

58:12A-22 et al

LEGISLATIVE HISTORY CHECKLIST

NJSA: 58: 12A-22 et al

("Water Supply
Replacement
Trust Fund")

LAWS OF: 1988

CHAPTER: 106

Bill No: A1155/A1623

Sponsor(s): Villane and others

Date Introduced: March 21, 1988

Committee: Assembly: Appropriations; Environmental Quality

Senate: Energy & Environment

Amended during passage: No Assembly Committee Substitute
enacted

According to Governor's recommendations

Date of Passage: Assembly: March 14, 1988 Re-enacted 7-14-88

Senate: May 11, 1988 Re-enacted 8-8-88

Date of Approval: August 11, 1988

Following statements are attached if available:

Sponsor statement: Yes

Committee Statement: Assembly: Yes 3-7-88 (2)

Senate: Yes

Fiscal Note: No

Veto Message: Yes

Message on signing: Yes

Following were printed:

Reports: No

Hearings: No

(over)

See newspaper clipping--attached:

"Kean conditionally vetos \$8 million to replace Manchester Twp. water," 7-2-88
Star Ledger

Also attached:

Governor Kean's annual message-sections as mentioned in press release.

§§1-4 -
C. 58:12A-22 to
58:12A-25
§6 - Note to
C. 58:10-23.34
§7 - Note to
C. 58:10-23.34 and
C. 54:10A-5.1

P.L. 1988, CHAPTER 106, *approved August 11, 1988*
Assembly Committee Substitute for
1988 Assembly Nos. 1155 and 1623 (*Second Reprint*)

1 AN ACT ¹[establishing a program of State aid] ²[concerning
2 loans¹ for expanding public water supply systems, and making
3 an appropriation] concerning the remediation of contaminated
4 water supplies, establishing the "Water Supply Replacement
5 Trust Fund," and amending and supplementing P.L. 1986, c. 144
6 (C. 54:10A-5.1 et al)².

7
8 BE IT ENACTED *by the Senate and General Assembly of the*
9 *State of New Jersey:*

10 ²1. a. There is established in the Department of Environmental
11 Protection a non-lapsing revolving fund to be known as the
12 "Water Supply Replacement Trust Fund," hereinafter referred to
13 as the fund. The department shall administer the fund, and
14 monies in the fund shall be used to (1) provide loans to
15 municipalities or municipally-owned public water systems as
16 defined in section 3 of P.L. 1977, c. 224 (C. 58:12A-3) for the
17 purpose of providing a permanent alternate water supply to
18 persons whose principal source of potable water is contaminated
19 or is threatened with contamination by hazardous substances as
20 identified by the department, (2) study the extent to which water
21 supplies are contaminated or are threatened by contamination
22 with hazardous substances, (3) develop recommendations for
23 remediating contaminated or threatened water supplies, and (4)
24 defray administrative costs incurred by the department in
25 implementing the provisions of this act. Payments of principal
26 and interest on loans issued under the authority of this act shall
27 be deposited in the fund, and shall remain available for further
28 disbursements as new loans to be awarded pursuant to this act.

EXPLANATION--Matter enclosed in bold-faced brackets [thus] in the
above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Senate SEN committee amendments adopted May 9, 1988.

² Assembly amendments adopted in accordance with Governor's
recommendations July 11, 1988.

1 Any monies deposited in the Water Supply Replacement Trust
2 Fund are hereby appropriated to the Department of
3 Environmental Protection to carry out the purposes of this act.

4 b. Loans made to local government units pursuant to this act
5 shall bear interest at a rate fixed by the Treasurer, which rate
6 shall not exceed 2% per year for a term of not more than 20
7 years.

8 2. a. Of the monies made available for the cleanup of
9 hazardous discharge sites pursuant to P.L. 1986, c. 144 (C.
10 54:10A-5.1 et seq.) and transferred to the "Water Supply
11 Replacement Trust Fund" pursuant to section 3 of this act, the
12 sum of \$1,000,000 is allocated for the purpose of funding a study
13 to be conducted by the department to determine the extent to
14 which water supplies are contaminated or are threatened by
15 contamination with hazardous substances and to develop
16 recommendations for dealing with such contaminated or
17 threatened water supplies.

18 b. Of the monies made available for the cleanup of hazardous
19 discharge sites pursuant to P.L. 1986, c. 144 (C. 54:10A-5.1 et
20 seq.) and transferred to the "Water Supply Replacement Trust
21 Fund" pursuant to section 3 of this act, the sum of \$59,000,000 is
22 allocated for the purpose of providing loans to municipalities or
23 municipally-owned public water systems as defined in section 3
24 of P.L. 1977, c. 224 (C. 58:12A-3) for the purpose of providing a
25 permanent alternate water supply to persons whose principal
26 source of potable water is contaminated or is threatened with
27 contamination by hazardous substances as identified by the
28 department.

