

58:12A-22

LEGISLATIVE HISTORY CHECKLIST
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(Water Supply Replacement Trust
Fund--establish)

NJSA: 58:12A-22

LAWS OF: 1991 CHAPTER: 456

BILL NO: S3282

SPONSOR(S): Dalton

DATE INTRODUCED: February 4, 1991

COMMITTEE: ASSEMBLY: Energy & Environment

SENATE: Environmental Quality; Revenue, Finance

AMENDED DURING PASSAGE: Yes Amendments during passage denoted by
asterisks

DATE OF PASSAGE: ASSEMBLY: January 6, 1992

SENATE: March 25, 1991

DATE OF APPROVAL: January 18, 1992

FOLLOWING STATEMENTS ARE ATTACHED IF AVAILABLE:

SPONSOR STATEMENT: Yes

COMMITTEE STATEMENT: ASSEMBLY: Yes

SENATE: Yes 2-25-91 & 3-11-92

FISCAL NOTE: No

VETO MESSAGE: No

MESSAGE ON SIGNING: No

FOLLOWING WERE PRINTED:

REPORTS: No

HEARINGS: No

KBG/pp

[THIRD REPRINT]

SENATE, No. 3282

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 4, 1991

By Senators DALTON and GORMLEY

1 AN ACT concerning remediation of contaminated potable water
2 supplies, amending and supplementing P.L.1988, c.106, and
3 making an appropriation.

4
5 BE IT ENACTED *by the Senate and General Assembly of the*
6 *State of New Jersey:*

7 1. Section 1 of P.L.1988, c.106 (C.58:12A-22) is amended to
8 read as follows:

9 1. a. There is established in the Department of Environmental
10 Protection a non-lapsing revolving fund to be known as the
11 "Water Supply Replacement Trust Fund," hereinafter referred to
12 as the fund. The department shall administer the fund, and
13 monies in the fund shall be used to (1) provide loans to
14 individuals, municipalities or municipally-owned or
15 privately-owned public water systems as defined in section 3 of
16 P.L.1977, c.224 (C.58:12A-3) for the purposes of providing [a]
17 interim or permanent alternate water [supply] supplies to persons
18 whose principal source of potable water is contaminated or is
19 threatened with contamination by hazardous substances ¹[,
20 naturally occurring hazardous substances, aesthetic hazards, or
21 microbiological agents]¹ as identified by the department ^{1,1} or
22 fails to meet the State primary drinking water standards
23 contained in regulations developed pursuant to this act, ¹or fails
24 to meet a standard for ³[salinity] sodium, chlorine³, iron, or
25 manganese established by the department pursuant to section 4 of
26 P.L. , c. (C.) (pending in the Legislature as this bill),¹ and
27 (2) ¹[to]¹ provide funds to the department to conduct feasibility
28 studies to determine appropriate remedies for contaminated
29 potable water supplies, ³including the evaluation of water
30 treatment systems,³ to conduct confirmatory tests to determine
31 the presence of hazardous substances ¹[, naturally occurring
32 hazardous substances, aesthetic hazards, or microbiological
33 agents]¹ in potable water supplies, to study the extent to which
34 water supplies are contaminated or are threatened by
35 contamination with hazardous substances, ¹[naturally occurring
36 hazardous substances, aesthetic hazards, or microbiological
37 agents,]¹ to develop recommendations for remediating
38 contaminated or threatened water supplies, and to defray
39 administrative costs incurred by the department in implementing

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 SEQ committee amendments adopted February 25, 1991.

² Senate SRF committee amendments adopted March 11, 1991.

³ Assembly AEE committee amendments adopted August 1, 1991.

1 the provisions of this act. Payments of principal and interest on
2 loans issued under the authority of this act shall be deposited in
3 the fund, and shall remain available for further disbursements as
4 new loans to be awarded pursuant to this act. Any monies
5 deposited in the "Water Supply Replacement Trust Fund" are
6 hereby appropriated to the Department of Environmental
7 Protection to carry out the purposes of this act.

