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"Whitman signs no-interest loans for wells into law," 11-5-99, Atlantic City Press, p. D4

P.L. 1999, CHAPTER 266, *approved November 4, 1999*
Assembly, No. 677 (*Second Reprint*)

1 AN ACT concerning contaminated potable water supplies and
2 amending ¹P.L.1988, c.106 and¹ P.L.1991, c.456.

3
4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6
7 ¹1. Section 1 of P.L.1988, c.106 (C.58:12A-22) is amended to read
8 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 "Water
11 Supply Replacement Trust Fund," hereinafter referred to as the fund.
12 The department shall administer the fund, and monies in the fund shall
13 be used to (1) provide loans to individuals, municipalities or
14 municipally-owned or privately-owned public water systems as defined
15 in section 3 of P.L.1977, c.224 (C.58:12A-3) for the purposes of
16 providing interim or permanent alternate water supplies to persons
17 whose principal source of potable water is contaminated or is
18 threatened with contamination by hazardous substances as identified
19 by the department, or fails to meet the State primary drinking water
20 standards contained in regulations developed pursuant to this act, or
21 fails to meet a standard for sodium, **[chlorine]** chloride, lead, mercury,
22 iron, or manganese established by the department pursuant to section
23 4 of P.L.1991, c.456 (C.58:12A-22.4), and (2) provide funds to the
24 department to conduct feasibility studies to determine appropriate
25 remedies for contaminated potable water supplies, including the
26 evaluation of water treatment systems, to conduct confirmatory tests
27 to determine the presence of hazardous substances in potable water
28 supplies, to study the extent to which water supplies are contaminated
29 or are threatened by contamination with hazardous substances, to
30 develop recommendations for remediating contaminated or threatened
31 water supplies, and to defray administrative costs incurred by the
32 department in implementing the provisions of this act. Payments of
33 principal and interest on loans issued under the authority of this act
34 shall be deposited in the fund, and shall remain available for further
35 disbursements as new loans to be awarded pursuant to this act. Any
36 monies deposited in the "Water Supply Replacement Trust Fund" are
37 hereby appropriated to the Department of Environmental Protection
38 to carry out the purposes of this act.

39 b. Loans made to local government units pursuant to this act shall

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 Assembly AEN committee amendments adopted March 9, 1998.

² Assembly AAP committee amendments adopted September 14, 1998.

1 bear interest at a rate fixed by the State Treasurer, which rate shall not
2 exceed 2 percent per year for a term of not more than 20 years.

3 c. As used in this act, "hazardous substance" means any substance
4 defined as a hazardous substance by the Department of Environmental
5 Protection pursuant to rules and regulations adopted pursuant to
6 section 3 of P.L.1976, c.141 (C.58:10-23.11b).

7 (cf: P.L.1991, c.456, s.1)

8

9 ¹2. Section 2 of P.L.1991, c.456 (C.58:12A-22.2) is amended to
10 read as follows:

11 2. a. There is established in the "Water Supply Replacement Trust
12 Fund" established pursuant to section 1 of P.L.1988, c.106
13 (C.58:12A-22) a Water Supply Remediation sub-account.

14 b. Of the monies appropriated to the Water Supply Remediation
15 sub-account pursuant to section 6 of P.L.1991, c.456, \$500,000 shall
16 be used by the Department of Environmental Protection for the
17 evaluation of water treatment systems, and the Department of
18 Community Affairs to administer the loan program established
19 pursuant to section 3 of P.L.1991, c.456 (C.58:12A-22.3).

