriations Act with language allocating \$20.0 million of dedicated, off-budget Clean Energy Fund balances to the State Park Service. The Governor used line-item veto authority to delete the Clean Energy Fund as the funding source for the \$20.0 million appropriation, which produced the above FY 2016 language that appropriated the amount out of the General Fund. Subsequently, the Administration made a supplemental \$20.0 million appropriation for Parks Management and charged it to the constitutional CBT dedication, as it had originally intended.

Article VIII, Section II, paragraph 6 of the New Jersey State Constitution dedicates four percent of annual CBT collections to certain environmental purposes and sets forth a distribution schedule: 1) 71 percent for the preservation and stewardship of open space, farmland, historic sites, and flood-prone areas; 2) ten percent for

EXPLANATION: FY 2016 language not recommended for FY 2017 denoted by strikethrough.
Recommended FY 2017 language that did not appear in FY 2016 denoted by underlining.

Significant Language Changes (Cont'd)

hazardous substance discharge remediation programs; 3) nine percent for underground storage tank programs; 4) five percent for water resources programs and projects; and 5) five percent for hazardous substance discharge cleanup performed by the State.

Shellfish and Marine Fisheries Management

Deletion

2016 Handbook: p. B-59
2017 Budget: p. N/A

~~In addition to the amount hereinabove appropriated for Shellfish and Marine Fisheries Management, an amount not to exceed \$1,100,000 is 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

Beginning in FY 2011, budget language annually appropriated \$1.1 million from the surplus balances in the DEP's Nuclear Emergency Response account to Shellfish and Marine Fisheries Management. The surplus balances are now depleted, thereby rendering the language provision functionally obsolete. The Governor's FY 2017 Budget recommends replacing the \$1.1 million in Shellfish and Marine Fisheries Management funding with General Fund moneys, reverting to the pre-FY 2011 account funding practice.

The DEP's Nuclear Emergency Response account is the depository of the DEP's allocation of Nuclear Emergency Response Assessment collections. Under "The Radiation Accident Response Act," N.J.S.A.26:2D-37 et seq., the Department of the Treasury collects the assessment annually from operators of the State's nuclear electric generating facilities to defray the costs incurred by State and local agencies in developing, testing and updating their State Radiation Emergency Response Plans and in acquiring and maintaining the equipment to carry out their various responsibilities under those plans. The Administration anticipates \$5.7 million in Nuclear Emergency Response Assessment collections in FY 2017, some \$136,000 more than in FY 2016 (pages C-6 and C-11). Of the \$5.7 million, the Governor's FY 2017 Budget recommends allocating \$3.8 million to the DEP and \$1.9 million to the New Jersey State Police in the Department of Law and Public Safety.

EXPLANATION: FY 2016 language not recommended for FY 2017 denoted by strikethrough.
Recommended FY 2017 language that did not appear in FY 2016 denoted by underlining.

Significant Language Changes (Cont'd)

Open Space, Farmland and Historic Preservation - Constitutional Dedication

Addition

2016 Handbook: p. N/A
2017 Budget: p. D-118

Notwithstanding the provisions of any law or regulation to the contrary, the amount hereinabove appropriated and any unappropriated constitutionally dedicated balances 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

Article VIII, Section II, paragraph 6 of the New Jersey State Constitution dedicates four percent of annual corporation business tax (CBT) collections to certain environmental purposes and sets forth a distribution schedule: 1) 71 percent for the preservation and stewardship of open space, farmland, historic sites, and flood-prone areas; 2) ten percent for hazardous substance discharge remediation programs; 3) nine percent for underground storage tank programs; 4) five percent for water resources programs and projects; and 5) five percent for hazardous substance discharge cleanup performed by the State.