29 3. a. Of the \$40,000,000.00 appropriated pursuant to P.L.
30 1987, c. 154 to the Department of Environmental Protection for
31 hazardous site mitigation Statewide, the sum of \$30,000,000.00 is
32 transferred to the "Water Supply Replacement Trust Fund" to
33 carry out the purposes of this act. Of this amount, the
34 Department is authorized to utilize not more than 5% of the total
35 appropriated per year to cover costs incurred in the
36 administration of sections 2.a. and 2.b. of this act.

37 b. Of the \$45,000,000.00 appropriated pursuant to P.L. 1988, c.
38 ... (pending before the Legislature as A-2800 of 1988) to the
39 Department of Environmental Protection for hazardous site

1 mitigation Statewide, \$30,000,000.00 is transferred to the "Water
2 Supply Replacement Trust Fund" to carry out the purposes of this
3 act. Of this amount, the Department is authorized to utilize not
4 more than 5% of the total appropriated per year to cover costs
5 incurred in the administration of sections 2.a. and 2.b. of this
6 act.²

7 ²[1.] 4.² ²[There is appropriated from the General Fund to the
8 Department of Environmental Protection the sum of \$8,000,000
9 to] The Department shall utilize \$8,000,000.00 of the monies
10 deposited in the Water Supply Replacement Trust Fund to²
11 provide loans to a qualifying municipality for the extension of a
12 public water supply system to a residential area. A qualifying
13 municipality is one with a residential area of more than 1,500
14 residential units that has been found by the local department of
15 health, or board of health, and the county board of health, or
16 department of health, to have at least 25% of the wells supplying
17 potable water to the area with contaminants at the Class II, Class
18 III or Class IV interim action levels for hazardous contaminants
19 in drinking water of the Department of Environmental
20 Protection, or in excess of the maximum contaminant levels
21 adopted by the department pursuant to P.L. 1983, c. 443
(C. 58:12A-12 et seq.), as may be applicable, and:

22 a. (1) the potable water supply for the residential area is
23 deemed by the county board of health or department of health to
24 be unfit for human consumption, and (2) the governing body of
25 the municipality has adopted a resolution banning new
26 construction in the area pending connection of the area to a
27 public water supply system; or

28 b. the Department of Environmental Protection determines all
29 or a portion of the ground water serving the residential area to be
30 a well-restriction area.

31 A municipality applying for a loan under this ²[act] section²
32 shall certify to the department the estimated costs for extending
33 a public water supply system to an eligible residential area that
34 satisfies the criteria of this section. Monies from a loan made
35 hereunder are to be expended solely for the purpose of expanding
36 the public water supply system to residences with contaminated
37 wells.

38 ¹[No interest shall be payable on the loan and the] ²[The¹ loan

1 principal ¹plus interest at an annual rate of one percent¹ shall be
2 repaid ¹to the General Fund¹ in equal semi-annual installments
3 over 20 years, beginning on June 1, 1989.]²

4 ¹[2. Municipal expenditures required pursuant to section 1 of
5 this act shall, for the purposes of P.L. 1976, c. 68 (C. 40A:4-45.1
6 et seq.), be considered an expenditure mandated by State law.]¹

7 ²5. Section 2 of P.L. 1986, c. 144 (C. 54:10A-5.2) is amended
8 to read as follows:

9 The Director of the Division of Taxation, in the Department of
10 the Treasury shall, on or before May 30, 1988 and on or before
11 May 30 annually thereafter, review the most recent annual
12 revenue collections in order to estimate the revenue collections
13 from the franchise tax paid pursuant to subsection (c) of section 5
14 of P.L. 1945, c. 162 (C. 54:10A-5), attributable solely to changes
15 in federal income tax laws effectuated by the "Tax Reform Act
16 of 1986," Pub.L. ...(now pending before the Congress as H.R.
17 3838), which estimate shall be made in multiples of
18 \$1,000,000.00. The director on or before May 30, 1988 and on or
19 before May 30 annually thereafter, shall provide a certification
20 of the estimate of these revenues to the Legislature. The surtax
21 rate in section 1 of this 1986 supplementary act shall be
22 determined pursuant to the following formula: $R = .5\% \times$
23 $((CA-FA)/60,000,000)$ where: R is the surtax percentage rate,
24 which shall not be less than zero; FA is the corporate business tax
25 revenue amount, estimated by the director, attributable solely to
26 changes in federal income tax laws effectuated by the "Tax
27 Reform Act of 1986," Pub.L. ...(now pending before the Congress
28 as H.R. 3838); and, CA is equal to 40,000,000 for the first
29 certification year, 45,000,000 for the second certification year,
30 50,000,000 for the third certification year, 45,000,000 for the
31 fourth certification year, [and] 45,000,000 for the fifth
32 certification year, and \$45,000,000 for the sixth certification
33 year.

34 The rate of surtax determined shall only be for the report
35 covering the accounting or privilege period ending on or after
36 July 31 of the calendar year in which the certification is made
37 but no later than June 30 of the calendar year next succeeding
38 the calendar year in which the certification was made.