20 c. Any owner of a single family residence who has conducted a test
21 of the potable water supply used by the occupants of the single family
22 residence, the results of which indicate a violation of a primary
23 drinking water standard or a violation of a standard for sodium,
24 **【chlorine】 chloride, lead, mercury**, iron, or manganese, established by
25 the department pursuant to section 4 of **【this amendatory and**
26 **supplementary act】 P.L.1991, c.456 (C.58:12A-22.4)**, may apply for
27 a loan pursuant to section 3 of **【this amendatory and supplementary**
28 **act】 P.L.1991, c.456 (C.58:12A-22.3).**¹

29 (cf: P.L.1991, c.456, s.2)

30

31 ¹**【1.】 3.**¹ Section 3 of P.L.1991, c.456 (C.58:12A-22.3) is
32 amended to read as follows:

33 3. a. Of the amount appropriated to the Water Supply
34 Remediation sub-account pursuant to section 6 of P.L.1991, c.456,
35 \$3,500,000 is allocated to the New Jersey Housing and Mortgage
36 Finance Agency established pursuant to P.L.1983, c.530 (C.55:14K-1
37 et seq.) and dedicated for the purposes of providing **【low】 zero**
38 interest loans to owners of single family residences, whose source of
39 potable water violates primary drinking water standards, or violates a
40 standard for sodium, ¹**【chlorine】 chloride, lead, mercury**¹, iron, or
41 manganese established by the department pursuant to section 4 of
42 P.L.1991, c.456 (C.58:12A-22.4), to provide an interim or permanent
43 alternative potable water supply or adequate and appropriate treatment
44 technology. ²**【Any owner of a single family residence whose source**
45 **of potable water is a private well located on the homeowner's property**

1 that is contaminated in whole or in part because of an agricultural
2 practice or activity the use of pesticides, herbicides, fertilizers,
3 chemicals, manure, sewage sludge, compost, or other substances for
4 agricultural, horticultural, or silvicultural purposes on property other
5 than the property owned by the loan applicant, and which source of
6 potable water violates any of those standards, shall also be eligible to
7 receive a zero interest loan pursuant to this section to meet the cost
8 of】 The purposes for which a loan may be issued pursuant to this
9 section include, but are not necessarily limited to:² (1) replacing the
10 contaminated well with a new well or an interim or permanent
11 alternative potable water supply, and sealing the contaminated well,
12 (2) deepening, encasing, or otherwise modifying the contaminated well
13 to prevent contamination, or (3) purchasing adequate and appropriate
14 water treatment technology or equipment to render the water drawn
15 from the contaminated well potable. ²【For the purposes of this
16 section, "agricultural practice or activity" means the use of pesticides,
17 herbicides, fertilizers, chemicals, manure, sewage sludge, compost, or
18 other substances for agricultural, horticultural, or silvicultural
19 purposes on property other than the property owned by the loan
20 applicant.】 For the purposes of qualifying for a loan pursuant to this
21 section, the cause or source of contamination of the potable water
22 shall not be relevant.²

23 b. The New Jersey Housing and Mortgage Finance Agency shall
24 establish , within 120 days of the date of enactment of P.L. , c.
25 (C.) (now before the Legislature as this bill), a program to provide
26 the loans authorized pursuant to this section, which shall include, but
27 need not be limited to, funding priorities based on the priority system
28 developed by the Department of Environmental Protection pursuant to
29 section 4 of P.L.1991, c.456 (C.58:12A-22.4). The loans issued
30 pursuant to this section shall bear zero interest 【of not more than 2
31 percent per year,】 and shall be for a term of not more than ¹【five】 ¹⁰¹
32 years. The maximum amount for any single loan shall be \$10,000.
33 Loan applicants shall provide certification from the Department of
34 Environmental Protection or from a municipal or regional health
35 agency certified pursuant to section 15 of P.L.1977, c.443
36 (C.26:3A2-33) of the contamination or the threat of contamination
37 when applying for loans on forms prescribed by the agency. ¹Any loan
38 issued pursuant to this section shall be secured and the New Jersey
39 Housing and Mortgage Finance Agency may assess a loan servicing fee
40 on each loan not to exceed one percent per year on the balance of the
41 loan.