The Governor's FY 2017 Budget appropriates \$100.5 million in constitutionally dedicated CBT collections. Of that total, 71 percent, or about \$71.4 million, is allocated for purposes related to the preservation and stewardship of open space, farmland, historic sites, and flood-prone areas, as follows: \$20.0 million to pay for the general operating expenses of the State Park Service, i.e., Parks Management (page D-115); \$13.9 million for Recreational Land Development and Conservation

EXPLANATION: FY 2016 language not recommended for FY 2017 denoted by strikethrough.
Recommended FY 2017 language that did not appear in FY 2016 denoted by underlining.

Significant Language Changes (Cont'd)

expenditures (page D-116); and \$37.5 million for Open Space, Farmland and Historic Preservation expenditures (page D-116).

This new language provision recommends a distribution for the \$37.5 million the Governor's FY 2017 Budget provides for the Open Space, Farmland and Historic Preservation – Constitutional Dedication account: 1) 60.5 percent, or \$22.7 million, to the Department of Environmental Protection for the preservation of open space for recreation and conservation purposes; 2) 36.5 percent, or \$13.7 million, to the Department of Agriculture for farmland preservation; and 3) 3.0 percent, or \$1.1 million, to the Department of Community Affairs for historic preservation.

Last year's Governor's Budget included similar language but the Legislature disagreed with the allocation of CBT funds and the language's distribution schedule, and omitted from the FY 2016 Appropriations Act both the language and an appropriation to the Open Space, Farmland and Historic Preservation – Constitutional Dedication account. While the Administration has projected approval of a \$40.5 million supplemental appropriation for that purpose in FY 2016, neither a supplemental appropriation nor a specific allocation of the funding has been approved. The recommended FY 2017 language reiterates the allocation the Administration proposed for FY 2016.

Safe Drinking Water Program

Revision

2016 Handbook: p. B-61
2017 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 ~~\$269,000~~ \$336,000, 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

This language provision charges to the dedicated, off-budget Safe Drinking Water Fund the \$2.6 million the Governor's FY 2017 Budget recommends appropriating to the Safe Drinking Water Fund account (page D-121) and \$336,000 for related employee fringe benefits, which are centrally budgeted in the Interdepartmental Accounts section of the Governor's FY 2017 Budget. The dedicated Safe Drinking Water Fund receives tax revenues collected from owners or operators of public community water systems pursuant to the Safe Drinking Water Act (N.J.S.A.58:12A-1 et seq.). As required by that law, moneys in the fund are

EXPLANATION: FY 2016 language not recommended for FY 2017 denoted by strikethrough.
Recommended FY 2017 language that did not appear in FY 2016 denoted by underlining.

Significant Language Changes (Cont'd)

appropriated to the DEP for all costs associated with the department's administration of programs set forth in the Safe Drinking Water Act.

The purpose of this language change is to augment budget appropriations with additional funding from revenues generated by or related to the program. The increased amount reflects the changes in anticipated cost-of-living adjustments, fringe benefit rates, and indirect expenses in FY 2017 when compared to FY 2016. These amounts are typically revised annually based on available revenues and cost projections.

Remediation Management Program

Revision

2016 Handbook: p. B-64
2017 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 ~~\$9,362,000~~ \$10,673,000 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

This recommended language provision charges to the dedicated, off-budget New Jersey Spill Compensation Fund: a) the \$14.5 million the Governor's FY 2017 Budget recommends appropriating to the Remediation Management program classification after excluding from the total the Hazardous Discharge Site Cleanup Fund - Responsible Party and the Underground Storage Tanks accounts; and b) \$10.7 million for administrative expenses and related anticipated cost-of-living adjustments, fringe benefit rates, and indirect expenses, which are centrally budgeted in the Interdepartmental Accounts section of the Governor's FY 2017 Budget. The New Jersey Spill Compensation Fund accrues its receipts from taxes and penalties levied on owners and operators of major hazardous substances facilities. Fund balances may be used for hazardous substance cleanup costs, removal costs, research, the division's related administrative expenses, and payments of approved claims.