39 6. Section 4 of P.L. 1986, c. 144 is amended to read as follows:

1 Except as otherwise provided in this section, commencing July
2 1, 1987 and annually thereafter until June 30, [1992]1993, an
3 amount of \$40,000,000.00 for fiscal year 1988, \$45,000,000.00 for
4 fiscal year 1989, \$50,000,000.00 for fiscal year 1990,
5 \$45,000,000.00 for fiscal year 1991[and], \$45,000,000.00 for fiscal
6 year 1992 and \$45,000,000.00 for fiscal year 1993 from the
7 General Fund shall be credited annually to the "Hazardous
8 Discharge Site Cleanup Fund" established pursuant to section 1 of
9 P.L. 1985, c. 247 (C.58:10-23.34). The amount of \$40,000,000.00
10 for fiscal year 1988, \$45,000,000.00 for fiscal year 1989,
11 \$50,000,000.00 for fiscal year 1990, \$45,000,000.00 for fiscal year
12 1991 [and], \$45,000,000.00 for fiscal year 1992 and \$45,000,000.00
13 for fiscal year 1993 shall be annually reduced by the amount of
14 surtax collected pursuant to section 1 and 2 of this 1986
15 supplementary act. It is the intent of the Legislature that this
16 act assures the annual appropriation of at least \$40,000,000.00
17 for fiscal year 1988, \$45,000,000.00 for fiscal year 1989,
18 \$50,000,000.00 for fiscal year 1990, \$45,000,000.00 for fiscal year
19 1991 [and], \$45,000,000.00 for fiscal year 1992 and \$45,000,000.00
20 for fiscal year 1993 to the "Hazardous Discharge Site Cleanup
21 Fund" for the purpose of providing a stable funding source for
22 hazardous discharge cleanup.

23 7. Section 5 of P.L. 1986, c. 144 is amended to read as follows:
24 This act shall take effect immediately but shall remain
25 inoperative until the enactment of P.L. 1986, c. ...(now pending
26 before the Legislature as Senate Bill No. 2012 Sca of 1986 or
27 Assembly Bill No. 2701 of 1986) and P.L. 1986, c. ... (C. ...) (now
28 pending before the Legislature as Assembly Bill No. 2698 ACS).
29 This act shall expire commencing with accounting or privilege
30 periods or parts thereof ending after June 30, [1993] 1994.²

31 ¹[3.] ²[2.] ¹8.² This act shall take effect immediately.

33 ENVIRONMENT
34 Air and Water Pollution

35
36 Appropriates \$60 million for State loans to extend public water
37 supply systems to areas with contaminated water sources.

ASSEMBLY, No. 1623
STATE OF NEW JERSEY

Introduced Pending Technical Review by Legislative Counsel
PRE-FILED FOR INTRODUCTION IN THE 1988 SESSION

By Assemblyman HENDRICKSON

1 AN ACT establishing a program of State Aid for expanding a
public water supply system.

3

BE IT ENACTED *by the Senate and General Assembly of the*
5 *State of New Jersey:*

1. There is appropriated from the General Fund to
7 Manchester Township, Ocean County, the sum of \$8,000,000.00,
which shall constitute a zero-interest loan to be repaid in equal,
9 semi-annual installments over 20 years, the first of which is to
be paid January 1, 1989. The money is to be expended solely for
11 the purpose of expanding the public water supply system so as to
serve residences with polluted wells.

13 2. The expenditure required pursuant to section 1 of this act
shall, for the purposes of P.L. 1976, c. 68 (C. 40A:4-45.1 et
15 seq.), be considered an expenditure mandated by State law.

3. This act shall take effect immediately.

17

19

STATEMENT

Manchester Township has approximately 1700 residential units
21 with wells so polluted that their water is not fit for bathing,
much less drinking. This bill will provide immediate relief in the
23 form of a \$8 million non-interest loan to Manchester to expand
an existing water supply system. This bill provides for
25 repayment in equal semi-annual installments over 20 years.

27

ENVIRONMENT

29

Air and Water Pollution

31 Appropriates \$8 million for non-interest loan to Manchester
Township, Ocean County, to extend residential water supply
33 system.

Introduced Pending Technical Review by Legislative Counsel

PRE-FILED FOR INTRODUCTION IN THE 1986 SESSION

By Assemblyman GURAN

AN ACT establishing a program of State Aid for expanding a public water supply system, and making an appropriation.

110	SCAN	<Alt+Shf> Menu	<Ctl+Shf+Esc> Exit	NUM	
3	(1)	Menu	(2) Goto Page	(3) Position	(4) Prev (5) Next (6) Down (7) Up 3
3	(8)	Find			(16) Exit 3
3					3
3	Document	2730x	Now on Page	1	3

AN ACT establishing a program of State Aid for expanding a public water supply system, and making an appropriation.

