

SENATE, No. 1457

STATE OF NEW JERSEY 221st LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2024 SESSION

Sponsored by:

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District 38 (Bergen)

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SYNOPSIS

Makes \$1.3 billion in federal funds available to DEP for use in New Jersey Environmental Infrastructure Financing Program for lead service line replacement projects.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



1 AN ACT making federal funding available to the Department of
2 Environmental Protection for use in the New Jersey
3 Environmental Infrastructure Financing Program for lead service
4 line replacement projects.

5

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

8

9 1. a. Subject to the availability of federal funds provided or
10 made accessible to the State from the “Coronavirus State Fiscal
11 Recovery Fund,” established pursuant to the federal “American
12 Rescue Plan Act of 2021,” Pub.L.117-2, or any other federal funds
13 provided or made accessible to the State in response to the
14 coronavirus disease 2019 (COVID-19) pandemic, \$1,300,000,000
15 from such federal funds shall be made available to the Department
16 of Environmental Protection for the purposes set forth in subsection
17 b. of this section.

18 b. (1) The funds made available to the Department of
19 Environmental Protection pursuant to subsection a. of this section
20 shall be reserved by the department to provide financial support, in
21 conjunction with the New Jersey Infrastructure Bank and pursuant
22 to the New Jersey Environmental Infrastructure Financing Program,
23 for lead service line replacement projects undertaken by suppliers of
24 water in the State. The department may use not more than one
25 percent of the funds to defray any administrative expenses incurred
26 in the implementation of this section.

27 (2) The use of federal funds for the purposes specified in this
28 subsection shall be conditioned upon the upfront provision of
29 matching funds for each lead service line replacement project by the
30 public water utility or other supplier of water undertaking the
31 project, except when the project is being undertaken by a small
32 water supplier, in which case, the small water supplier shall not be
33 required to provide upfront matching funds, but may be required to
34 commit to provide matching funds at some future date, as agreed to
35 by the department in consultation with the New Jersey
36 Infrastructure Bank. To facilitate the provision of matching funds
37 by suppliers of water, the New Jersey Infrastructure Bank is
38 authorized to make loans to project sponsors for lead service line
39 replacement projects undertaken by suppliers of water in the State.
40 The department, in consultation with the New Jersey Infrastructure
41 Bank, shall determine the amount of matching funds to be provided
42 by each supplier of water pursuant to this paragraph and, when
43 determining the amount, and the timeframe for provision, of
44 matching funds by a small water supplier, shall consider the
45 financial reserves held by the small water supplier and any other
46 factors that would enable, or negate the ability of, the small water
47 supplier to provide matching funds for the project.

1 (3) Notwithstanding the provisions of paragraph (1) of this
2 subsection to the contrary, the department may transfer, to the New
3 Jersey Infrastructure Bank, the uncommitted balance of funds made
4 available to the department pursuant to this section. The New
5 Jersey Infrastructure Bank shall use the funds transferred pursuant
6 to this paragraph for the purposes of providing financial support, in
7 conjunction with the department and pursuant to the New Jersey
8 Environmental Infrastructure Financing Program, for lead service
9 line replacement projects undertaken by suppliers of water in the
10 State. The same conditions specified in paragraph (2) of this
11 subsection shall apply to any financial awards that are made by the
12 New Jersey Infrastructure Bank using the federal funds transferred
13 pursuant to this paragraph. The New Jersey Infrastructure Bank
14 may use not more than one percent of the transferred funds to
15 defray any administrative expenses incurred in the implementation
16 of this paragraph. No less than five calendar days before the date of
17 the transfer of funds pursuant to this paragraph, the department
18 shall submit written notice to the Joint Budget Oversight Committee
19 indicating the amount of the transferred funds and the purpose for
20 which the funds are being transferred.

21 c. The department, in consultation with the New Jersey
22 Infrastructure Bank, shall establish the size of each financial award
23 that is provided to a supplier of water using the federal funds made
24 available pursuant to this section, and shall determine the eligibility
25 of suppliers of water for such financial support, as may be
26 necessary to meet the needs of suppliers of water in responding to
27 and addressing lead contamination of water service lines in the
28 State. The use of federal funds made available pursuant to this
29 section, the establishment of eligibility standards as provided by
30 this subsection, and the provision of loans to project sponsors shall
31 be done in accordance with the provisions of the “New Jersey
32 Infrastructure Trust Act,” P.L.1985, c.334 (C.58:11B-1 et seq.), and
33 the provisions of any other applicable laws or regulations.

34 d. As used in this section:

35 “Department” means the Department of Environmental
36 Protection.