The purpose of increasing the amount for administrative costs associated with the cleanup of hazardous waste sites is to augment budget appropriations with additional funding from revenues generated by or related to the program. The increased amount reflects the changes in anticipated cost-of-living adjustments,

EXPLANATION: FY 2016 language not recommended for FY 2017 denoted by strikethrough. Recommended FY 2017 language that did not appear in FY 2016 denoted by underlining.

Significant Language Changes (Cont'd)

fringe benefit rates, and indirect expenses in FY 2017 when compared to FY 2016. These amounts are typically revised annually based on available revenues and cost projections.

The recommended language provision also renames the program classification to reflect less direct case management responsibilities as stipulated under P.L.2009, c.60, the Site Remediation Reform Act. The case management services that were included under this program classification have been moved to the Publicly-Funded Site Remediation and Response program classification.

Hazardous Discharge Site Cleanup Fund – Responsible Party

Revision

2016 Handbook: p. B-64
2017 Budget: p. D-127

The amount hereinabove for the Hazardous Discharge Site Cleanup Fund - Responsible Party account is appropriated from responsible party cost recoveries and Licensed Site Remediation Professionals fees deposited into the Hazardous Discharge Site Cleanup Fund, together with an amount not to exceed ~~\$14,476,000~~ \$15,848,000 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

This recommended language provision charges to the dedicated, off-budget Hazardous Discharge Site Cleanup Fund: a) the \$19.0 million the Governor’s FY 2017 Budget recommends appropriating to the Hazardous Discharge Site Cleanup Fund - Responsible Party account in the Remediation Management program classification; and b) \$15.8 million for administrative expenses and related anticipated cost-of-living adjustments, fringe benefit rates, and indirect expenses, which are centrally budgeted in the Interdepartmental Accounts section of the Governor’s FY 2017 Budget. The Hazardous Discharge Site Cleanup Fund accumulates collections for costs in site cleanups, including legal settlements. Fund balances are dedicated to preparing feasibility studies, engineering designs, and other work necessary for the cleanup or mitigation of hazardous discharge sites.

The purpose of increasing the amount for administrative costs associated with the cleanup of hazardous waste sites is to augment budget appropriations with additional funding from revenues generated by or related to the program. The increased amount reflects the changes in anticipated cost-of-living adjustments, fringe benefit rates, and indirect expenses in FY 2017 when compared to FY 2016. These amounts are typically revised annually based on available revenues and cost projections.

EXPLANATION: FY 2016 language not recommended for FY 2017 denoted by strikethrough. Recommended FY 2017 language that did not appear in FY 2016 denoted by underlining.

Significant Language Changes (Cont'd)

The recommended language provision also newly allows the use of Licensed Site Remediation Professionals fees deposited in the Hazardous Discharge Site Cleanup Fund to cover the administrative costs associated with the cleanup of hazardous waste sites.

Office of Dredging and Sediment Technology

Deletion

2016 Handbook: p. B-64
2017 Budget: p. N/A

~~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 \$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

This language deletion discontinues the funding of Office of Dredging and Sediment Technology operating expenses from the 1996 Dredging and Containment Facility Fund, which last occurred in FY 2015. According to the department, the work currently being performed by the Office of Dredging and Sediment Technology is not authorized under the "Port of New Jersey Revitalization, Dredging, Environmental Cleanup, Lake Restoration, and Delaware Bay Area Economic Development Bond Act of 1996." Funding for the office's operating expenses will be replaced by moneys from other sources.

The Office of Dredging and Sediment Technology handles all permitting for dredging and dredged material management associated with tidal waters, and dredging and other regulated activities at marinas. On the New York/New Jersey Harbor Complex and Delaware Estuary the office handles construction activities at a port and commercial and industrial facility with berthing facilities.

P.L.1996, c.70 established the Dredging and Containment Facility Fund to hold the proceeds from the sale of \$185 million of General Obligation bonds for the construction of subaqueous pits, the construction of containment facilities, projects related to the decontamination of dredged materials, and dredging projects. Additionally, an amount of \$20 million of General Obligation bonds was authorized for dredging navigation channels located in the New Jersey/New York port region.