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

12 c. As used in this act, "hazardous substance" means any
13 substance defined as a hazardous substance by the Department of
14 Environmental Protection pursuant to rules and regulations
15 adopted pursuant to section 3 of P.L.1976, c.141 (C.58:10-23.11b)
16 ¹[; "naturally occurring hazardous substance" means mercury or
17 lead; "aesthetic hazard" means corrosivity, nitrates, iron,
18 manganese, sodium, or hardness; and "microbiological agent"
19 means a microorganism that is injurious to human health or the
20 environment]¹.

21 (cf: P.L.1989, c.311, s.1)

22 2. (New section) a. There is established in the "Water Supply
23 Replacement Trust Fund" established pursuant to section 1 of
24 P.L.1988, c.106 (C.58:12A-22) a Water Supply ¹[Replacement]
25 Remediation¹ sub-account.

26 b. Of the monies appropriated to the Water Supply
27 ¹[Replacement] Remediation¹ sub-account pursuant to section
28 ²[5] ⁶² of ³[this amendatory and supplementary act, ²[\$500,000]
29 ^{\$200,000}²] P.L. , c. (C.) (pending in the
30 Legislature as this bill), ^{\$500,000}³ shall be used by the
31 Department of Environmental Protection ¹[or a municipal or
32 regional health agency certified by the department pursuant to
33 section 15 of P.L.1977, c.443 (C.26:3A2-33) for the purpose of
34 financing confirmatory tests to determine the presence of
35 naturally occurring hazardous substances, aesthetic hazards, or
36 microbiological agents in potable water supplies] ³for the
37 evaluation of water treatment systems,³ and the Department of
38 Community Affairs to administer the loan program established
39 pursuant to section 3 of ³[this amendatory and supplementary
40 act] P.L. , c. (C.) (pending in the Legislature as this bill)³.

41 c. Any owner of a single family residence who has conducted a
42 test of the potable water supply used by the occupants of the
43 single family residence, the results of which indicate ¹[the
44 presence of naturally occurring hazardous substances, aesthetic
45 hazards, or microbiological agents in the potable water supply in
46 excess] a violation of a primary drinking water standard or a
47 violation¹ of a ³[safety level or concentration ¹for salinity]
48 standard for sodium, chlorine³ , iron, or manganese,¹ established
49 by the department pursuant to section 4 of this amendatory and
50 supplementary act, may ¹[petition the department to conduct a

1 confirmatory test, which may be based on representative
2 sampling, to determine the accuracy of the initial test. Upon
3 receipt of such a request, the department shall conduct the
4 confirmatory test] apply for a loan pursuant to section 3 of this
5 amendatory and supplementary act¹.

6 3. (New section) a. Of the amount appropriated to the Water
7 Supply Remediation sub-account pursuant to section 2[5] 6² of
8 3[this amendatory and supplementary act, the sum of
9 2[\$3,500,000] \$3,800,000²] P.L. , c. , (C.) (pending
10 in the Legislature as this bill), \$3,500,000³ is allocated to the
11 New Jersey Housing and Mortgage Finance Agency established
12 pursuant to P.L.1983, c.530 (C.55:14K-1 et seq.) and dedicated
13 for the purposes of providing low interest loans to owners of
14 single family residences, whose source of potable water ¹[is
15 contaminated or threatened by contamination with naturally
16 occurring hazardous substances, aesthetic hazards, or
17 microbiological agents] violates primary drinking water
18 standards, or violates a ³[concentration or safety level for
19 salinity] standard for sodium, chlorine³ , iron, or manganese
20 established by the department pursuant to section 4 of ³[this
21 amendatory and supplementary act¹] P.L. , c. (C.)
22 (pending in the Legislature as this bill)³ , to provide an interim or
23 permanent alternative potable water supply or adequate and
24 appropriate treatment technology.

25 b. The New Jersey Housing and Mortgage Finance Agency shall
26 establish a program to provide the loans authorized pursuant to
27 this section, which shall include, but need not be limited to,
28 funding priorities based on the priority system developed by the
29 ²[department] Department of Environmental Protection²
30 pursuant to section 4 of ³[this amendatory and supplementary
31 act] P.L. , c. (C.) (pending in the Legislature as this
32 bill).³ The loans issued pursuant to this section shall bear
33 interest of not more than 2 percent per year, and shall be for a
34 term of not more than five years. The maximum amount for any
35 single loan shall be \$10,000. Loan applicants shall provide
36 certification from the Department of Environmental Protection
37 or from a municipal or regional health agency certified pursuant
38 to section 15 of P.L.1977, c.443 (C.26:3A2-33) of the
39 contamination or the threat of contamination when applying for
40 loans on forms prescribed by the agency.