BE IT ENACTED by the Senate and General Assembly of the State of New Jersey:

1. There is appropriated from the General Fund to Manchester Township, Ocean County, the sum of \$8,000,000.00, which shall constitute a zero-interest loan to be repaid in equal, semi-annual installments over 20 years, the first of which is to be paid January 1, 1989. The money is to be expended solely for the purpose of expanding the public water supply system so as to serve residences with polluted wells.

2. The expenditure required pursuant to section 1 of this act shall, for the purposes of P.L. 1976, c. 64 (C. 40A:4-4b.1 et seq.), be considered an expenditure mandated by State law.

3. This act shall take effect immediately.

110	SCAN	<Alt+Shf> Menu	<Ctl+Shf+Esc> Exit	NUM	
3	(1)	Menu	(2) Goto Page	(3) Position	(4) Prev (5) Next (6) Down (7) Up 3
3	(8)	Find			(16) Exit 3
3					3
3	Document	2730x	Now on Page	1	3

by State law.

3. This act shall take effect immediately.

STATEMENT

Manchester Township has approximately 1700 residential units with wells so polluted that their water is not fit for bathing, much less drinking. This bill will provide immediate relief in the form of a \$8 million non-interest loan to Manchester to expand an existing water supply system. This bill provides for repayment in equal semi-annual installments over 20 years.

ENVIRONMENT

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY COMMITTEE SUBSTITUTE FOR

ASSEMBLY, Nos. 1155/1623

STATE OF NEW JERSEY

DATED: MARCH 7, 1988

The Assembly Appropriations Committee reports favorably the Assembly Committee Substitute for Assembly Bill Nos. 1155/1623.

This bill appropriates \$8,000,000.00 to the Department of Environmental Protection for the purpose of making 20 year interest-free loans to municipalities to extend a public water supply system to certain residential areas whose potable water sources are determined to be contaminated.

FISCAL IMPACT:

This bill makes a General Fund appropriation of \$8,000,000.00 to the Department of Environmental Protection to provide loans. The loans shall be repaid in semi-annual installments for a period of 20 years with zero-interest, the first of which is to be paid June 1, 1989. For purposes of the municipal "budget cap", the repayments shall be considered to be mandated expenditures.

ASSEMBLY ENVIRONMENTAL QUALITY COMMITTEE

STATEMENT TO

ASSEMBLY COMMITTEE SUBSTITUTE FOR

ASSEMBLY, Nos. 1155/1623

STATE OF NEW JERSEY

DATED: MARCH 7, 1988

An Assembly Committee Substitute was reported favorably for Assembly Bill Nos. 1155 and 1623.

The Assembly Committee Substitute authorizes the Department of Environmental Protection (DEP) to make interest-free 20 year loans to qualifying municipalities. The loans are to be used to expand public water supply systems to residential areas with polluted well water sources. The bill appropriates \$8,000,000 to DEP to make such loans.

A qualifying municipality is one that has a residential area of more than 1,500 residential units that has been found by the local department of health, or board of health, and the county board of health, or department of health, to have more than 25% of the wells supplying potable water to the area with contaminants at the Class II, Class III or Class IV interim action levels for hazardous contaminants in drinking water, or in excess of the maximum contaminant levels adopted pursuant to P.L. 1983, c. 443 (C. 58:12A-12 et seq.), as may be applicable, and:

(1) (a) the potable water supply from the wells is deemed by the county board of health or department of health to be unfit for human consumption, and (b) the governing body of the municipality has adopted a ban on new construction in the area; or

(2) the DEP determines all or a portion of the ground water serving the residential area to be a well-restriction area.

Loan monies are to be expended solely to expand a public water supply system to residences with contaminated wells. Loans shall be repaid on a semi-annual basis. Loan repayments shall be considered to be mandated expenditures for purposes of the municipal "budget caps" law.

SENATE ENERGY AND ENVIRONMENT COMMITTEE

STATEMENT TO

ASSEMBLY COMMITTEE SUBSTITUTE FOR

ASSEMBLY, Nos. 1155 and 1623

with Senate committee amendments

STATE OF NEW JERSEY

DATED: MAY 9, 1988

The Senate Energy and Environment Committee favorably reports the Assembly Committee Substitute for A-1155/A-1623 with Senate Committee amendments.

As amended, A1155/A1623 ACS authorizes the Department of Environmental Protection to make one percent 20 year loans to certain municipalities for the purpose of expanding public water supply systems to residential areas with contaminated well water sources. The bill appropriates \$8,000,000 to the department to make these loans.

A municipality is eligible for a loan pursuant to this bill if within the municipality there is a residential area of more than 1,500 residential units in which more than 25% of the wells are contaminated, and in which 1) the water supply has been deemed by the county health agency to be unfit for human consumption, and the municipality has banned new construction in the area, or 2) the Department of Environmental Protection has determined that all or a portion of the groundwater serving the residential area is a well-restriction area.

Loans made pursuant to this bill are to be used solely to expand a public water supply system to residences with contaminated wells, and are to be repaid to the General Fund on a semi-annual basis.

