

CHAPTER 162

AN ACT authorizing the creation of a debt of the State of New Jersey by the issuance of bonds of the State in the aggregate principal amount of \$200,000,000 for the purposes of dam restoration and repair projects, lake dredging and restoration projects, stream cleaning and desnagging projects, flood control projects, water resources projects, and wastewater treatment system projects; providing the ways and means to pay and discharge the principal of and interest on the bonds; providing for the submission of this act to the people at a general election; and making an appropriation therefor.

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

1. This act shall be known and may be cited as the "Dam, Lake, Stream, Flood Control, Water Resources, and Wastewater Treatment Project Bond Act of 2003."

2. The Legislature finds and declares that the condition of many dams, lakes, and streams throughout the State has been deteriorating at an alarming rate due to a chronic lack of maintenance, and that the deterioration was exacerbated by unusually heavy amounts of rainfall during the summer of 2000, particularly the storms occurring on August 12, 2000 and August 13, 2000 that created a state of emergency in several counties.

The Legislature further finds and declares that these conditions have led to collapsed dams, polluted lakes, stream flooding and property damage to homes, businesses, lake communities and public utilities; that federal, State and local financial resources have not met adequately the costs of remediating the sites and facilities affected by these conditions; and that owners of these facilities must often select the least costly option of decommissioning or abandoning these important elements of infrastructure.

The Legislature therefore determines that it is in the public interest to provide additional funding for State programs that are responsible for remediating, and for providing assistance to other public or private entities to remediate, the conditions described herein.

The Legislature further finds and declares that the State of New Jersey, as a result of its location in a climate subject to heavy rains, its high population density, its high degree of urbanization and the need for additional or upgraded flood control facilities is continually threatened by flooding and flood damage of an extreme nature.

The Legislature therefore determines that it is in the public interest to provide additional funding for State programs that are responsible for financing the cost of flood control projects.

The Legislature further finds and declares that protecting the ground and surface water of the State from pollution is vital to the health and general welfare of the citizens of New Jersey; that the upgrading, improvement, and construction of modern and efficient wastewater treatment systems is essential to protecting and improving water quality; and that in addition to protecting and improving water quality by upgrading facilities operating below the standards set forth in their permits, adequate wastewater treatment systems are essential in areas in this State where septic systems have malfunctioned or become obsolete, or in areas where it is necessary to connect customers of an obsolete or malfunctioning wastewater treatment system to an existing system.

The Legislature further finds and declares that New Jersey, already the most densely populated and highly industrialized state in the nation, continues to experience deterioration of its water resources; that these resources, by virtue of their capacity to sustain substantial reserves of potable water, constitute not only an invaluable and irreplaceable asset to the present citizens of New Jersey, but also, a trust for future generations; and that as the steward of that trust, it is incumbent upon the State to commit itself to the preservation in perpetuity of those resources indispensable to the continued supply of clean water and to the health and welfare of its citizens; and that the State must commit itself to the restoration of lakes and reservoirs, the establishment of new water impoundments, the interconnection of existing water supply systems, and the extension of water supplies into areas with polluted groundwater supplies.

The Legislature therefore determines that it is in the public interest to provide additional funding for State programs that are responsible for financing the cost of water resources projects and new or upgraded wastewater treatment systems.

3. As used in this act:

"Bonds" mean the bonds authorized to be issued, or issued, under this act;

"Combined sewer system" means a sewer system designed to carry sanitary wastewater at all times, which is also designed to collect and transport stormwater runoff from streets and other sources, thereby serving a combined purpose;

"Combined sewer overflow" means the discharge of untreated or partially treated stormwater runoff and wastewater from a combined sewer system into a body of water;

"Commission" means the New Jersey Commission on Capital Budgeting and Planning;

"Commissioner" means the Commissioner of Environmental Protection;