EXPLANATION: FY 2016 language not recommended for FY 2017 denoted by strikethrough.
Recommended FY 2017 language that did not appear in FY 2016 denoted by underlining.

Significant Language Changes (Cont'd)

Hazardous Discharge Site Cleanup Fund

Revision

2016 Handbook: p. B-64
2017 Budget: p. D-128

Notwithstanding the provisions of any law or regulation to the contrary, there is appropriated from the Hazardous Discharge Site Cleanup Fund an amount ~~of \$6,000,000~~ not to exceed \$500,000 for the direct and indirect costs of legal and consulting services associated with litigation related to the Passaic River cleanup, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

This recommended language provision charges to the dedicated, off-budget Hazardous Discharge Site Cleanup Fund the expenses the State incurs in pursuing the Passaic River cleanup litigation. The decrease reflects the settlement of the litigation in FY 2015.

The State has concluded three Passaic River litigation settlements according to which the responsible parties will clean up the river at their own expense and pay the State a combined total of \$355.4 million. In December 2014, the State reached a \$190 million settlement with Occidental Chemical Corp., the legal successor to Diamond Shamrock Chemicals Company, which had been found to have intentionally dumped hazardous pollutants into the Passaic River. A year earlier, in December 2013, the State had reached two other settlements that had provided the State with an additional \$165.4 million from the Repsol/YPF/Maxus Energy/Tierra Solutions and Third Party Consent Judgment settlements combined.

The Hazardous Discharge Site Cleanup Fund accumulates collections for costs in site cleanups, including legal settlements. Fund balances are dedicated to preparing feasibility studies, engineering designs, and other work necessary for the cleanup or mitigation of hazardous discharge sites.

Cleanup Projects Administrative Costs – Constitutional Dedication

Deletion

2016 Handbook: p. B-65
2017 Budget: p. N/A

~~Notwithstanding the provisions of any law or regulation to the contrary, the unexpended balances at the end of the preceding fiscal year in the Cleanup Projects Administrative Costs – Constitutional Dedication account are appropriated to the Hazardous Substance Discharge Remediation – Constitutional Dedication account, subject to the approval of the Director of the Division of Budget and Accounting.~~

EXPLANATION: FY 2016 language not recommended for FY 2017 denoted by strikethrough. Recommended FY 2017 language that did not appear in FY 2016 denoted by underlining.

Significant Language Changes (Cont'd)

Explanation

This language is recommended to be discontinued, as it has become functionally obsolete. In November 2014, the voters approved an amendment to Article VIII, Section II, paragraph 6 of the New Jersey State Constitution that reallocated dedicated receipts from four percent of annual Corporation Business Tax (CBT) collections among different environmental purposes. Among the changes, the amendment eliminated the nine-percent allocation of dedicated CBT revenues to administrative expenses incurred by DEP in undertaking site remediation and brownfields projects. The one-time FY 2016 language provision transferred the unexpended balances in the discontinued Cleanup Projects Administrative Costs - Constitutional Dedication account to the continued Hazardous Substance Discharge Remediation - Constitutional Dedication account.

Nuclear Emergency Response

Revision

2016 Handbook: p. B-66
2017 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 ~~\$1,070,000~~ \$1,206,000, 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 Accounting.

Explanation

The recommended language provision charges to annual Nuclear Emergency Response Assessment collections: a) the \$2.6 million the Governor's FY 2017 Budget recommends appropriating to the DEP's Nuclear Emergency Response special purpose account; and b) \$1.2 million for administrative expenses and related anticipated cost-of-living adjustments, fringe benefit rates, and indirect expenses. By convention, the State does not include the full amount of anticipated Nuclear Emergency Response appropriations in the Nuclear Emergency Response account but instead effects mid-year supplemental appropriations authorized by this recurring language provision.