41 4. ¹(New section)¹ The ²[department] Department of
42 Environmental Protection² shall ¹[adopt rules and regulations
43 pursuant to the "Administrative Procedure Act," P.L.1968, c.410
44 (C.52:14B-1 et seq.) establishing safety levels or concentrations
45 of naturally occurring hazardous substances, aesthetic hazards,
46 and microbiological agents in potable water supplies;] establish
47 ³[concentration and safety levels for salinity, iron, and
48 manganese for the purpose] standards for sodium, chlorine, iron,
49 and manganese for the purpose³ of awarding loans to owners of
50 single family residences whose source of potable water violates

1 ³[these standards and shall develop a priority system based on
 2 these levels and concentrations pursuant to which funds may be
 3 allocated pursuant to section 3 of this amendatory and
 4 supplementary act] those standards. The department shall
 5 develop a priority system, based on the nature and extent of the
 6 human health or environmental danger posed by a violation of a
 7 primary drinking water standard or a standard adopted pursuant
 8 to this section, for use by the New Jersey Housing and Mortgage
 9 Finance Agency in making low interest rate loans in accordance
 10 with section 3 of P.L. , c. (C.) (pending in the
 11 Legislature as this bill)³.

12 ¹5. (New section) An owner of a single family residence
 13 eligible for financial assistance pursuant to the "Spill
 14 Compensation and Control Act," P.L.1976, c.141 (C.58:10-23.11
 15 et seq.), who receives a loan from the Water Supply Remediation
 16 sub-account pursuant to P.L. , c. (C.) (pending in the
 17 Legislature as this bill) shall submit a claim against the "New
 18 Jersey Spill Compensation Fund," created pursuant to section 10
 19 of P.L.1976, c.141 (C.58:10-23.11i), in the amount of the loan.
 20 Any amount paid by the "New Jersey Spill Compensation Fund"
 21 to a person submitting a claim pursuant to this section shall be
 22 utilized to repay the loan within 7 days of receipt of the
 23 payment.¹

24 ¹[5.] ^{6.1} There is appropriated to the Water Supply
 25 Remediation sub-account ^{3,3} established pursuant to section 2 of
 26 ³[this amendatory and supplementary act] P.L. , c.
 27 (C.) (pending in the Legislature as this bill),³ the sum of
 28 \$4,000,000 from the "Clean Waters Fund" established pursuant to
 29 P.L.1976, c.92 from amounts in the fund received as
 30 reimbursements for emergency water supply benefits derived
 31 from expenditures made pursuant to P.L.1981, c.28.

32 ¹[6.] ^{7.1} This act shall take effect immediately.

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ENVIRONMENT

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Establishes Water Supply Remediation sub-account to remediate
 certain contaminated potable water supplies; appropriates \$4
 million.

1 or microbiological agents, to provide an interim or permanent
2 alternative potable water supply or adequate and appropriate
3 treatment technology.

4 b. The New Jersey Housing and Mortgage Finance Agency shall
5 establish a program to provide the loans authorized pursuant to
6 this section, which shall include, but need not be limited to,
7 funding priorities based on the priority system developed by the
8 department pursuant to section 4 of this amendatory and
9 supplementary act. The loans issued pursuant to this section shall
10 bear interest of not more than 2 percent per year, and shall be
11 for a term of not more than five years. The maximum amount
12 for any single loan shall be \$10,000. Loan applicants shall provide
13 certification from the Department of Environmental Protection
14 or from a municipal or regional health agency certified pursuant
15 to section 15 of P.L.1977, c.443 (C.26:3A2-33) of the
16 contamination or the threat of contamination when applying for
17 loans on forms prescribed by the agency.

18 4. The department shall adopt rules and regulations pursuant
19 to the "Administrative Procedure Act," P.L.1968, c.410
20 (C.52:14B-1 et seq.) establishing safety levels or concentrations
21 of naturally occurring hazardous substances, aesthetic hazards,
22 and microbiological agents in potable water supplies; and shall
23 develop a priority system based on these levels and
24 concentrations pursuant to which funds may be allocated pursuant
25 to section 3 of this amendatory and supplementary act.

