

Article VIII, Section II, Paragraph 6 New Jersey Constitution

LEGISLATIVE HISTORY CHECKLIST

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(4% Corporation Business Tax to fund hazardous discharge cleanup, underground storage tank improvements and surface water quality projects)

New Jersey Constitution: Article VIII, Section II, Paragraph 6

BILL NO: SCR41 SCR60

SPONSOR: Bennett, Adler, Sinagra, McNamara

DATE INTRODUCED: 2/5/1996

COMMITTEE: **Assembly:** --

Senate: Budget and Appropriations

AMENDED DURING PASSAGE: Yes

DATE OF PASSAGE: **ASSEMBLY:** 6/27/1996

SENATE: 6/27/1996

FILED WITH SECRETARY OF STATE: 6/28/1996

DATE OF ADOPTION: 11/5/1996

EFFECTIVE: 12/5/1996

FOLLOWING ARE ATTACHED IF AVAILABLE:

FINAL TEXT OF BILL (Introduced bill enacted) Yes

SPONSOR'S STATEMENT: Yes

COMMITTEE STATEMENT: **ASSEMBLY:** No

SENATE: Yes

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL ESTIMATE: Yes

VETO MESSAGE: No

GOVERNOR'S PRESS RELEASE ON SIGNING: No

FOLLOWING WERE PRINTED:

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REPORTS: No

HEARINGS:

Yes

974.90 Public hearing before Senate Budget and Appropriations Committee : Senate committee substitute for C758 Senate concurrent resolution nos. 41 and 60 of 1996 : amends Constitution to dedicate 4 percent of 1996 corporation business tax revenues to fund hazardous discharge cleanup, underground storage tank improvements, and surface water quality projects : [June 3, 1996, Trenton, New Jersey]..

NEWSPAPER ARTICLES:

No

SCHWANEBERG, R. (1996, March 12). Plan would allot taxes for environmental use. *Star-Ledger, The (Newark, NJ)*, p.16.

Toxic waste bill OK'd. (1996, March 12). *Times, The (Trenton, NJ)*, p. a5.

DONOHUE, J. (1996, May 17). Panel backs proposal to set aside cleanup funds Amendment to the state constitution would dedicate corporate taxes. *Star-Ledger, The (Newark, NJ)*, p. 25

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SENATE COMMITTEE SUBSTITUTE FOR
SENATE CONCURRENT RESOLUTION Nos. 41 and 60
STATE OF NEW JERSEY

ADOPTED MAY 16, 1996

Sponsored by Senators BENNETT, McNAMARA and ADLER

A CONCURRENT RESOLUTION proposing to amend Article VIII, Section II of the Constitution of the State of New Jersey.

BE IT RESOLVED *by the Senate of the State of New Jersey (the General Assembly concurring):*

1. The following proposed amendment to the Constitution of the State of New Jersey is agreed to:

PROPOSED AMENDMENT

Amend Article VIII, Section II, by the addition of a new paragraph 6 to read as follows:

6. There shall be credited annually to a special account in the General Fund an amount equivalent to 4% of the revenue annually derived from the tax imposed pursuant to the "Corporation Business Tax Act (1945)," P.L.1945, c.162 (C.54:10A-1 et seq.), as amended and supplemented, or any other State law of similar effect.

The amount annually credited pursuant to this paragraph shall be dedicated and shall be appropriated from time to time by the Legislature only for the following purposes: paying or financing costs incurred by the State for the remediation of discharges of hazardous substances, which costs may include performing necessary operation and maintenance activities relating to remedial actions and costs incurred for providing alternative sources of public or private water supplies, when a water supply has been, or is suspected of being, contaminated by a hazardous substance discharge; providing funding, including the provision of loans or grants, for the upgrade, replacement, or closure of underground storage tanks that store or were used to store hazardous substances, and for the costs of remediating any discharge therefrom; and for paying or financing the cost of water quality point and nonpoint source pollution

monitoring, watershed based water resource planning and management, and nonpoint source pollution prevention projects.

It shall not be competent for the Legislature, under any pretense whatever, to borrow, appropriate, or use the amount credited to the special account pursuant to this paragraph, or any portion thereof, for any purpose or in any manner other than as enumerated in this paragraph. It shall not be competent for the Legislature, under any pretense whatever, to borrow, appropriate, or use the amount credited to the special account pursuant to this paragraph, or any portion thereof, for the payment of the principal or interest on any general obligation bond that was approved by the voters prior to this paragraph becoming part of this Constitution.