"Cost" means the expenses incurred in connection with: the funding of dam restoration and repair projects, lake dredging and restoration projects, stream cleaning and desnagging projects, flood control projects, water resources projects, or wastewater treatment system projects; the interest or discount on bonds; the issuance of bonds; the procurement or provision of engineering, inspection, relocation, legal, financial, planning, geological, hydrological and other professional services, estimates and advice, including the services of a bond registrar or an authenticating agent; the issuance of bonds, or any interest or discount thereon; the administrative, organizational, operating, or other expenses incident to the financing and completing of any project authorized by this act; the establishment of a reserve fund or funds for working capital, operating, maintenance, or replacement expenses and for the payment or security of principal or interest on bonds, as the Director of the Division of Budget and Accounting in the Department of the Treasury may determine; the cost of all labor, materials, machinery and equipment, lands, property, rights and easements, financing charges, interest on bonds, notes or other obligations, plans and specifications, surveys or estimates of costs and revenues, engineering and legal services, and all other expenses necessary or incident to all or part of any project authorized by this act; reimbursement to any fund of the State of moneys which may have been transferred or advanced therefrom to any fund created by this act, or of any moneys which may have been expended therefrom for, or in connection with, any project authorized by this act; and the administrative cost to the local government unit acting as a co-applicant to owners of private dams, or to private lake associations;

"Dam restoration and repair project" means the repair, restoration, construction, reconstruction, or demolition of dams, bulkheads, retention or detention basins, or other structures that impound water for water supply purposes, flood control, or recreation, wildlife habitat or fire protection;

"Department" means the New Jersey Department of Environmental Protection or any agency or department successor to its power and responsibilities;

"Flood control project" means the repair, restoration, construction, reconstruction, or demolition of dams, drainage ways, structures and other real and personal property acquired, constructed, operated, financed, maintained or improved or to be acquired, constructed, operated, financed, maintained or improved for the purposes of flood control, and other plants, structures, boats, conveyances and other real or personal property and rights therein, and appurtenances necessary for the control of flooding, including the development of comprehensive flood management plans;

"Government securities" means any bonds or other obligations which as to principal and interest constitute direct obligations of, or are unconditionally guaranteed by, the United States of America, including obligations of any federal agency, to the extent those obligations are unconditionally guaranteed by the United States of America, and any certificates or any other evidences of an ownership interest in those obligations of, or unconditionally guaranteed by, the United States of America or in specified portions which may consist of the principal of, or the interest on, those obligations;

"Lake dredging and restoration project" means the removal of sand, silt, mud, sediment, rocks, stumps, vegetation, algae blooms, or other materials from lakes, or the abatement and control of pollution of lakes caused by stormwater runoff, soil erosion, or other types of nonpoint source or point source pollution, to improve, for the purposes of flood control, the use or function of any lake, natural area, fishing, boating, or swimming area or facility, dam, or flood control facility or structure associated with a lake;

"Local government unit" means: (1) with respect to dam restoration and repair projects, lake

dredging and restoration projects, or stream cleaning and desnagging projects, a county or a municipality, or any agency, authority, board, commission, or other instrumentality thereof, any two or more counties or municipalities operating jointly through a joint meeting or interlocal services agreement permitted by law, or any agency, authority, board, commission, or other instrumentality thereof, and any other local or regional entity created by the Legislature as a political subdivision of the State, or any agency, authority, board, commission, or other instrumentality thereof; (2) with respect to wastewater treatment system projects, a State authority, county, municipality, municipal, county or regional sewerage or utility authority, municipal sewerage district, joint meeting, improvement authority, or any other political subdivision of the State authorized to construct, operate and maintain wastewater treatment systems; or (3) with respect to water resources projects, a State authority, district water supply commission, county, municipality, municipal, county or regional utilities authority, municipal water district, joint meeting or any other political subdivision of the State authorized pursuant to law to operate or maintain a public water supply system or to construct, rehabilitate, operate or maintain water supply facilities or otherwise provide water for human consumption;

"Public water utility" means any investor-owned water company or small water company;

"Stormwater management system" means any equipment, plants, structures, machinery, apparatus, management practices, or land, or any combination thereof, acquired, used, constructed, implemented or operated to prevent nonpoint source pollution, abate improper cross-connections and interconnections between stormwater and sewer systems, minimize stormwater runoff, reduce soil erosion, or induce groundwater recharge, or any combination thereof;

"Stream cleaning and desnagging project" means the removal of accumulated sediments, debris, garbage, or vegetation from a stream with a natural stream bed, or the removal of any accumulated material from a stream previously channelized with concrete or similar artificial material, to improve, for the purposes of flood control, the use or function of any stream;

"Trust" means the New Jersey Environmental Infrastructure Trust created pursuant to section 4 of P.L.1985, c.334 (C.58:11B-4);

"Wastewater" means residential, commercial, industrial, or agricultural liquid waste, sewage, septage, stormwater runoff, or any combination thereof, or other liquid residue discharged or collected into a sewer system or stormwater management system, or any combination thereof;