As reported by the committee, A-1155/A-1623 ACS is identical to S-1344 2R.

STATE OF NEW JERSEY
EXECUTIVE DEPARTMENT

July 2, 1988

ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY BILL NOS. 1155 AND 1623 (First Reprint)

To the General Assembly:

Pursuant to Article V, Section I, Paragraph 14 of the Constitution, I am returning Assembly Committee Substitute for Assembly Bill Nos. 1155 and 1623 (First Reprint) with my objections for reconsideration.

This bill would appropriate \$8 million to the Department of Environmental Protection (DEP). These monies would be used to provide a 1% interest loan to a municipality or municipalities which meet the bill's definition of a "qualifying municipality." This definition has been very carefully drafted to ensure that these monies will be made available to Manchester Township, Ocean County.

This Administration is committed to ensuring that all of New Jersey's residents enjoy a safe, clean water supply. Therefore, I support the provision of State funding for this purpose.

However, I firmly believe that any State aid for the purpose of remediating water supply contamination problems must be provided by way of a comprehensive Statewide program available to all of the State's municipalities. In this way, our DEP can ensure that funding is provided on the basis of which supplies are the most contaminated and pose the most significant health risks. This bill fails to provide sufficient funding to address our immediate, identifiable water supply contamination needs which the DEP advises would require approximately \$60 million.

There are other municipalities in Ocean County and, in fact, throughout the State which are presently experiencing water supply contamination problems at the present time. I believe that their problems, as well as that of Manchester Township, should be swiftly and effectively addressed.

Accordingly, I am recommending, as I did in my State-of-the-State Message last January, that we create a "Water Supply Replacement Trust Fund" (Trust Fund) and capitalize that Fund with \$60 million in available hazardous waste cleanup funds generated through the Corporate Business Tax. I recommend that \$30 million be appropriated to the Trust Fund in Fiscal Year 1988 and \$30 million in Fiscal Year 1989. In order that use of these monies now will not deplete available hazardous waste cleanup funds, however, I am recommending that we

STATE OF NEW JERSEY
EXECUTIVE DEPARTMENT

2

commit an additional \$45 million in General Funds to the hazardous waste cleanup program in 1993, when that program is at its most cost intensive.

The monies in the Trust Fund will be made available, in the form of low-interest loans, to people and communities Statewide who need alternative sources of water to replace contaminated supplies. In this way, we will have a program in place which will provide much needed relief to those with identified contamination problems and which will remain in place, subject to additional appropriations, to provide aid when such problems arise in the future.

As I noted previously, this bill was introduced to address a water supply contamination problem which presently exists in Manchester Township, a problem which has been investigated and monitored by our DEP for some time, a problem which has posed a serious hardship for the residents of Manchester Township.

Many months ago, Assemblyman John Hendrickson impressed upon me the need for funding to address Manchester's problem. Accordingly, I worked closely with Assemblyman Hendrickson on legislation, enacted January 8, 1988, which made \$10 million available to municipalities for water supply contamination remediation. I am advised by the DEP, however, that while Manchester Township is eligible for low-interest loan monies under this program, it will not provide sufficient funds for the total water supply project. Nonetheless, I urge Manchester Township to pursue this application.

I understand that it will cost approximately \$11 million to provide a new potable water supply to Manchester Township residents. I am advised that the Manchester Township Municipal Utilities Authority (MUA), with the approval of the Division of Local Government Services, has issued bonds which will provide \$2.4 million toward this total cost. The MUA has spent an additional \$500,000 towards remediating this problem and is awaiting reimbursement from the Spill Fund. The remaining \$8 million will be provided to Manchester Township through this legislation. I hereby direct that the DEP revise its regulations to raise its cap on loans to allow Manchester Township to receive at least \$8 million from the Fund established through this legislation. Further assistance, if necessary, may be made available through the Hendrickson bill.

As I have stated before, pure drinking water is not a luxury. By establishing this \$60 million Water Supply Replacement Trust Fund, as I propose, we

STATE OF NEW JERSEY
EXECUTIVE DEPARTMENT

3

shall be able to meet our immediate needs now, while formulating a more comprehensive approach for the long term. I would further direct that the DEP take immediate action to study the scope and magnitude of water supply contamination throughout the State. This study will enable us to more accurately determine the level of State financial resources which will be needed to assist municipalities with contamination problems, as yet undetected, in obtaining potable water in the future.