26 5. There is appropriated to the Water Supply Remediation
27 sub-account established pursuant to section 2 of this amendatory
28 and supplementary act the sum of \$4,000,000 from the "Clean
29 Waters Fund" established pursuant to P.L.1976, c.92 from
30 amounts in the fund received as reimbursements for emergency
31 water supply benefits derived from expenditures made pursuant
32 to P.L.1981, c.28.

33 6. This act shall take effect immediately.

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STATEMENT

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37 This bill would establish a Water Supply Remediation
38 sub-account in the "Water Supply Replacement Trust Fund"
39 created pursuant to P.L.1988, c.106 to be used by the Department
40 of Environmental Protection for financing confirmatory tests to
41 determine the presence of naturally occurring hazardous
42 substances, aesthetic hazards, and microbiological agents in
43 potable water supplies. These substances are mercury and lead;
44 corrosivity, nitrates, iron, manganese, sodium, or hardness; and
45 microorganisms injurious to human health or the environment.
46 Owners of single family residences who have conducted tests of
47 their potable water supplies that show the presence of naturally
48 occurring hazardous substances above an action level determined
49 by the department would be eligible to request the department to
50 do a confirmatory test.

1 Pursuant to this bill, \$4.0 million would be appropriated from
2 amounts received in the "Clean Waters Fund" as reimbursements
3 for emergency water supply benefits. Of this amount, \$3,500,000
4 would be allocated to the New Jersey Housing and Mortgage
5 Finance Agency for the purpose of providing low interest loans to
6 owners of single family residences whose source of potable water
7 is contaminated with naturally occurring hazardous substances to
8 finance the installation of an alternative water supply or
9 adequate and appropriate treatment technology. The remaining
10 \$500,000 would be used by the department to conduct
11 confirmatory testing.

12 The department would be required to set limits for naturally
13 occurring hazardous substances, aesthetic hazards, and
14 microbiological agents through the adoption of rules and
15 regulations. These limits would then be used by NJHMFA to
16 establish funding priorities.

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ENVIRONMENT

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21 Establishes Water Supply Remediation sub-account to remediate
22 certain contaminated potable water supplies; appropriates \$4
23 million.

ASSEMBLY ENERGY AND ENVIRONMENT COMMITTEE

STATEMENT TO

[SECOND REPRINT]

SENATE, No. 3282

with committee amendments

STATE OF NEW JERSEY

DATED: AUGUST 1, 1991

Senate Bill No. 3282 (2R), with Assembly Committee Amendments, is reported favorably by the Assembly Energy and Environment Committee.

This bill authorizes the use of monies in the "Water Supply Replacement Trust Fund" to provide low interest rate loans to individuals whose source of water supply is contaminated, or threatened with contamination, by hazardous substances or fails to meet the secondary standards for sodium, chlorine, iron and manganese, and authorizes the Department of Environmental Protection (DEP) to determine remedies, evaluate water treatment systems, and conduct confirmatory tests. The bill also appropriates \$4 million for use therefor.

The bill establishes a Water Supply Remediation sub-account in the "Water Supply Replacement Trust Fund," to be funded with a \$4 million dollar appropriation from monies in the "Clean Waters Fund," established pursuant to P.L.1976, c.92. Monies appropriated to the sub-account are from reimbursements received by the Clean Waters Fund for emergency water supply benefits resulting from expenditures made pursuant to P.L.1981, c.28. Of the amount appropriated, \$3,500,000 is allocated to the New Jersey Housing and Mortgage Finance Agency (NJHMFA) for use in providing low-interest loans to owners of single family residences whose potable water supplies do not meet existing primary drinking water quality standards or standards established for sodium, chlorine, iron, and manganese. The loans are to be used to provide water treatment systems or alternative water supplies. Loan amounts shall not exceed \$10,000. Loans shall be made at an interest rate not to exceed 2%, for a term not to exceed five years.

The remaining \$500,000 appropriated to the sub-account is to be used by the DEP to evaluate alternative water treatment systems and by the Departments of Community Affairs to administer the loan program.