"Wastewater treatment system" means any equipment, plants, structures, machinery, apparatus, or land, or any combination thereof, acquired, used, constructed or operated by, or on behalf of, a local government unit for the storage, collection, reduction, recycling, reclamation, disposal, separation, or other treatment of wastewater or sewage sludge, or for the collection or treatment, or both, of stormwater runoff and wastewater, or for the final disposal of residues resulting from the treatment of wastewater, including, but not limited to, pumping and ventilating stations, treatment plants and works, connections, outfall sewers, interceptors, trunk lines, stormwater management systems, and other personal property and appurtenances necessary for their use or operation; "wastewater treatment system" shall include a stormwater management system or a combined sewer system; and

"Wastewater treatment system project" means any work relating to the acquisition, construction, improvement, repair or reconstruction of all or part of any structure, facility or equipment, or real or personal property necessary for or ancillary to any wastewater treatment system that meets the requirements set forth in sections 20, 21 and 22 of P.L.1985, c.334 (C.58:11B-20, 58:11B-21 and 58:11B-22); or any work relating to any of the stormwater management or combined sewer overflow abatement projects identified in the stormwater management and combined sewer overflow abatement project priority list adopted by the commissioner pursuant to section 28 of P.L.1989, c.181; or any work relating to any other project eligible for financing under the Federal Water Pollution Control Act Amendments of 1972 (33 U.S.C. s.1251 et seq.), or any amendatory or supplementary acts thereto;

"Water resources project" means any work related to transferring water between public water systems during a state of water emergency, to avert a drought emergency in all or any part of the State, to plan, design or construct interconnections of existing water supplies, or to extend water supplies to areas with contaminated ground water supplies;

"Water supply facilities" means and refers to the real property and the plants, structures, interconnections between existing water supply facilities, machinery and equipment and other property, real, personal and mixed, acquired, constructed or operated, or to be acquired, constructed or operated, in whole or in part, by or on behalf of a public water utility, or by or on behalf of the State or a local government unit, for the purpose of augmenting the natural water resources of the State and making available an increased supply of water for all uses, or of conserving existing water resources, and any and all appurtenances necessary, useful or convenient for the collecting, impounding, storing, improving, treating, filtering, conserving or transmitting of water, and for the preservation and protection of these resources and facilities, whether in public or private ownership, and providing for the conservation and development of future water supply resources and facilitating incidental recreational uses thereof.

4. The commissioner shall adopt, pursuant to the "Administrative Procedure Act," P.L.1968 c.410 (C.52:14B-1 et seq.), rules and regulations necessary to implement the provisions of this act. The commissioner shall review and consider the findings and recommendations of the commission in the administration of the provisions of this act.

5. a. Bonds of the State of New Jersey are authorized to be issued in the aggregate principal amount of \$150,000,000 for the purposes of financing the costs of dam restoration and repair projects, lake dredging and restoration projects, stream cleaning and desnagging projects, and State flood control projects, all as hereinafter provided.

b. Of the total principal amount authorized pursuant to subsection a. of this section:

(1) \$15,000,000 is allocated to the department to finance the costs of State dam restoration and repair projects;

(2) \$95,000,000 is allocated to the department for the purpose of providing loans or other forms of assistance other than full or matching grants to owners of private dams, as co-applicants with local government units, or to local government units that own dams, to finance the costs of dam restoration and repair projects undertaken by, or on behalf of, the owners of dams;

(3) \$15,000,000 is allocated to the department for the purpose of providing loans or other forms of assistance other than full or matching grants to owners of lakes or streams and private lake associations to finance the costs of lake dredging and restoration projects, or stream cleaning and desnagging projects, undertaken by, or on behalf of, the owners of lakes or streams or private lake associations; and

(4) \$25,000,000 is allocated to the department to finance the costs of State flood control projects.

c. Any loan authorized under this section shall include up to 100% of the cost of a dam restoration and repair project, lake dredging and restoration project, or stream cleaning and desnagging project.

d. Loans made to owners of private dams, or to local government units that own dams, or to owners of lakes or streams, or to private lake associations, with local government units as co-applicants, from the "2003 Dam, Lake and Stream Project Revolving Loan Fund" established pursuant to section 17 of this act shall bear interest of not more than 2 percent per year, shall be for a term of 20 years, and shall be made in accordance with criteria for existing programs established under previous State general obligation bond acts, legislative initiatives, or federal aid guidelines.