The purpose of increasing the amount for administrative costs is to augment budget appropriations with additional funding from revenues generated by or related to the program. The increased amount reflects the changes in anticipated cost-of-living adjustments, fringe benefit rates, and indirect expenses in FY 2017

EXPLANATION: FY 2016 language not recommended for FY 2017 denoted by strikethrough.
Recommended FY 2017 language that did not appear in FY 2016 denoted by underlining.

Significant Language Changes (Cont'd)

when compared to FY 2016. These amounts are typically revised annually based on available revenues and cost projections.

Under "The Radiation Accident Response Act," N.J.S.A.26:2D-37 et seq., the Department of the Treasury assesses operators of the State's nuclear electric generating facilities an annual fee to defray the costs incurred by State and local agencies in developing, testing and updating their State Radiation Emergency Response Plans and in acquiring and maintaining the equipment to carry out their various responsibilities under those plans. The DEP's activities under the plan include the development and implementation of training for all nuclear emergency response participants, the planning for and initiation of nuclear emergency response during exercises and nuclear emergency events, the upkeep of response facilities, the development of procedures, and the maintenance of staff ready to initiate, at a moment's notice, a response to a nuclear power plant emergency.

The Administration anticipates \$5.7 million in Nuclear Emergency Response Assessment collections in FY 2017, some \$136,000 more than in FY 2016 (pages C-6 and C-11). The Governor's FY 2017 Budget recommends allocating the \$5.7 million as follows: \$3.8 million to the DEP and \$1.9 million to the New Jersey State Police in the Department of Law and Public Safety (pages D-252 and D-253).

Pollution Prevention

Revision

2016 Handbook: p. B-67
2017 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 ~~\$100,000~~ \$214,000, 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

This recommended language provision charges to dedicated Pollution Prevention Act receipts from penalties collected for violations of the Pollution Prevention Act (N.J.S.A.13:1D-35 et seq.): a) the \$1.0 million the Governor's FY 2017 Budget recommends appropriating to the Pollution Prevention special purpose account in the DEP's Division of Air Quality; and b) \$214,000 for related anticipated cost-of-living adjustments, fringe benefit rates, and indirect expenses, which are centrally budgeted in the Interdepartmental Accounts section of the Governor's FY 2017 Budget.

EXPLANATION: FY 2016 language not recommended for FY 2017 denoted by strikethrough. Recommended FY 2017 language that did not appear in FY 2016 denoted by underlining.

Significant Language Changes (Cont'd)

The purpose of increasing the amount for administrative costs associated with the air pollution prevention activities is to augment budget appropriations with additional funding from revenues generated by or related to the program. The increased amount reflects the changes in anticipated cost-of-living adjustments, fringe benefit rates, and indirect expenses in FY 2017 when compared to FY 2016. These amounts are typically revised annually based on available revenues and cost projections.

Worker and Community Right to Know Act

Revision

2016 Handbook: p. B-67
2017 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 ~~\$465,000~~ \$518,000, are appropriated. If receipts to that fund are less than anticipated, the appropriation shall be reduced proportionately.

Explanation

This recommended language provision charges to dedicated Worker and Community Right to Know Act receipts from the collection by the Department of Labor and Workforce Development from employers of an annual assessment of \$2.00 per employee (N.J.S.A.34:5A-26): a) \$764,000 the Governor's FY 2017 Budget recommends appropriating to the DEP's Division of Air Quality for air pollution prevention; and b) \$518,000 for related anticipated cost-of-living adjustments, fringe benefit rates, and indirect expenses, which are centrally budgeted in the Interdepartmental Accounts section of the Governor's FY 2017 Budget.

The purpose of increasing the amount for administrative costs associated with the air pollution prevention activities is to augment budget appropriations with additional funding from revenues generated by or related to the program. The increased amount reflects the changes in anticipated cost-of-living adjustments, fringe benefit rates, and indirect expenses in FY 2017 when compared to FY 2016. These amounts are typically revised annually based on available revenues and cost projections.