Therefore, I herewith return Assembly Committee Substitute for Assembly Bill Nos. 1155 and 1623 (First Reprint) and recommend that it be amended as follows:

Page 1, Title, Lines 1-3:

After "An Act" delete in entirety and insert "concerning the remediation of contaminated water supplies, establishing the "Water Supply Replacement Trust Fund," and amending and supplementing P.L. 1986, c. 144 (C. 54:10A-5.1 et al)"

Page 1, Section 1, Before Line 7: Insert new sections 1, 2 and 3 as follows:

"1.a. There is established in the Department of Environmental Protection a non-lapsing revolving fund to be known as the "Water Supply Replacement Trust Fund," hereinafter referred to as the fund. The department shall administer the fund, and monies in the fund shall be used to (1) provide loans to municipalities or municipally-owned public water systems as defined in section 3 of P.L. 1977, c. 224 (C. 58:12A-3) for the purpose of providing a permanent alternate water supply to persons whose principal source of potable water is contaminated or is threatened with contamination by hazardous substances as identified by the department, (2) study the extent to which water supplies are contaminated or are threatened by contamination with hazardous substances, (3) develop recommendations for remediating contaminated or threatened water supplies, and (4) defray administrative costs incurred by the department in implementing the provisions of this act. Payments of principal and interest on loans issued under the authority of this act shall be deposited in the fund, and shall remain available for further disbursements as new loans to be awarded pursuant

STATE OF NEW JERSEY
EXECUTIVE DEPARTMENT

4

to this act. Any monies deposited in the Water Supply Replacement Trust Fund are hereby appropriated to the Department of Environmental Protection to carry out the purposes of this act.

b. Loans made to local government units pursuant to this act shall bear interest at a rate fixed by the Treasurer, which rate shall not exceed 2% per year for a term of not more than 20 years.

2.a. Of the monies made available for the cleanup of hazardous discharge sites pursuant to P.L. 1986, c. 144 (C. 54:10A-5.1 et seq.) and transferred to the "Water Supply Replacement Trust Fund" pursuant to section 3 of this act, the sum of \$1,000,000 is allocated for the purpose of funding a study to be conducted by the department to determine the extent to which water supplies are contaminated or are threatened by contamination with hazardous substances and to develop recommendations for dealing with such contaminated or threatened water supplies.

b. Of the monies made available for the cleanup of hazardous discharge sites pursuant to P.L. 1986, c. 144 (C. 54:10A-5.1 et seq.) and transferred to the "Water Supply Replacement Trust Fund" pursuant to section 3 of this act, the sum of \$59,000,000 is allocated for the purpose of providing loans to municipalities or municipally-owned public water systems as defined in section 3 of P.L. 1977, c. 224 (C. 58:12A-3) for the purpose of providing a permanent alternate water supply to persons whose principal source of potable water is contaminated or is threatened with contamination by hazardous substances as identified by the department.

3.a. Of the \$40,000,000.00 appropriated pursuant to P.L. 1987, c. 154 to the Department of Environmental Protection for hazardous site mitigation Statewide, the sum of \$30,000,000.00 is transferred to the "Water Supply Replacement Trust Fund" to carry out the purposes of this act. Of this amount, the Department is authorized to utilize not more than 5% of the total appropriated per year to cover costs incurred in the administration of sections 2.a. and 2.b. of this act."

b. Of the \$45,000,000.00 appropriated pursuant to P.L. 1988, c. ... (pending before the Legislature as A-2800 of 1988) to the Department of Environmental Protection for hazardous site mitigation Statewide, \$30,000,000.00 is transferred to the "Water Supply Replacement Trust Fund" to carry out the purposes of this

STATE OF NEW JERSEY
EXECUTIVE DEPARTMENT

5

act. Of this amount, the Department is authorized to utilize not more than 5% of the total appropriated per year to cover costs incurred in the administration of sections 2.a. and 2.b. of this act."

Page 1, Section 1, Line 7: Delete "1." insert "4." and delete remainder of line

Page 1, Section 1, Line 8: Delete in entirety

Page 1, Section 1, Line 9: Delete "to" insert "The Department shall utilize \$8,000,000.00 of the monies deposited in the Water Supply Replacement Trust Fund to"

Page 2, Section 1, Line 1: After "this" delete "act" insert "section"

Page 2, Section 2, Lines 7-13: Delete in entirety

Page 2, Section 2, before Line 14: Insert new sections 5, 6 and 7

"5. Section 2 of P.L. 1986, c. 144 (C. 54:10A-5.2) is amended to read as follows:

The Director of the Division of Taxation, in the Department of the Treasury shall, on or before May 30, 1988 and on or before May 30 annually thereafter, review the most recent annual revenue collections in order to estimate the revenue collections from the franchise tax paid pursuant to subsection (c) of section 5 of P.L. 1945, c. 162 (C. 54:10A-5), attributable solely to changes in federal income tax laws effectuated by the "Tax Reform Act of 1986," Pub. L. (now pending before the Congress as H.R. 3838), which estimate shall be made in multiples of \$1,000,000.00. The director on or before May 30, 1988 and on or before May 30 annually thereafter, shall provide a certification of the estimate of these revenues to the Legislature. The surtax rate in section 1 of this 1986 supplementary act shall be determined pursuant to the following formula:

$$R = .5\% \times ((CA-FA)/60,000,000)$$

where: R is the surtax percentage rate, which shall not be less than zero; FA is the corporate business tax revenue amount, estimated by the director, attributable solely to changes in federal income tax laws effectuated by the "Tax Reform Act of 1986," Pub. L. (now pending before the Congress as H.R. 3838); and, CA is equal to 40,000,000 for the first certification year, 45,000,000 for the second certification year, 50,000,000 for the third certification

STATE OF NEW JERSEY
EXECUTIVE DEPARTMENT

6

year, 45,000,000 for the fourth certification year, [and] 45,000,000 for the fifth certification year, and 45,000,000 for the sixth certification year.