e. Any loan authorized under this section shall be provided under the terms and conditions set forth in a written loan agreement between the department and the person or entity receiving the loan.

f. (1) Loans awarded under this section to owners of private dams, or to private lake associations, shall require local government units to act as co-applicants. The cost of payment of the principal and interest on any loan made to the owner of a private dam, or to a private lake association, as a co-applicant with a local government unit, shall be assessed, in the same manner as provided for the assessment of local improvements generally under chapter 56 of Title 40 of the Revised Statutes, against the real estate benefited thereby in proportion to and not in excess of the benefits conferred, and such assessments shall bear interest and penalties from the same

time and at the same rate as assessments for local improvements in the municipality where they are imposed, and from the date of confirmation shall be a first and paramount lien upon the real estate assessed to the same extent, and be enforced and collected in the same manner, as assessments for local improvements.

(2) Notwithstanding the provisions of paragraph (1) of this subsection or of any other law to the contrary, no project for which loans to owners of dams or lake associations are awarded under this section shall be considered a municipal capital improvement, nor shall the amount of any such loan be considered part of the municipal capital budget, and no such loan shall be subject to the review or approval of the Local Finance Board established under P.L.1974, c.35 (C.52:27D-18.1).

g. The department shall administer the program authorized pursuant to this section in accordance with criteria for existing programs established under previous State general obligation bond acts, legislative initiatives, or federal aid guidelines. The department shall notify every local government unit, dam or lake owner, and private lake association of the availability of, and the criteria for qualifying and obtaining, loans or other forms of assistance under the program.

h. Payments of principal and interest on loans made from the "2003 Dam, Lake and Stream Project Revolving Loan Fund" established under section 17 of this act shall be returned to that fund for use for any authorized purpose to which moneys in the fund may be used.

6. a. Bonds of the State of New Jersey are authorized to be issued in the aggregate principal amount of \$50,000,000 for the purpose of financing the costs of water resources projects or wastewater treatment system projects.

b. Of the total amount of bonds authorized pursuant to subsection a. of this section:

(1) \$45,000,000 is allocated to the department for the purpose of providing loans to, or on behalf of, local government units or public water utilities to finance the costs of water resources projects or to make improvements to water supply facilities, or to provide loans to, or on behalf of, local government units to finance the costs of wastewater treatment system projects, as designated and authorized pursuant to the project priority list adopted by the commissioner pursuant to section 24 of P.L.1997, c.224 (C.58:11B-20.1) and section 31 of this act; and

(2) \$5,000,000 is allocated for payment to, and use by, the trust in establishing reserves and providing loan guarantees pursuant to sections 19 and 20 of this act.

c. Payments of principal and interest on loans made from the "2003 Water Resources and Wastewater Treatment Fund" shall be returned to that fund for use for any authorized purpose to which moneys in the fund may be used.

7. The bonds authorized under this act shall be serial bonds, term bonds, or a combination thereof, and shall be known as "2003 Dam, Lake, Stream, Water Resources, and Wastewater Treatment Project Bonds." They shall be issued from time to time as the issuing officials herein named shall determine and may be issued in coupon form, fully-registered form or book-entry form. The bonds may be subject to redemption prior to maturity and shall mature and be paid not later than 35 years from the respective dates of their issuance.

8. The Governor, the State Treasurer and the Director of the Division of Budget and Accounting in the Department of the Treasury, or any two of these officials, herein referred to as "the issuing officials," are authorized to carry out the provisions of this act relating to the issuance of bonds, and shall determine all matters in connection therewith, subject to the provisions of this act. If an issuing official is absent from the State or incapable of acting for any reason, the powers and duties of that issuing official shall be exercised and performed by the person authorized by law to act in an official capacity in the place of that issuing official.

9. Bonds issued in accordance with the provisions of this act shall be a direct obligation of the State of New Jersey, and the faith and credit of the State are pledged for the payment of the interest and redemption premium thereon, if any, when due, and for the payment of the principal thereof at maturity or earlier redemption date. The principal of and interest on the bonds shall

be exempt from taxation by the State or by any county, municipality or other taxing district of the State.