EXPLANATION: FY 2016 language not recommended for FY 2017 denoted by strikethrough. Recommended FY 2017 language that did not appear in FY 2016 denoted by underlining.

Significant Language Changes (Cont'd)

Oil Spill Prevention

Revision

2016 Handbook: p. B-67
2017 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 ~~\$944,000~~ \$1,022,000, 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

This recommended language provision charges to the dedicated, off-budget New Jersey Spill Compensation Fund: a) \$2.0 million the Governor's FY 2017 Budget recommends appropriating to the Oil Spill Prevention special purpose account in the DEP's Division of Air Quality; and b) \$1.0 million for administrative expenses and related anticipated cost-of-living adjustments, fringe benefit rates, and indirect expenses, which are centrally budgeted in the Interdepartmental Accounts section of the Governor's FY 2017 Budget. Established in accordance with N.J.S.A.58:10-23.11i, the fund receives collections from taxes and penalties levied on owners and operators of major hazardous substances facilities. Fund balances are dedicated to hazardous substance cleanup costs, removal costs, research, the division's administrative expenses, and payments of approved claims.

The purpose of increasing the amount for administrative costs associated with the Oil Spill Prevention program is to augment budget appropriations with additional funding from revenues generated by or related to the program. The increased amount reflects the changes in anticipated cost-of-living adjustments, fringe benefit rates, and indirect expenses in FY 2017 when compared to FY 2016. These amounts are typically revised annually based on available revenues and cost projections.

Tidelands Peak Demands

Revision

2016 Handbook: p. B-70
2017 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 ~~\$3,873,000~~ \$4,257,000 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: FY 2016 language not recommended for FY 2017 denoted by strikethrough.
Recommended FY 2017 language that did not appear in FY 2016 denoted by underlining.

Significant Language Changes (Cont'd)

Explanation

This recommended language provision charges to the dedicated, off-budget Fund for the Support of Free Public Schools: a) the \$4.5 million the Governor's FY 2017 Budget recommends appropriating to two Tidelands Peak Demands special purpose accounts (pages D-121 and D-137); and b) \$4.3 million for related other administrative expenses, including anticipated cost-of-living adjustments, fringe benefit rates, and indirect expenses. Created by Article VIII, Section IV, paragraph 2 of the New Jersey State Constitution, the Fund for the Support of Free Public Schools accumulates the proceeds from the sales, grants, leases, licensing, and rentals of State riparian lands and investment income earned on fund balances. The Constitution dedicates fund balances to the support of free public schools, and for the equal benefit of all the people of the State. The Governor's FY 2017 Budget anticipates \$9.3 million in FY 2017 fund revenues, of which this language provision directs \$8.8 million to Tidelands Peak Demands.

The purpose of increasing the amount for administrative costs associated with Tidelands Peak Demands is to augment budget appropriations with additional funding from revenues generated by or related to the program. The increased amount reflects predominantly the changes in anticipated cost-of-living adjustments, fringe benefit rates, and indirect expenses in FY 2017 when compared to FY 2016. These amounts are typically revised annually based on available revenues and cost projections.

Tidelands, also known as riparian lands, are lands that are currently and formerly flowed by the mean high tide of a natural waterway. The State claims ownership of these tidelands. Since tidelands are public lands, a written permission from the State and the payment of a fee are required in order to use these lands. Common uses of tidelands include docks, mooring piles, bulkheads and other fill materials. Some tidelands may be sold in the form of a Riparian Grant while others may only be rented through either a Tidelands License or Lease. The Tidelands Resource Council, a board of Governor-appointed volunteers, and the Bureau of Tidelands and Application Support in the DEP's Division of Land Use Regulation oversee all tidelands.

EXPLANATION: FY 2016 language not recommended for FY 2017 denoted by strikethrough.
Recommended FY 2017 language that did not appear in FY 2016 denoted by underlining.

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Individuals wishing information and committee schedules on the FY 2017 budget are encouraged to contact:

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