(a) A minimum of one-sixth of the amount annually credited pursuant to this paragraph, or a minimum of an amount equal to \$5,000,000.00 per year, whichever is less, shall be dedicated, and shall be appropriated from time to time by the Legislature, only for paying or financing the cost of water quality point and nonpoint source pollution monitoring, watershed based water resource planning and management, and nonpoint source pollution prevention projects.

(b) A minimum of one-third of the amount annually credited pursuant to this paragraph shall be dedicated, and shall be appropriated from time to time by the Legislature, only for providing funding, including the provision of loans or grants, for the upgrade, replacement, or closure of underground storage tanks that store or were used to store hazardous substances, and for the costs of remediating any discharge therefrom, except that the dedication of moneys pursuant to this subparagraph (b) shall expire on December 31, 2008 and may thereafter be dedicated and appropriated from time to time by the Legislature for any of the purposes authorized pursuant to subparagraphs (a), (b), or (c) of this paragraph. All moneys derived from repayments of any loan issued from the amount dedicated pursuant to this subparagraph (b) shall be dedicated, and shall be appropriated from time to time by the Legislature, only for the purposes authorized pursuant to this subparagraph (b). The dedication of moneys derived from loan repayments shall not expire. No moneys appropriated pursuant to this subparagraph (b) may be expended on any direct or indirect administrative costs of the State or any of its departments, agencies, or authorities. No moneys appropriated pursuant to this subparagraph (b) may be expended on any upgrade, replacement, or closure of any underground storage tank, or for the remediation of any discharge therefrom, for any underground storage tank owned by the State or any of its departments, agencies, or authorities.

(c) A minimum of one-half of the amount annually credited pursuant to this paragraph shall be dedicated, and shall be appropriated from time to time by the Legislature, only for paying or financing costs incurred by the State for the remediation of discharges of hazardous substances, which costs may include performing necessary operation and maintenance activities relating to remedial actions

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and costs incurred for providing alternative sources of public or private water supplies, when a water supply has been, or is suspected of being, contaminated by a hazardous substance discharge. No moneys appropriated pursuant to this subparagraph (c) may be expended for any indirect administrative costs of the State, its departments, agencies, or authorities. No more than nine percent of the moneys annually credited pursuant to this paragraph, which shall be taken from the amount dedicated pursuant to this subparagraph (c), may be expended for any direct program administrative costs of the State, its departments, agencies, or authorities. If the Legislature dedicates for the purposes of this subparagraph (c) any moneys above the minimum that is required to be dedicated pursuant to this subparagraph (c), those moneys may not be expended for any direct or indirect administrative costs of the State, its departments, agencies, or authorities.

2. When this proposed amendment to the Constitution is finally agreed to pursuant to Article IX, paragraph 1 of the Constitution, it shall be submitted to the people at the next general election occurring more than three months after the final agreement and shall be published at least once in at least one newspaper of each county designated by the President of the Senate, the Speaker of the General Assembly and the Secretary of State, not less than three months prior to the general election.

3. This proposed amendment to the Constitution shall be submitted to the people at that election in the following manner and form:

There shall be printed on each official ballot to be used at the general election, the following:

a. In every municipality in which voting machines are not used, a legend which shall immediately precede the question, as follows:

If you favor the proposition printed below make a cross (X), plus (+) or check (•) in the square opposite the word "Yes." If you are opposed thereto make a cross (X), plus (+) or check (•) in the square opposite the word "No."

b. In every municipality the following question:

	YES	<p>DEDICATION OF 4% OF CORPORATION BUSINESS TAX REVENUE FOR HAZARDOUS DISCHARGE CLEANUPS, UNDERGROUND STORAGE TANK UPGRADES AND CLEANUPS AND THE PRESERVATION OF WATER QUALITY</p> <p>Shall the amendment to Article VIII, Section II, of the Constitution of the State of New Jersey, agreed to by the Legislature, to provide</p>
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		<p>that an amount equivalent to 4% of the revenue annually derived from the imposition of the Corporation Business Tax, or any other State law of similar effect, be deposited in a special account, which could be appropriated by the Legislature only for the following purposes and in the following manner: a minimum of one-half for funding the costs incurred by the State relating to hazardous discharge remediations; a minimum of one-third, dedicated until December 31, 2008, for funding or financing loans and grants for underground storage tank upgrades, replacements, closures, and remediations; and a minimum of one-sixth, or a minimum of \$5 million, whichever is less, for funding costs related to water quality monitoring, watershed planning, and nonpoint source water pollution prevention, be approved?</p>
	<p>NO</p>	<p style="text-align: center;">INTERPRETIVE STATEMENT</p> <p>Approval of this proposed constitutional amendment would dedicate 4% of the annual revenue from the Corporation Business Tax, or other similar tax, for (1) financing State funded hazardous discharge cleanups, (2) providing financing, loans and grants for underground storage tank improvements, and (3) providing financing for monitoring and protecting water quality. At current collection levels, this constitutional amendment would dedicate approximately \$48 million per year. Of this amount, a minimum of one-half would be allocated for hazardous discharge cleanups, a minimum of one-third would be allocated until December 31, 2008 for underground storage tank projects, and a minimum of one-sixth, or a minimum of \$5 million, whichever is less, would be allocated for water quality projects. Limitations are placed on the use of this money for administrative costs relating to underground storage tank projects and hazardous discharge cleanups.</p>

Amends Constitution to dedicate 4% of Corporation Business Tax revenue to fund hazardous discharge cleanup, underground storage tank improvements, and surface water quality projects.

SENATE CONCURRENT RESOLUTION No. 41**STATE OF NEW JERSEY**

INTRODUCED FEBRUARY 5, 1996

By Senators BENNETT, ADLER and Sinagra

A CONCURRENT RESOLUTION proposing to amend Article VIII, Section II of the Constitution of the State of New Jersey.

BE IT RESOLVED *by the Senate of the State of New Jersey (the General Assembly concurring):*

1. The following proposed amendment to the Constitution of the State of New Jersey is agreed to:

PROPOSED AMENDMENT

Amend Article VIII, Section II, by the addition of a new paragraph 5 to read as follows:

5. There shall be credited annually to a special account in the General Fund an amount equivalent to 6% of the revenue annually derived from the tax imposed pursuant to the "Corporation Business Tax Act (1945)," P.L.1945, c.162 (C.54:10A-1 et seq.), as amended and supplemented, or any other State law of similar effect.

Of the amount annually credited pursuant to this paragraph, 80% shall be appropriated from time to time by the Legislature only for the following purposes: paying or financing the costs to be incurred by the State for the remediation of discharges of hazardous substances, which costs shall include the cost of investigating and delineating the discharge, comparing, designing, and implementing remedial actions, and performing necessary maintenance activities relating to remedial actions; paying or financing the cost of providing alternative sources of public or private water supplies, when a water supply has been contaminated by a hazardous substance discharge; and providing funding, including the provision of loans or grants, for the upgrade, replacement, or closure of underground storage tanks that store or were used to store hazardous substances, and for the costs of remediating any discharge therefrom.

Of the amount annually credited pursuant to this paragraph, 15% shall be appropriated from time to time by the Legislature only for paying or financing the cost of water quality point and non-point source pollution monitoring, water quality modeling and assessment, and for the establishment or enhancement of environmentally based geographical information systems.

Of the amount annually credited pursuant to this paragraph, 5% shall be appropriated from time to time by the Legislature only for paying or financing the cost of river and stream corridor preservation and restoration projects, watershed based water resource planning and management, environmental monitoring, health studies relating to environmental exposures, community oversight of remedial actions, and pollution prevention techniques and alternative or innovative remedial action technology research.

It shall not be competent for the Legislature, under any pretense whatever, to borrow, appropriate or use the amount credited to the special account pursuant to this paragraph, or any portion thereof, for any purpose other than those enumerated in this paragraph.

2. When this proposed amendment to the Constitution is finally agreed to pursuant to Article IX, paragraph 1 of the Constitution, it shall be submitted to the people at the next general election occurring more than three months after the final agreement and shall be published at least once in at least one newspaper of each county designated by the President of the Senate, the Speaker of the General Assembly and the Secretary of State, not less than three months prior to the general election.