10. The bonds shall be signed in the name of the State by means of the manual or facsimile signature of the Governor under the Great Seal of the State, which seal may be by facsimile or by way of any other form of reproduction on the bonds, and attested by the manual or facsimile signature of the Secretary of State, or an Assistant Secretary of State, and shall be countersigned by the facsimile signature of the Director of the Division of Budget and Accounting in the Department of the Treasury and may be manually authenticated by an authenticating agent or bond registrar, as the issuing official shall determine. Interest coupons, if any, attached to the bonds shall be signed by the facsimile signature of the Director of the Division of Budget and Accounting in the Department of the Treasury. The bonds may be issued notwithstanding that an official signing them or whose manual or facsimile signature appears on the bonds or coupons has ceased to hold office at the time of issuance, or at the time of the delivery of the bonds to the purchaser thereof.

11. a. The bonds shall recite that they are issued for the purposes set forth in sections 5 and 6 of this act, that they are issued pursuant to this act, that this act was submitted to the people of the State at the general election held in the month of November, 2003, and that this act was approved by a majority of the legally qualified voters of the State voting thereon at the election. This recital shall be conclusive evidence of the authority of the State to issue the bonds and their validity. Any bonds containing this recital shall, in any suit, action or proceeding involving their validity, be conclusively deemed to be fully authorized by this act and to have been issued, sold, executed and delivered in conformity herewith and with all other provisions of laws applicable hereto, and shall be incontestable for any cause.

b. The bonds shall be issued in those denominations and in the form or forms, whether coupon, fully-registered or book-entry, and with or without provisions for interchangeability thereof, as may be determined by the issuing officials.

12. When the bonds are issued from time to time, the bonds of each issue shall constitute a separate series to be designated by the issuing officials. Each series of bonds shall bear such rate or rates of interest as may be determined by the issuing officials, which interest shall be payable semiannually; except that the first and last interest periods may be longer or shorter, in order that intervening semiannual payments may be at convenient dates.

13. The bonds shall be issued and sold at the price or prices and under the terms, conditions and regulations as the issuing officials may prescribe, after notice of the sale, published at least once in at least three newspapers published in this State, and at least once in a publication carrying municipal bond notices and devoted primarily to financial news, published in this State or in the city of New York, the first notice to appear at least five days prior to the day of bidding. The notice of sale may contain a provision to the effect that any bid in pursuance thereof may be rejected. In the event of rejection or failure to receive any acceptable bid, the issuing officials, at any time within 60 days from the date of the advertised sale, may sell the bonds at a private sale at such price or prices under the terms and conditions as the issuing officials may prescribe. The issuing officials may sell all or part of the bonds of any series as issued to any State fund or to the federal government or any agency thereof, at a private sale, without advertisement.

14. Until permanent bonds are prepared, the issuing officials may issue temporary bonds in the form and with those privileges as to their registration and exchange for permanent bonds as may be determined by the issuing officials.

15. The proceeds from the sale of bonds used to provide assistance other than full or matching grants to owners of dams, lakes or streams, or private lake associations, for dam restoration and repair projects, lake dredging and restoration projects, or stream cleaning and

desnagging projects, and for State flood control projects or State dam restoration and repair projects, shall be paid to the State Treasurer and be held by the State Treasurer in a separate fund, and be deposited in such depositories as may be selected by the State Treasurer to the credit of the fund, which fund shall be known as the "2003 Dam, Lake, Stream and Flood Control Project Fund."

16. a. The moneys in the "2003 Dam, Lake, Stream and Flood Control Project Fund" are specifically dedicated and shall be applied to the cost of assistance other than full or matching grants to owners of dams, lakes or streams, or private lake associations, for dam restoration and repair projects, lake dredging and restoration projects, or stream cleaning and desnagging projects, and for State flood control projects or State dam restoration and repair projects as set forth in section 5 of this act. However, no moneys in the fund shall be expended for those purposes, except as otherwise authorized by this act, without the specific appropriation thereof by the Legislature, but bonds may be issued as herein provided, notwithstanding that the Legislature shall not have then adopted an act making a specific appropriation of any of the moneys. Any act appropriating moneys from the "2003 Dam, Lake, Stream and Flood Control Project Fund" shall identify the project to be funded by the moneys.

b. At any time prior to the issuance and sale of bonds under this act, the State Treasurer is authorized to transfer from any available moneys in any fund of the treasury of the State to the credit of the "2003 Dam, Lake, Stream and Flood Control Project Fund" those sums as the State Treasurer may deem necessary. The sums so transferred shall be returned to the same fund of the treasury of the State by the State Treasurer from the proceeds of the sale of the first issue of bonds.

c. Pending their application to the purposes provided in this act, the moneys in the "2003 Dam, Lake, Stream and Flood Control Project Fund" may be invested and reinvested as are other trust funds in the custody of the State Treasurer, in the manner provided by law. Net earnings received from the investment or deposit of moneys in the "2003 Dam, Lake, Stream and Flood Control Project Fund" shall be paid into the General Fund.