The rate of surtax determined shall only be for the report covering the accounting or privilege period ending on or after July 31 of the calendar year in which the certification is made but no later than June 30 of the calendar year next succeeding the calendar year in which the certification was made.

6. Section 4 of P.L. 1986, c. 144 is amended to read as follows:

Except as otherwise provided in this section, commencing July 1, 1987 and annually thereafter until June 30, [1992] 1993, an amount of \$40,000,000.00 for fiscal year 1988, \$45,000,000.00 for fiscal year 1989, \$50,000,000.00 for fiscal year 1990, \$45,000,000.00 for fiscal year 1991 [and], \$45,000,000.00 for fiscal year 1992 and \$45,000,000.00 for fiscal year 1993 from the General Fund shall be credited annually to the "Hazardous Discharge Site Cleanup Fund" established pursuant to section 1 of P.L. 1985, c. 247 (C. 58:10-23.34). The amount of \$40,000,000.00 for fiscal year 1988, \$45,000,000.00 for fiscal year for 1989, \$50,000,000.00 for fiscal year 1990, \$45,000,000.00 for fiscal year for 1991 [and], \$45,000,000.00 for fiscal year 1992 and \$45,000,000.00 for fiscal year 1993 shall be annually reduced by the amount of surtax collected pursuant to sections 1 and 2 of this 1986 supplementary act. It is the intent of the Legislature that this act assures the annual appropriation of at least \$40,000,000.00 for fiscal year 1988, \$45,000,000.00 for fiscal year 1989, \$50,000,000.00 for fiscal year 1990, \$45,000,000.00 for fiscal year 1991 [and], \$45,000,000.00 for fiscal year 1992 and \$45,000,000.00 for fiscal year 1993 to the "Hazardous Discharge Site Cleanup Fund" for the purpose of providing a stable funding source for hazardous discharge cleanup.

7. Section 5 of P.L. 1986, c. 144 is amended to read as follows:

This act shall take effect immediately but shall remain inoperative until the enactment of P.L. 1986, c. ... (now before the Legislature as Senate Bill No. 2012 Sca of 1986 or Assembly Bill No. 2701 of 1986 and P.L. 1986, c. (C.) (now before the Legislature as Assembly Bill No. 2698 ACS). This act shall expire commencing with accounting or privilege periods or parts thereof ending after June 30, [1993] 1994."

STATE OF NEW JERSEY
EXECUTIVE DEPARTMENT

7

Page 2, Lines 20-21, Statement: Delete "\$8" insert "\$60"; delete "to
qualifying municipalities"

Respectfully,

/s/ Thomas H. Kean

GOVERNOR

[seal]

Attest:

/s/ Michael R. Cole

Chief Counsel



OFFICE OF THE GOVERNOR NEWS RELEASE

CN-001

Contact: JOHN SAMERJAN
609-292-8956 OR 292-6000 EXT. 207

TRENTON, N.J. 08625

Release: THURS. AUG. 11, 1988

Governor Thomas H. Kean today signed landmark legislation creating a \$60 million Water Supply Replacement Trust Fund for a comprehensive statewide program to remediate water supply contamination problems in the State's municipalities.

"Pure drinking water is not a luxury," Governor Kean stated. "By establishing this fund New Jersey will be able to meet our immediate needs while formulating a comprehensive long term approach to the problem."

The program will make \$8 million in low-interest loans available to Manchester Township to provide a new water supply to residents.

Ralph Rizzolo, Chairman of the Pine Lake Park Association in Manchester stated, "We are very pleased that Governor Kean recognized not only the needs of Pine Lake Park but those of the State as a whole. We were concentrating on our own problems but Governor Kean's clean water supply program opened our eyes to the need for a strong statewide initiative. We applaud and thank him for helping us."

The program which Governor proposed in his Annual Message to the Legislature, was embodied in his conditional veto of July 2 of A-1155/1623, S-1344 sponsored by Assembly Speaker Chuck Hardwick, R-Union, Assemblyman Jeffrey Moran, R-Ocean, Assemblyman John Hendrickson, R-Ocean, Senator Leonard Connors, R-Ocean.

SEP 19 1988

185 W. State Street
Trenton, N. J.

NEW JERSEY STATE LIBRARY

nation—or the purchase of Long Pond Ironworks State Park in West Milford—the first new state park in 15 years, you immediately see how these parks improve the quality of life for every New Jerseyan. That is why we are adding more than \$2 million to our budget to improve maintenance of existing state parks. And that is why we have shaped strategies to create new green and open spaces like the Delaware and Raritan Canal and Hudson River Walkway.