37 “Lead service line” means a water supply connection that: is
38 made of, or lined with, a material consisting of lead; connects a
39 water main to a building inlet; and is owned by a supplier of water,
40 a property owner, or both. A lead pigtail, lead gooseneck, or other
41 lead fitting shall be considered to be a lead service line, regardless
42 of the composition of the service line or other portions of piping to
43 which such piece is attached. A galvanized service line shall also
44 be considered to be a lead service line.

45 “New Jersey Environmental Infrastructure Financing Program”
46 means the program jointly administered by the department and the
47 New Jersey Infrastructure Bank, in accordance with the “New
48 Jersey Infrastructure Trust Act,” P.L.1985, c.334 (C.58:11B-1 et

1 seq.), and pursuant to which zero and low-interest financing is made
2 available for environmental infrastructure projects, including, but
3 not limited to, water supply projects and water resource projects
4 undertaken by suppliers of water in the State.

5 “New Jersey Infrastructure Bank” means the entity, established
6 pursuant to section 4 of the “New Jersey Infrastructure Trust Act,”
7 P.L.1985, c.334 (C.58:11B-4), which works in conjunction with the
8 department to implement the New Jersey Environmental
9 Infrastructure Financing Program.

10 “Public water utility” means the same as that term is defined in
11 section 3 of the “New Jersey Infrastructure Trust Act,” P.L.1985,
12 c.334 (C.58:11B-3).

13 “Small water supplier” means a supplier of water that regularly
14 serves not more than 3,300 customer connections in the State.

15 “Supplier of water” means the same as that term is defined in
16 section 3 of the “Safe Drinking Water Act,” P.L.1977, c.224
17 (C.58:12A-3).

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19 2. This act shall take effect immediately.

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STATEMENT

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24 This bill would provide that, subject to the availability of federal
25 funds provided or made accessible to the State from the federal
26 “Coronavirus State Fiscal Recovery Fund,” established pursuant to
27 the federal “American Rescue Plan Act of 2021,” Pub.L.117-2, or
28 any other federal funds provided or made accessible to the State in
29 response to the coronavirus disease 2019 (COVID-19) pandemic,
30 \$1.3 billion from such federal funds are to be made available to the
31 Department of Environmental Protection (DEP).

32 The bill specifies that the funds made available to the DEP,
33 pursuant to the bill, are to be reserved by the DEP to provide
34 financial support, in conjunction with financing from the New
35 Jersey Infrastructure Bank (NJIB) and pursuant to the New Jersey
36 Environmental Infrastructure Financing Program (NJEIFP), for lead
37 service line replacement projects undertaken by suppliers of water
38 in the State. The DEP would be authorized to use up to one percent
39 of the funds to defray administrative expenses incurred in the
40 implementation of the bill’s provisions.

41 The bill authorizes the DEP to transfer, to the NJIB, the
42 uncommitted balance of funds made available to the DEP pursuant
43 to the bill. The NJIB would be required to use the transferred funds
44 to provide financial support, in conjunction with the DEP and
45 pursuant to the NJEIFP, for lead service line replacement projects
46 undertaken by suppliers of water in the State. The NJIB would be
47 authorized to use up to one percent of the transferred funds to

1 defray administrative expenses incurred in the implementation of
2 the bill's provisions.

3 The use of federal funds for lead service line replacement
4 projects, as provided by the bill, would be conditioned upon the
5 upfront provision of matching funds for each lead service line
6 replacement project by the public water utility or other supplier of
7 water undertaking the project, except when the project is being
8 undertaken by a small water supplier, in which case, the small water
9 supplier will not be required to provide upfront matching funds, but
10 may be required to commit to provide matching funds at some
11 future date, as agreed to by the DEP in consultation with the NJIB.
12 A "small water supplier" is defined, consistent with federal law, to
13 mean a supplier of water that serves not more than 3,300 customer
14 connections in the State. The bill would authorize the NJIB to
15 facilitate the provision of matching funds by making loans to
16 project sponsors for lead service line replacement projects
17 undertaken by suppliers of water in the State. The DEP, in
18 consultation with the NJIB, would be required to determine the
19 amount of matching funds to be provided by each supplier of water.
20 When determining the amount, and the timeframe for provision, of
21 matching funds by a small water supplier, the DEP would be
22 required to consider the financial reserves held by the small water
23 supplier and any other factors that would enable, or negate the
24 ability of, the small water supplier to provide matching funds for
25 the project.

26 The department, in consultation with the NJIB, would be
27 required to establish the size of each financial award that is made
28 available to a supplier of water using federal funds made available
29 under the bill, as well as the eligibility of suppliers of water for
30 such financial support. The use of federal funds made available
31 pursuant to the bill, the establishment of eligibility standards for the
32 financial awards being made with those federal funds, and the
33 provision of loans to project sponsors would each need to be done
34 in accordance with the "New Jersey Infrastructure Trust Act,"
35 P.L.1985, c.334 (C.58:11B-1 et seq.), and any other applicable laws
36 or regulations.