3. This proposed amendment to the Constitution shall be submitted to the people at that election in the following manner and form:

There shall be printed on each official ballot to be used at the general election, the following:

a. In every municipality in which voting machines are not used, a legend which shall immediately precede the question, as follows:

If you favor the proposition printed below make a cross (X), plus (+) or check (•) in the square opposite the word 'Yes.' If you are opposed thereto make a cross (X), plus (+) or check (•) in the square opposite the word 'No.'

b. In every municipality the following question:

		<p style="text-align: center;">DEDICATION OF 6% OF CORPORATION BUSINESS TAX REVENUE FOR REMEDICATION OF HAZARDOUS DISCHARGES AND THE PRESERVATION OF WATER QUALITY</p>
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	<p>YES</p>	<p>Shall the amendment to Article VIII, Section II, of the Constitution of the State of New Jersey, agreed to by the Legislature, to provide that an amount equivalent to 6% of the revenue annually derived from the imposition of the Corporation Business Tax, or any other State law of similar effect, be deposited in a special account, which could be appropriated by the Legislature only for the following purposes and in the following manner: 80% for funding the State costs relating to hazardous discharge remediations, and for financing loans and grants for underground storage tank upgrades, replacements, closures, and remediations; 15% for funding costs related to surface water quality monitoring and geographic information systems; and 5% for projects related to environmental and human health protection, be approved?</p>
	<p>NO</p>	<p>INTERPRETIVE STATEMENT</p> <p>Approval of this proposed constitutional amendment would dedicate 6% of the annual revenue from the Corporation Business Tax, or other similar tax, for financing State costs relating to hazardous discharge cleanups, providing financing, loans and grants for underground storage tank improvements, and providing financing for surface water quality modeling, monitoring, and assessments and environmental information systems. At current collection levels, the dedication established by this constitutional amendment would provide approximately \$60 million per year. Of this amount, 80% would be dedicated for hazardous discharge cleanups and underground storage tank improvements, 15% would be dedicated for surface water quality projects, and 5% would be dedicated for several projects related to environmental and human health protection.</p>

STATEMENT

This constitutional amendment, the "Pollution Cleanup Act," would dedicate 6% of the annual revenues from the Corporation Business Tax for certain costs involved with hazardous discharge remediations, underground storage tank improvements, and surface water quality modeling, monitoring, assessment, and information systems.

It is estimated that at current collection levels, this bill would dedicate approximately \$60 million each year for the above purposes. Of this amount, 80% would be dedicated for the State costs involved in hazardous discharge remediation and for financing and providing loans and grants for hazardous substance underground storage tank upgrades, replacements, or closures, and for cleanups of discharges therefrom. Fifteen percent of the money would be dedicated to financing the costs of surface water quality modeling, monitoring, and assessment as well as the establishment and enhancement of environmentally related geographical information systems. The remainder of the funds would be dedicated to several programs designed to enhance the protection of human health and the environment.

Amends Constitution to dedicate 6% of Corporation Business Tax revenue to fund hazardous discharge cleanup, underground storage tank improvements, and surface water quality projects.

SENATE CONCURRENT RESOLUTION No. 60**STATE OF NEW JERSEY**

INTRODUCED MARCH 14, 1996

By Senator McNAMARA

A CONCURRENT RESOLUTION proposing to amend Article VIII, Section II of the Constitution of the State of New Jersey.

BE IT RESOLVED *by the Senate of the State of New Jersey (the General Assembly concurring):*

1. The following proposed amendment to the Constitution of the State of New Jersey is agreed to:

PROPOSED AMENDMENT

Amend Article VIII, Section II, by the addition of a new paragraph 5 to read as follows:

5. There shall be credited annually to a special account in the General Fund an amount equivalent to 2% of the revenue annually derived from the tax imposed pursuant to the "Corporation Business Tax Act (1945)," P.L.1945, c.162 (C.54:10A-1 et seq.), as amended and supplemented, or any other State law of similar effect.

The amount annually credited pursuant to this paragraph shall be appropriated from time to time by the Legislature only for the purpose of financing loans or grants for the upgrade, replacement, or closure of underground storage tanks that store or were used to store hazardous substances, and for the costs of remediating any discharge therefrom. Monies credited pursuant to this paragraph may not be used to provide a loan or grant to the State or to any of its departments, agencies, or authorities.