42 Notwithstanding any provision of P.L.1991, c.456 (C.58:12A-22.2
43 et al.) to the contrary, the New Jersey Housing and Mortgage Finance
44 Agency may issue up to \$1,000,000 in loans pursuant to this section
45 prior to the Department of Environmental Protection developing the
46 priority system required pursuant to section 4 of P.L.1991, c.456

1 (C.58:12A-22.4).¹

2 (cf: P.L.1991, c.456, s.3)

3

4 ¹**[2.] 4.**¹ Section 4 of P.L.1991, c.456 (C.58:12A-22.4) is
5 amended to read as follows:

6 4. The Department of Environmental Protection shall establish
7 within 90 days of the date of enactment of P.L. , c. (C.) (now
8 before the Legislature as this bill), standards for sodium, ¹**[chlorine]**
9 chloride, lead, mercury¹, iron, and manganese for the purpose of
10 awarding loans to owners of single family residences whose source of
11 potable water violates those standards. The department shall develop₂
12 within 90 days of the date of enactment of P.L. , c. (C.) (now
13 before the Legislature as this bill), a priority system, based on the
14 nature and extent of the human health or environmental danger posed
15 by a violation of a primary drinking water standard or a standard
16 adopted pursuant to this section, ²**[or by an agricultural practice or**
17 **activity as defined pursuant to section 3 of P.L.1991, c.456**
18 **(C.58:12A-22.3).]**² for use by the New Jersey Housing and Mortgage
19 Finance Agency in making **[low]** zero interest rate loans in accordance
20 with section 3 of P.L.1991, c.456 (C.58:12A-22.3).

21 (cf: P.L.1991, c.456, s.4)

22

23 ¹**[3.] 5.**¹ This act shall take effect immediately.

24

25

26

27

28 Revises HMFA loan program for remediation of contaminated potable
29 water supplies of single family residences.

ASSEMBLY, No. 677

STATE OF NEW JERSEY 208th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 1998 SESSION

Sponsored by:

Assemblyman JOHN C. GIBSON

District 1 (Cape May, Atlantic and Cumberland)

Assemblyman NICHOLAS ASSELTA

District 1 (Cape May, Atlantic and Cumberland)

SYNOPSIS

Revises HMFA loan program for remediation of contaminated potable water supplies of single family residences.

CURRENT VERSION OF TEXT

As Introduced.



1 AN ACT concerning contaminated potable water supplies and
2 amending P.L.1991, c.456.

3

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

6

7 1. Section 3 of P.L.1991, c.456 (C.58:12A-22.3) is amended to
8 read as follows:

9 3. a. Of the amount appropriated to the Water Supply
10 Remediation sub-account pursuant to section 6 of P.L.1991, c.456,
11 \$3,500,000 is allocated to the New Jersey Housing and Mortgage
12 Finance Agency established pursuant to P.L.1983, c.530 (C.55:14K-1
13 et seq.) and dedicated for the purposes of providing **[low]** zero
14 interest loans to owners of single family residences, whose source of
15 potable water violates primary drinking water standards, or violates a
16 standard for sodium, chlorine, iron, or manganese established by the
17 department pursuant to section 4 of P.L.1991, c.456 (C.58:12A-22.4),
18 to provide an interim or permanent alternative potable water supply or
19 adequate and appropriate treatment technology. Any owner of a
20 single family residence whose source of potable water is a private well
21 located on the homeowner's property that is contaminated in whole or
22 in part because of an agricultural practice or activity, and which source
23 of potable water violates any of those standards, shall also be eligible
24 to receive a zero interest loan pursuant to this section to meet the cost
25 of (1) replacing the contaminated well with a new well or an interim
26 or permanent alternative potable water supply, and sealing the
27 contaminated well, (2) deepening, encasing, or otherwise modifying
28 the contaminated well to prevent contamination, or (3) purchasing
29 adequate and appropriate water treatment technology or equipment to
30 render the water drawn from the contaminated well potable. For the
31 purposes of this section, "agricultural practice or activity" means the
32 use of pesticides, herbicides, fertilizers, chemicals, manure, sewage
33 sludge, compost, or other substances for agricultural, horticultural, or
34 silvicultural purposes on property other than the property owned by
35 the loan applicant.

