

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 1954

STATE OF NEW JERSEY 217th LEGISLATURE

DATED: NOVEMBER 1, 2016

SUMMARY

- Synopsis:** Makes changes to funding provisions for financial assistance and grants from Hazardous Discharge Site Remediation Fund.
- Type of Impact:** No fiscal impact on the Hazardous Discharge Site Remediation Fund or on the General Fund. Indeterminate fiscal impact on municipalities and counties.
- Agencies Affected:** Department of Environmental Protection, New Jersey Economic Development Authority, municipalities, and counties.

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
State Cost	None – See comments below.		
Local Cost	Indeterminate – See comments below.		

- The Office of Legislative Services (OLS) estimates that this bill will have no fiscal impact on State funds because it does not affect the total amount of annual funds that are constitutionally dedicated for this program.
- The Hazardous Discharge Site Remediation Fund is capitalized by constitutionally dedicated monies from the State Corporation Business Tax. These monies are appropriated to the New Jersey Economic Development Authority (EDA) for site cleanups on a formula basis each year in the Annual Appropriations Act. In FY 2017, \$10 million was appropriated for this purpose.
- The bill reduces existing caps and establishes new caps for grants available to municipalities and counties; however, the fiscal impact on particular municipalities and counties is unknown. The establishment and reduction of caps may allow additional municipalities and counties to utilize monies in the fund; however, the bill may restrict other municipalities and counties from receiving additional grants.

BILL DESCRIPTION

Assembly Bill No. 1954 (1R) of 2016 would make changes to funding provisions for financial assistance and grants from the Hazardous Discharge Site Remediation Fund (“the fund”). The bill proposes the following changes to the law:

- (1) eliminates grants and loans to persons who would otherwise not be eligible for assistance but who remediate a site using innovative technology, who remediate to an unrestricted use or limited restricted use standard, who voluntarily perform a remediation, or who perform a remediation in an environmental opportunity zone;
- (2) establishes limitations on grants to municipalities, counties, and redevelopment entities for projects in brownfield development areas which are to be no more than 75 percent of the total costs of the remedial action and no more than \$750,000 at any one site for remedial action, and reduces the additional amount over the annual cap on financial assistance and grants from \$2 million to \$1 million;
- (3) reduces the cumulative total amount of matching grants that may be awarded to municipalities, counties, and redevelopment entities for projects involving the redevelopment of property for recreation and conservation purposes from \$5 million to \$500,000, and reduces the maximum grant for an individual project in that category from 75 percent to 50 percent of the costs of remedial action;
- (4) reduces the maximum amount of money a person may receive through an innocent party grant from \$1 million to \$500,000 and imposes an annual maximum award of \$100,000;
- (5) reduces the cumulative annual cap on the maximum amount of financial assistance and grants that may be issued to a person from \$1 million to \$500,000, and to municipalities, counties, and redevelopment entities from \$3 million to \$2 million except for projects in brownfield development areas;
- (6) imposes a cap of \$750,000 on grants for a remedial action in a brownfield development area to a municipality, county, or redevelopment entity at any one site; and
- (7) establishes additional limitations on financial assistance and grants (in addition to any other caps or limitations in the law):
 - a. for a preliminary assessment and site investigation, the Economic Development Authority (EDA) may award for a site with soil contamination only, up to 100% of the costs up to a total amount of \$30,000, and for any other site, the EDA may award up to a total amount of \$75,000; and
 - b. for a remedial investigation, the EDA may award for a site with soil contamination only, up to 100% of the costs up to a total amount of \$100,000, and for any other site, up to a total amount of \$250,000.

The bill reduces existing caps and establishes new caps for grants to be made available to municipalities and counties; however, the fiscal impact on particular municipalities and counties is unknown. The establishment or adjustment of caps may allow additional municipalities and counties to utilize monies in the fund; however, the bill may restrict other municipalities and counties from receiving additional grants.

The bill changes the priority for the award of financial assistance or grants from the remediation fund to provide first priority to sites on which there has been a discharge and the discharge poses an imminent and significant threat to a drinking water source, to human health, or to a sensitive or significant ecological area; second priority to sites that are owned by a municipality in a brownfield development area where the developer is a public entity; and third priority to sites in areas designated as Planning Area 1 (Metropolitan) and Planning Area 2 (Suburban) pursuant to the "State Planning Act."

In addition, the bill requires at least 25 percent of the monies in the remediation fund be used for financial assistance and grants to municipalities, counties, and redevelopment entities for projects in brownfield development areas, of which at least five percent must be allocated for preliminary assessments, site investigations, or remedial investigations. At least 30 percent of the monies in the remediation fund would be allocated for financial assistance or grants to persons for the preliminary assessment, site investigation, or remedial investigation of a site, not located in a brownfield development area, that has been contaminated by a discharge or a suspected discharge of a hazardous substance or hazardous waste.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that this bill will have no fiscal impact on State funds because it does not affect the total amount of annual funds that are constitutionally dedicated for this program. The EDA's brownfield remediation program provides loans and grants to local governments to help finance the remediation of properties within a brownfield development area. This program is supported by the Hazardous Discharge Site Remediation Fund, which is funded by constitutionally dedicated monies from the State Corporation Business Tax. These monies are appropriated on a formula basis each year in the Annual Appropriations Act. In FY 2017, \$10 million was appropriated for this purpose.

The bill reduces existing caps and establishes new caps for grants to be made available to municipalities and counties; however, the fiscal impact on particular municipalities and counties is unknown. The establishment or adjustment of caps may allow additional municipalities and counties to utilize monies in the fund; however, the bill may restrict other municipalities and counties from receiving additional grants.

Section: Environment, Agriculture, Energy and Natural Resources

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

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).