It shall not be competent for the Legislature, under any pretense whatever, to borrow, appropriate or use the amount credited to the special account pursuant to this paragraph, or any portion thereof, for any purpose other than those enumerated in this paragraph.

2. When this proposed amendment to the Constitution is finally agreed to pursuant to Article IX, paragraph 1 of the Constitution, it shall be submitted to the people at the

next general election occurring more than three months after the final agreement and shall be published at least once in at least one newspaper of each county designated by the President of the Senate, the Speaker of the General Assembly and the Secretary of State, not less than three months prior to the general election.

3. This proposed amendment to the Constitution shall be submitted to the people at that election in the following manner and form:

There shall be printed on each official ballot to be used at the general election, the following:

a. In every municipality in which voting machines are not used, a legend which shall immediately precede the question, as follows:

If you favor the proposition printed below make a cross (X), plus (+) or check (•) in the square opposite the word 'Yes.' If you are opposed thereto make a cross (X), plus (+) or check (•) in the square opposite the word 'No.'

In every municipality the following question:

	YES	<p>DEDICATION OF 2% OF CORPORATION BUSINESS TAX REVENUE FOR UNDERGROUND STORAGE TANK UPGRADES, REPLACEMENTS, CLOSURES, AND REMEDIATIONS</p> <p>Shall the amendment to Article VIII, Section II, of the Constitution of the State of New Jersey, agreed to by the Legislature, to provide that an amount equivalent to 2% of the revenue annually derived from the imposition of the Corporation Business Tax, or any other State law of similar effect, be deposited in a special account, which could be appropriated by the Legislature only for the purpose of financing loans and grants for underground storage tank upgrades, replacements, closures, and remediations, be approved?</p>
		INTERPRETIVE STATEMENT

	NO	Approval of this proposed constitutional amendment would dedicate 2% of the annual revenue from the Corporation Business Tax, or other similar tax, for financing loans and grants for underground storage tank upgrades, replacements, closures, and remediations. The State and any of its departments, agencies, and authorities could not receive a loan or grant from the dedicated monies. At current collection levels, the dedicated monies would be approximately \$25 million per year.
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STATEMENT

This constitutional amendment would dedicate 2% of the annual revenues from the Corporation Business Tax for costs involved with underground storage tank upgrades, replacements, closures, and remediations. Local governments, businesses, and individuals would be eligible to receive loans or grants but the State, and its departments, agencies, and authorities would not be so eligible.

It is estimated that at current collection levels this bill would dedicate approximately \$25 million each year for its intended purposes.

Amends Constitution to dedicate 2% of Corporation Business Tax revenue to fund underground storage tank improvements.

SENATE ENVIRONMENT COMMITTEE

STATEMENT TO

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

STATE OF NEW JERSEY

DATED: MAY 16, 1996

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

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

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

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

The concurrent resolution provides that a minimum of one half of the moneys (\$24 million in fiscal year 1997) is allocated to State costs for site remediation. This money is limited for use on site remediation projects where the State is funding the remediation when there is no available responsible party or the responsible party has not paid for the cleanup. The money may also be used to pay the State's share in federal "Superfund" cleanups. Under State law and practice, site remediation for publicly funded cleanups includes the performance of a preliminary assessment, site investigation, remedial investigation, feasibility study, the preparation of a remedial action workplan, the implementation of a remedial action, operation

and maintenance costs, as well as other activities that may necessarily be incurred by the State in performing and overseeing a site remediation. The moneys may also be used for providing alternative sources of public or private water supplies when a water supply has been, or is suspected of being, contaminated by a hazardous substance discharge.

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

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

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

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

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

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

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

STATE OF NEW JERSEY

DATED: JUNE 3, 1996

The Senate Budget and Appropriations Committee reports favorably Senate Concurrent Resolution Nos. 41 and 60 SCS of 1996.

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

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

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

The concurrent resolution provides that a minimum of one half of the moneys (\$24 million in fiscal year 1997) is allocated to State costs for site remediation. This money is limited for use on site remediation projects where the State is funding the remediation when there is no available responsible party or the responsible party has not paid for the cleanup. The money may also be used to pay the State's share in federal "Superfund" cleanups. The moneys may also be used for providing alternative sources of public or private water supplies when a water supply has been, or is suspected of being, contaminated by a hazardous substance discharge.