It was this concern for our natural heritage and posterity that compelled Assemblywoman Maureen Ogden and Senator John Lynch to wage what was at times a lonely fight to preserve the thousands of acres of freshwater wetlands that purify our water and provide a home for hundreds of species of animals to spawn. I want to thank those of you, like Senator Dan Dalton, who supported this legislation and gave me a bill I could sign to protect this resource.

The wetlands are one of the best weapons we have to protect the purity of our water. We did not have to pay for them, and their creator seems to have had a special knack for doing things right. But man can make his contribution, and I am proud to say that New Jersey made important strides last year to guarantee the quality and the quantity of our water supplies.

**WATER, WATER,
EVERYWHERE . . .**

New York's distinguished Senator Daniel Patrick Moynihan once said, "You can live without love but you can't live without water." During the Eighties, we have seen two major droughts, discovered new water pollution and the increasing intrusion of salt in our natural underground reservoirs, our aquifers. We understand very well the senator's wisdom.

Last year, for example, the DEP proposed new standards for the water that public and private companies deliver to your taps. These standards, based on recommen-



dations from the Drinking Water Quality Institute, are tougher than the federal standards, and give us the most advanced and stringent standards in the country.

Now I want to begin another chapter in our effort to guarantee potable water. As we examine all of our drinking water, we are finding that groundwater may not be as pure as we once thought.

*Preserving our air, our land,
and our water is more than
saving a pond or a tree. It is
saving something that
makes us better than
ourselves, and gives us the
strength to grow and
flourish.*

During the past year, I have become increasingly concerned with the growing number of homes, and even communities, whose wells are contaminated by chemicals. People who get their water from the 600 municipal or private purveyors are already protected by tough state laws. But homeowners with contaminated wells, and towns or neighborhoods with impure well-

water, deserve and need the State's help to solve their immediate and long-range contamination problems.

DEP aided at least 25 towns last year, but was limited by existing law. Their statutory authority for this is contained in the New Jersey Spill Compensation Act, which requires DEP to find the culprit for the pollution, and the homeowners to lay out the money themselves before they can be reimbursed. This could delay the replacement of bad wells by years at a time when quick action is needed. I want to expand our ability to help these towns and people through the creation of the Water Supply Replacement Trust Fund.

We assume that, conservatively, 20 percent of the current 250,000 private wells need to be replaced. I just signed a bill, sponsored by Assemblyman Jack Hendrickson, that allocates \$10 million to begin this process. This is only a start. I recommend that we create a loan program, to be administered by DEP, to be funded with money from the existing cleanup. This will provide \$60 million in low interest loans for the people or communities who need alternative sources of water to replace the contaminated supplies.

Pure drinking water is not a luxury. We must not only protect

our water from man-made problems, but from naturally occurring threats as well.

Two major reservoir projects were either completed or begun last year that will assure New Jerseyans adequate water supplies into the next century. We completed the Wanauque South Project, which included the 7 billion gallon Monksville reservoir. This \$150 million system can deliver an additional 79 million gallons of water per day to people living in the northwest section of the state. We should never again have to face the problems we did during the 1981 and 1985 droughts.

While we cut the ribbon in Monksville, we were breaking ground on the Manasquan Reservoir, a 4 billion gallon, \$83 million system of reservoirs capable of providing 31 million gallons of water a day to residents of Monmouth and Ocean counties. Water management is old hat out West, but we in the East are learning all about it. I am proud to report that New Jersey is at the head of the class in the Northeast. No other state has moved as aggressively as we have to protect our water supply.

NEW JERSEY: STATE OF THE ART

Being at the head of the class is not new for New Jersey's environmental efforts. As a matter of fact, we can write the book on solving the garbage and toxic waste problems. Our approaches are so well thought of that last year the Fund for Renewable Energy and Environment ranked New Jersey Number 1 in solid waste management and called us a national leader in overall hazardous waste management. Simply, New Jersey's efforts in these areas represent the state of the art in solid and hazardous waste.

Why? Because we have recognized the twin problems garbage and toxic waste pose and have figured out a way to solve them while other states are only now admitting these problems exist.



Trash is not something you ordinarily want to brag about. As you know, our goal is to be self-sufficient by 1992. We no longer want to depend on out-of-state landfills by then. Last year was the year we turned the corner on the garbage problem, and made important strides to attain our goal.

We made gains on every important front: recycling, resource recovery plants and landfills. They must be spoken of together because solving our garbage disposal problems depends on all of them. We must recycle to reduce the

amount of garbage that must be burned or buried. And even with our state of the art resource recovery plants, we will still need a place to put what cannot be burned, or what remains after we burn.

On April 20, I signed the landmark recycling legislation sponsored by Assemblyman Arthur Albohn and Senator Paul Contillo, which gives New Jersey the distinction of having the most comprehensive recycling program in the country. The counties have spent the last several months de-