36 b. The New Jersey Housing and Mortgage Finance Agency shall
37 establish , within 120 days of the date of enactment of P.L. , c.
38 (C.) (now before the Legislature as this bill), a program to provide
39 the loans authorized pursuant to this section, which shall include, but
40 need not be limited to, funding priorities based on the priority system
41 developed by the Department of Environmental Protection pursuant to
42 section 4 of P.L.1991, c.456 (C.58:12A-22.4). The loans issued
43 pursuant to this section shall bear zero interest **[of not more than 2**

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.

1 percent per year,] and shall be for a term of not more than five years.
2 The maximum amount for any single loan shall be \$10,000. Loan
3 applicants shall provide certification from the Department of
4 Environmental Protection or from a municipal or regional health
5 agency certified pursuant to section 15 of P.L.1977, c.443
6 (C.26:3A2-33) of the contamination or the threat of contamination
7 when applying for loans on forms prescribed by the agency.
8 (cf: P.L.1991, c.456, s.3)

9
10 2. Section 4 of P.L.1991, c.456 (C.58:12A-22.4) is amended to
11 read as follows:

12 4. The Department of Environmental Protection shall establish ,
13 within 90 days of the date of enactment of P.L. , c. (C.) (now
14 before the Legislature as this bill), standards for sodium, chlorine,
15 iron, and manganese for the purpose of awarding loans to owners of
16 single family residences whose source of potable water violates those
17 standards. The department shall develop , within 90 days of the date
18 of enactment of P.L. , c. (C.) (now before the Legislature as
19 this bill), a priority system, based on the nature and extent of the
20 human health or environmental danger posed by a violation of a
21 primary drinking water standard or a standard adopted pursuant to this
22 section, or by an agricultural practice or activity as defined pursuant
23 to section 3 of P.L.1991, c.456 (C.58:12A-22.3), for use by the New
24 Jersey Housing and Mortgage Finance Agency in making [low] zero
25 interest rate loans in accordance with section 3 of P.L.1991, c.456
26 (C.58:12A-22.3).

27 (cf: P.L.1991, c.456, s.4)

28
29 3. This act shall take effect immediately.

30
31

32 STATEMENT

33

34 This bill would make certain revisions to a 1991 law that directed
35 the New Jersey Housing and Mortgage Finance Agency (HMFA) to
36 establish a program to provide low interest (up to two percent), short
37 term (up to five years) loans of up to \$10,000 each to owners of single
38 family residences, whose source of potable water violates primary
39 drinking water standards, or violates a standard for sodium, chlorine,
40 iron, or manganese established by the Department of Environmental
41 Protection (DEP) pursuant to law, to provide an interim or permanent
42 alternative potable water supply or adequate and appropriate water
43 treatment technology. An amount of \$3.5 million from the 1976
44 "Clean Waters Fund" was appropriated to fund the loan program.

45 This bill would (1) change the loans made through the program
46 from low interest loans to zero interest loans; (2) clarify and expand

A677 GIBSON, ASSELTA

4

1 the program's applicability to homeowners whose wells have been
2 contaminated by agricultural practices or activities as defined in the
3 bill; and (3) establish time limits by which the HMFA and the DEP
4 must act to make the heretofore largely inactive program fully
5 operational.

ASSEMBLY ENVIRONMENT COMMITTEE

STATEMENT TO

ASSEMBLY, No. 677

with committee amendments

STATE OF NEW JERSEY

DATED: MARCH 9, 1998

The Assembly Environment Committee favorably reports Assembly Bill No. 677 with committee amendments.