Finally, the money allocated for site remediation may be used for direct site remediation program administrative costs of the State. The concurrent resolution provides that an amount not to exceed nine percent of the total amount dedicated in the constitutional amendment may be used for those direct administrative costs which amount will be deducted from the amount specifically allocated for site remediation. Thus, in fiscal year 1997 if the CBT revenues are \$1.2 billion, \$48 million would be dedicated for the purposes of the concurrent resolution, and a minimum of \$24 million would be dedicated for State site remediation costs. Of the \$24 million, up to \$4.32 million could be expended for direct administrative costs and at least \$19.68 million would be expended for non-administrative site remediation costs. None of this money may be used for the indirect administrative costs of the State.

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

The concurrent resolution provides that moneys allocated for underground storage tanks may be used to provide loans and grants to any person so that they can undertake the above-mentioned tank activities. All loan repayments would be dedicated for these underground storage tank purposes and that dedication would not expire. None of the money may be used for any direct or indirect administrative costs of the State.

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

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

As reported, this bill is identical to Assembly Concurrent Resolution No. 56 of 1996 (Corodemus/Weinberg).

FISCAL IMPACT

The Office of Legislative Services (OLS) estimates that, upon approval by the voters of the State of New Jersey, this bill will dedicate approximately \$45 million of previously unrestricted General Fund revenue in Fiscal Year 1997.

LEGISLATIVE FISCAL ESTIMATE TO
SENATE COMMITTEE SUBSTITUTE FOR
SENATE CONCURRENT RESOLUTION Nos. 41 and 60
STATE OF NEW JERSEY

DATED: JUNE 20, 1996

Senate Committee Substitute for Senate Concurrent Resolution Nos.41 and 60 of 1996 amends the State Constitution to dedicate an amount equal to four percent of the annual revenues from the Corporation Business Tax (CBT) for certain costs involved with hazardous discharge remediations, underground storage tank improvements, and surface water quality projects. One-sixth of the dedicated amount, or \$5,000,000, whichever is less, is dedicated to financing the cost of water quality point and nonpoint source pollution monitoring, watershed based water resource planning and management, and nonpoint source pollution prevention projects. One-third of the dedicated amount is dedicated for the provision of loans or grants for the upgrade, replacement, or closure of underground storage tanks that store or were used to store hazardous substances. This one-third dedication expires on December 31, 2008, after which this portion of the dedication may be used for any of the purposes of the Constitutional amendment. Lastly, one-half of the dedicated amount is dedicated for financing costs incurred by the State for the remediation of discharges of hazardous substances. Administrative costs for this remediation are limited to nine percent of the total Constitutional dedication.

FISCAL IMPACT:

The Department of the Treasury and the Office of Management and Budget have not provided a fiscal estimate of the cost of this concurrent resolution. The Office of Legislative Services (OLS) estimates that, upon approval by the voters of the State of New Jersey, Senate Committee Substitute for Senate Concurrent Resolution Nos.41 and 60 will dedicate approximately \$48 million of previously unrestricted General Fund revenue in Fiscal Year 1997. The dedication could range from \$38 million to \$53 million annually depending on actual CBT collections.

It is possible that a portion of the dedicated amounts for surface water quality projects and hazardous discharge remediation could replace General Fund money that is currently appropriated for these purposes. However, the dedication for underground

storage tank improvements would largely result in additional costs to the State above current expenditure levels.

ASSUMPTIONS:

It appears the dedication would apply to both the regular CBT and the smaller CBT Banks and Financials tax. According to public testimony by the Treasurer before the Senate Budget and Appropriations Committee and the Assembly Appropriations Committee on May 22, 1996, the CBT and the CBT Banks and Financials tax will collect \$1,200 million combined in FY 1997. Based on this estimate, the four percent dedication would yield approximately \$48 million in Fiscal Year 1997. This revenue source tends to be relatively volatile from year to year, changing with corporate profits. In the last 10 fiscal years, CBT collections have ranged between \$911 million to \$1,230 million and CBT Banks and Financials tax collections between \$44 million to \$94 million. Based on this range, the four percent dedication could yield between \$38 million and \$53 million in future years.

The legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67.