The bill also requires DEP to adopt standards for sodium, chlorine iron, and manganese, and to establish funding priorities based on the the danger posed by a violation of a primary drinking water standards or a standard for sodium, chlorine, iron, or manganese to human health and the environment. The priority rankings are to be used by NJHMFA in awarding loans to single family residences.

Lastly, section 6 of the bill requires that, if it is determined that the contamination was the result of a discharge of a hazardous substance, an owner receiving a loan under the terms of this bill shall file a property damage claim against the New Jersey Spill Compensation Fund; and any monies recovered from that fund shall be used to pay the unpaid portion of the loan within 7 days of receipt of the claim payment.

The committee amendments increase, from \$200,000 to \$500,000, the amount of monies in the sub-account to be used by DEP for evaluating water treatment systems and DCA for making loans. Restoration of the \$500,000 appropriation is predicated on a 10-year cost estimate of \$50,000 per year submitted by the two departments. The remaining amendments are largely of a clarifying or technical nature.

FISCAL IMPACT

The bill appropriates \$4,000,000 from amounts in the "Clean Waters Fund" received as reimbursements for emergency water supply benefits.

SENATE ENVIRONMENTAL QUALITY COMMITTEE

STATEMENT TO

SENATE, No. 3282

with committee amendments

STATE OF NEW JERSEY

DATED: FEBRUARY 25, 1991

The Senate Environmental Quality Committee favorably reports Senate Bill No. 3282 with committee amendments.

This bill would establish a Water Supply Remediation sub-account in the "Water Supply Replacement Trust Fund." Four million dollars would be appropriated from amounts received in the "Clean Waters Fund" as reimbursements for emergency water supply benefits to the sub-account. Of this amount, \$3,500,000 would be allocated to the New Jersey Housing and Mortgage Finance Agency (NJHMFA) to provide low interest loans to owners of single family residences whose water supplies do not meet existing primary drinking water quality standards or concentration or safety limits set by the department for salinity, iron, and manganese. These loans would be used to install a treatment technology or procure an alternative water supply. The remaining \$500,000 would be used by the Departments of Environmental Protection and Community Affairs to administer the loan program.

Pursuant to this bill, the Department of Environmental Protection would be required to set concentration and safety limits for salinity, iron, and manganese and to establish funding priorities based on these limits, which would be used by NJHMFA to award loans.

The committee amended the bill to change the contaminants for which remediation loans could be granted and deleted a requirement that DEP adopt rules and regulations. The committee also amended the bill to specify that homeowners eligible for compensation from the State "Spill Fund" but who receive a loan pursuant to this bill would have to file for reimbursement from the "Spill Fund" to repay the loan.

SENATE REVENUE, FINANCE AND
APPROPRIATIONS COMMITTEE

STATEMENT TO

[FIRST REPRINT]

SENATE, No. 3282

with Senate committee amendments

STATE OF NEW JERSEY

DATED: MARCH 11, 1991

The Senate Revenue, Finance and Appropriations Committee reports favorably Senate Bill No. 3282 (1R), with committee amendments.

This bill establishes a Water Supply Remediation sub-account in the "Water Supply Replacement Trust Fund." Four million dollars would be appropriated from amounts received in the "Clean Waters Fund," established pursuant to P.L.1976, c.92, as reimbursements for emergency water supply benefits to the sub-account. Of this amount, \$3,800,000 would be allocated to the New Jersey Housing and Mortgage Finance Agency (NJHMFA) to provide low interest loans to owners of single family residences whose water supplies do not meet existing primary drinking water quality standards or concentration or safety limits set by the Department of Environmental Protection for salinity, iron, and manganese. These loans would be used to install a treatment technology or procure an alternative water supply. The remaining \$200,000 would be used by the Departments of Environmental Protection and Community Affairs to administer the loan program.

Pursuant to this bill, the Department of Environmental Protection would be required to set concentration and safety limits for salinity, iron, and manganese and to establish funding priorities based on these limits, which would be used by NJHMFA to award loans.

COMMITTEE AMENDMENTS

The committee amended the bill to increase the amount of money to be allocated as loans and decrease the amount to be used for administration. The amendments also correct section references and clarify department references in the bill.

FISCAL IMPACT

The bill appropriates \$4,000,000 from amounts in the "Clean Waters Fund" received as reimbursements for emergency water supply benefits.