This bill as introduced would make certain revisions to a 1991 law that directed the New Jersey Housing and Mortgage Finance Agency (HMFA) to establish a program to provide low interest (up to two percent), short term (up to five years) loans of up to \$10,000 each to owners of single family residences, whose source of potable water violates primary drinking water standards, or violates a standard for sodium, chlorine, iron, or manganese established by the Department of Environmental Protection (DEP) pursuant to law, to provide an interim or permanent alternative potable water supply or adequate and appropriate water treatment technology. An amount of \$3.5 million from the 1976 "Clean Waters Fund" was appropriated to fund the loan program.

The bill as introduced would (1) change the loans made through the program from low interest loans to zero interest loans; (2) clarify the program's applicability to homeowners whose wells have been contaminated by agricultural practices or activities as defined in the bill; and (3) establish time limits by which the HMFA and the DEP must act to make the heretofore largely inactive program fully operational.

The committee amended the bill to: (1) provide that any loan issued be secured and to authorize the HMFA to assess a loan servicing fee on each loan not to exceed 1% per year on the balance of the loan; (2) expand the allowable maximum loan term from five to 10 years; (3) authorize the HMFA to issue up to \$1 million in loans prior to the DEP developing the priority system required by law; (4) make an amendment to the applicable law to change all references to "chlorine" to read "chloride" instead; and (5) add lead and mercury to the list of substances for which contamination thereby is addressed by the applicable law.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 677

with Assembly committee amendments

STATE OF NEW JERSEY

DATED: SEPTEMBER 14, 1998

The Assembly Appropriations Committee reports favorably Assembly Bill No. 677 (1R) with committee amendments.

Assembly Bill No. 677 (1R), as amended, revises P.L.1991, c.456, which appropriated \$3.5 million from the 1976 "Clean Waters Fund" to fund a loan program for remediation of drinking water supplies.

That original act provided a loan program directed at the owners of single family residences whose source of potable water violates primary drinking water standards, or violates a standard for sodium, chlorine, iron, or manganese established by the Department of Environmental Protection (DEP). That law directed the New Jersey Housing and Mortgage Finance Agency (HMFA) to establish a program to provide low interest (up to two percent), short term (up to five years) loans of up to \$10,000 each to the owners of those single family residences to provide an interim or permanent alternative potable water supply or adequate and appropriate water treatment technology. This program has been largely inactive.

This bill changes the loans made through the program from low interest loans to zero interest secured loans, and authorizes the HMFA to assess a loan servicing fee on each loan not to exceed 1% per year on the loan balance. The bill expands the allowable maximum loan term from five to 10 years. The bill establishes time limits by which the HMFA and the DEP must act to make the program fully operational, and authorizes the HMFA to issue up to \$1 million in loans prior to the DEP developing the loan priority system required by law.

The bill clarifies that the program applies to homeowners whose wells have been contaminated, adds lead and mercury to the list of contaminants addressed; and changes all contaminant references of "chlorine" to references to "chloride."

FISCAL IMPACT:

The bill modifies a program originally funded with \$4,000,000 appropriated from the "Clean Waters Fund" established pursuant to P.L.1976, c.92, and requires that the program be made operational based on an allocation of \$3,500,000 of that appropriation to the Water Supply Remediation sub-account pursuant to P.L.1991, c.456. The HMFA reports that the sub-account has a current balance of approximately \$4.2 million. The DEP indicates that its cost of establishing potable water standards for chloride, lead and mercury and to develop a ranking system to be used by the HMFA in prioritizing loan applications is \$50,000.

COMMITTEE AMENDMENTS:

The amendments removes language pertaining to certain agricultural practices and clarifies that the source of contamination is not relevant.

SENATE ENVIRONMENT COMMITTEE

STATEMENT TO

[Second Reprint]
ASSEMBLY, No. 677

STATE OF NEW JERSEY

DATED: MAY 6, 1999

The Senate Environment Committee favorably reports Assembly Bill No. 677 (2R).

Assembly Bill No. 677 (2R) revises P.L.1991, c.456, which appropriated \$3.5 million from the 1976 "Clean Waters Fund" to fund a loan program for remediation of drinking water supplies.

That original act provided a loan program directed at the owners of single family residences whose source of potable water violates primary drinking water standards, or violates a standard for sodium, chlorine, iron, or manganese established by the Department of Environmental Protection (DEP). That law directed the New Jersey Housing and Mortgage Finance Agency (HMFA) to establish a program to provide low interest (up to two percent), short term (up to five years) loans of up to \$10,000 each to the owners of those single family residences to provide an interim or permanent alternative potable water supply or adequate and appropriate water treatment technology. This program has been largely inactive.

This bill changes the loans made through the program from low interest loans to zero interest secured loans, and authorizes the HMFA to assess a loan servicing fee on each loan not to exceed 1% per year on the loan balance. The bill expands the allowable maximum loan term from five to 10 years. The bill establishes time limits by which the HMFA and the DEP must act to make the program fully operational, and authorizes the HMFA to issue up to \$1 million in loans prior to the DEP developing the loan priority system required by law.

The bill clarifies that the program applies to homeowners whose wells have been contaminated, adds lead and mercury to the list of contaminants addressed; and changes all contaminant references of "chlorine" to references to "chloride."

The bill modifies a program originally funded with \$4,000,000 appropriated from the "Clean Waters Fund" established pursuant to P.L.1976, c.92, and requires that the program be made operational based on an allocation of \$3,500,000 of that appropriation to the Water Supply Remediation sub-account pursuant to P.L.1991, c.456. The HMFA reports that the sub-account has a current balance of

approximately \$4.2 million. The DEP indicates that its cost of establishing potable water standards for chloride, lead and mercury and to develop a ranking system to be used by the HMFA in prioritizing loan applications is \$50,000.

This bill is identical to the Senate Committee Substitute for Senate Bill No. 582.

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 677

STATE OF NEW JERSEY

208th LEGISLATURE

DATED: OCTOBER 5, 1998

Assembly Bill No. 677 (1R) of 1998 revises P.L.1991, c.456, which established an HMFA loan program for remediation of contaminated potable water supplies of single family residences.

The bill as amended would direct the New Jersey Housing and Mortgage Finance Agency (HMFA) to establish a program to provide zero interest, short term (up to ten years) loans of up to \$10,000 each. These loans are to be granted to owners of single family residences including residences where the private well is contaminated by agricultural activities, whose source of potable water violates primary drinking water standards, or violates a standard for sodium, chloride, lead, mercury, iron, or manganese, established by the Department of Environmental Protection (DEP) pursuant to law. The loans are intended to provide the required funding for an interim or permanent alternative potable water supply or an adequate and appropriate water treatment technology. An amount of \$3.5 million in recycled loan funds from the 1976 "Clean Waters Fund" was appropriated in P.L.1991, c.456 to fund the loan program. HMFA reports that the Water Supply Remediation sub-account of the Water Supply Replacement Trust Fund has a current balance of approximately \$4.2 million. Therefore, there is sufficient money in the fund to cover the cost of the loan program. HMFA also indicates that there is no State HMFA cost associated with this bill because the loan servicing fee authorized in the bill would cover all of HMFA's administrative costs.

The DEP indicates that to establish regulations to govern potable water standards for chloride, lead, and mercury, and further to develop a ranking system for the HMFA to use in prioritizing loan application grants based on the human health dangers posed by those substances requires a State DEP cost of \$50,000.

The Office of Legislative Services (OLS) concurs.

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

SENATE, No. 582

STATE OF NEW JERSEY 208th LEGISLATURE

INTRODUCED FEBRUARY 23, 1998

Sponsored by:

Senator JAMES S. CAFIERO

District 1 (Cape May, Atlantic and Cumberland)

Senator MARTHA W. BARK

District 8 (Atlantic, Burlington and Camden)

Co-Sponsored by:

Senator Matheussen

SYNOPSIS

Revises HMFA loan program for remediation of contaminated potable water supplies of single family residences.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 11/17/1998)

S582 CAFIERO, BARK

2

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2 amending P.L.1991, c.456.

3

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16 standard for sodium, chlorine, iron, or manganese established by the
17 department pursuant to section 4 of P.L.1991, c.456 (C.58:12A-22.4),
18 to provide an interim or permanent alternative potable water supply or
19 adequate and appropriate treatment technology. Any owner of a
20 single family residence whose source of potable water is a private well
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22 in part because of an agricultural practice or activity, and which source
23 of potable water violates any of those standards, shall also be eligible
24 to receive a zero interest loan pursuant to this section to meet the cost
25 of (1) replacing the contaminated well with a new well or an interim
26 or permanent alternative potable water supply, and sealing the
27 contaminated well, (2) deepening, encasing, or otherwise modifying
28 the contaminated well to prevent contamination, or (3) purchasing
29 adequate and appropriate water treatment technology or equipment to
30 render the water drawn from the contaminated well potable. For the
31 purposes of this section, "agricultural practice or activity" means the
32 use of pesticides, herbicides, fertilizers, chemicals, manure, sewage
33 sludge, compost, or other substances for agricultural, horticultural, or
34 silvicultural purposes on property other than the property owned by
35 the loan applicant.

36 b. The New Jersey Housing and Mortgage Finance Agency shall
37 establish , within 120 days of the date of enactment of P.L. , c.
38 (C.) (now before the Legislature as this bill), a program to provide
39 the loans authorized pursuant to this section, which shall include, but
40 need not be limited to, funding priorities based on the priority system
41 developed by the Department of Environmental Protection pursuant to
42 section 4 of P.L.1991, c.456 (C.58:12A-22.4). The loans issued
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Matter underlined thus is new matter.

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2 The maximum amount for any single loan shall be \$10,000. Loan
3 applicants shall provide certification from the Department of
4 Environmental Protection or from a municipal or regional health
5 agency certified pursuant to section 15 of P.L.1977, c.443
6 (C.26:3A2-33) of the contamination or the threat of contamination
7 when applying for loans on forms prescribed by the agency.
8 (cf: P.L.1991, c.456, s.3)

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10 2. Section 4 of P.L.1991, c.456 (C.58:12A-22.4) is amended to
11 read as follows:

12 4. The Department of Environmental Protection shall establish ,
13 within 90 days of the date of enactment of P.L. , c. (C.) (now
14 before the Legislature as this bill), standards for sodium, chlorine,
15 iron, and manganese for the purpose of awarding loans to owners of
16 single family residences whose source of potable water violates those
17 standards. The department shall develop , within 90 days of the date
18 of enactment of P.L. , c. (C.) (now before the Legislature as
19 this bill), a priority system, based on the nature and extent of the
20 human health or environmental danger posed by a violation of a
21 primary drinking water standard or a standard adopted pursuant to this
22 section, or by an agricultural practice or activity as defined pursuant
23 to section 3 of P.L.1991, c.456 (C.58:12A-22.3), for use by the New
24 Jersey Housing and Mortgage Finance Agency in making [low] zero
25 interest rate loans in accordance with section 3 of P.L.1991, c.456
26 (C.58:12A-22.3).

27 (cf: P.L.1991, c.456, s.4)

28
29 3. This act shall take effect immediately.

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32 STATEMENT

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34 This bill would make certain revisions to a 1991 law that directed
35 the New Jersey Housing and Mortgage Finance Agency (HMFA) to
36 establish a program to provide low interest (up to two percent), short
37 term (up to five years) loans of up to \$10,000 each to owners of single
38 family residences, whose source of potable water violates primary
39 drinking water standards, or violates a standard for sodium, chlorine,
40 iron, or manganese established by the Department of Environmental
41 Protection (DEP) pursuant to law, to provide an interim or permanent
42 alternative potable water supply or adequate and appropriate water
43 treatment technology. An amount of \$3.5 million from the 1976
44 "Clean Waters Fund" was appropriated to fund the loan program.

45 This bill would (1) change the loans made through the program
46 from low interest loans to zero interest loans; (2) clarify and expand

S582 CAFIERO, BARK

4

1 the program's applicability to homeowners whose wells have been
2 contaminated by agricultural practices or activities as defined in the
3 bill; and (3) establish time limits by which the HMFA and the DEP
4 must act to make the heretofore largely inactive program fully
5 operational.

SENATE ENVIRONMENT COMMITTEE

STATEMENT TO

SENATE COMMITTEE SUBSTITUTE FOR **SENATE, No. 582**

STATE OF NEW JERSEY

DATED: MAY 6, 1999

The Senate Environment Committee favorably releases a committee substitute for Senate Bill No. 582.

This committee substitute would make certain revisions to a 1991 law that directed the New Jersey Housing and Mortgage Finance Agency (HMFA) to establish a program to provide low interest (up to two percent), short term (up to five years) loans of up to \$10,000 each to owners of single family residences, whose source of potable water violates primary drinking water standards, or violates a standard for sodium, chlorine, iron, or manganese established by the Department of Environmental Protection (DEP) pursuant to law, to provide an interim or permanent alternative potable water supply or adequate and appropriate water treatment technology. An amount of \$3.5 million from the 1976 "Clean Waters Fund" was appropriated to fund the loan program.

This committee substitute changes the loans made through the program from low interest loans to zero interest secured loans, and authorizes the HMFA to assess a loan servicing fee on each loan not to exceed 1% per year on the loan balance. The substitute expands the allowable maximum loan term from five to 10 years. The substitute establishes time limits by which the HMFA and the DEP must act to make the program fully operational, and authorizes the HMFA to issue up to \$1 million in loans prior to the DEP developing the loan priority system required by law.

The committee substitute clarifies that the program applies to homeowners whose wells have been contaminated, adds lead and mercury to the list of contaminants addressed; and changes all contaminant references of "chlorine" to references to "chloride."

The committee substitute would modify a program originally funded with \$4,000,000 appropriated from the "Clean Waters Fund" established pursuant to P.L.1976, c.92, and would require that the program be made operational based on an allocation of \$3,500,000 of that appropriation to the Water Supply Remediation sub-account pursuant to P.L.1991, c.456. The HMFA reports that the sub-account has a current balance of approximately \$4.2 million. The DEP indicates that its cost of establishing potable water standards for

chloride, lead and mercury and to develop a ranking system to be used by the HMFA in prioritizing loan applications is \$50,000.

The committee substitute is identical to Assembly Bill No. 677 (2R).

Office of the Governor
NEWS RELEASE

PO BOX 004
TRENTON, NJ 08625

CONTACT: Gene Herman
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RELEASE: November 4, 1999

Gov. Christie Whitman today signed the following piece of legislation:

A-677, sponsored by Assembly Members John C. Gibson (R-Cape May/Atlantic/Cumberland) and Nicholas Asselta (R-Cape May/Atlantic/Cumberland) and Senators James S. Cafiero (R-Cape May/Atlantic/Cumberland) and Martha W. Bark (R-Atlantic/Burlington/Camden), revises the New Jersey Housing and Mortgage Finance Agency loan program for remediation of contaminated potable water supplies of single family residences. The bill changes the loans issued under the program from low-interest to zero-interest loans and expands the allowable maximum loan term from five to ten years. The bill adds violations of the Department of Environmental Protection's lead and mercury standards to the types of contamination for which loans may be issued.