17. The proceeds from the sale of bonds used to provide loans to owners of dams, lakes or streams, or private lake associations, for dam restoration and repair projects, lake dredging and restoration projects, or stream cleaning and desnagging projects, shall be paid to the State Treasurer and be held by the State Treasurer in a separate fund, and be deposited in such depositories as may be selected by the State Treasurer to the credit of the fund, which fund shall be known as the "2003 Dam, Lake and Stream Project Revolving Loan Fund."

18. a. The moneys in the "2003 Dam, Lake and Stream Project Revolving Loan Fund" are specifically dedicated and shall be applied to the cost of making low-interest loans to owners of dams, lakes or streams, or private lake associations, for dam restoration and repair projects, lake dredging and restoration projects, or stream cleaning and desnagging projects, as set forth in section 5 of this act. However, no moneys in the fund shall be expended for those purposes, except as otherwise authorized by this act, without the specific appropriation thereof by the Legislature, but bonds may be issued as herein provided, notwithstanding that the Legislature shall not have then adopted an act making a specific appropriation of any of the moneys. Any act appropriating moneys from the "2003 Dam, Lake and Stream Project Revolving Loan Fund" shall identify the project to be funded by the moneys.

b. Loans issued from the "2003 Dam, Lake and Stream Project Revolving Loan Fund" shall be for a term as determined by the commissioner not to exceed 20 years and at an interest rate determined by the commissioner not to exceed 2 percent per year. The terms of any loan agreement shall be approved by the State Treasurer. Any loan made from the "2003 Dam, Lake and Stream Project Revolving Loan Fund" shall be awarded pursuant to section 5 of this act based upon the criteria and procedures established for existing programs under previous State general obligation bond acts, legislative initiatives, or federal aid guidelines as provided in section 5 of this act, except that no matching funds shall be required of loan applicants.

c. At any time prior to the issuance and sale of bonds under this act, the State Treasurer is

authorized to transfer from any available moneys in any fund of the treasury of the State to the credit of the "2003 Dam, Lake and Stream Project Revolving Loan Fund" those sums as the State Treasurer may deem necessary. The sums so transferred shall be returned to the same fund of the treasury of the State by the State Treasurer from the proceeds of the sale of the first issue of bonds.

d. Pending their application to the purposes provided in this act, the moneys in the "2003 Dam, Lake and Stream Project Revolving Loan Fund" may be invested and reinvested as are other trust funds in the custody of the State Treasurer, in the manner provided by law. All repayments of loans made pursuant to this act, and interest thereon, shall be deposited in the "2003 Dam, Lake and Stream Project Revolving Loan Fund." Earnings received from moneys in the fund shall be credited to the fund.

19. a. The proceeds from the sale of bonds allocated pursuant to paragraph (1) of subsection b. of section 6 of this act shall be paid to the State Treasurer for deposit in a separate nonlapsing revolving fund, which shall be known as the "2003 Water Resources and Wastewater Treatment Fund," for use by the department as hereinafter provided.

b. The proceeds from the sale of bonds allocated pursuant to paragraph (2) of subsection b. of section 6 of this act shall be paid to the State Treasurer for deposit in a separate nonlapsing revolving fund, which shall be known as the "2003 Water Resources and Wastewater Treatment Trust Fund," for use by the trust as hereinafter provided.

20. a. (1) The moneys in the "2003 Water Resources and Wastewater Treatment Fund" are specifically dedicated and shall be applied to the cost of the purposes set forth in paragraph (1) of subsection b. of section 6 of this act. However, no moneys in the fund shall be expended for those purposes, except as otherwise authorized by this act, without the specific appropriation thereof by the Legislature, but bonds may be issued as herein provided, notwithstanding that the Legislature shall not have then adopted an act making a specific appropriation of any of the moneys. Any act appropriating moneys from the "2003 Water Resources and Wastewater Treatment Fund" shall identify the project to be funded by the moneys. Payments of principal and interest on loans made from the "2003 Water Resources and Wastewater Treatment Fund" shall be returned to that fund for use for any authorized purpose to which moneys in the fund may be used pursuant to subsection b. of section 6 of this act.

The department is authorized to use moneys in the "2003 Water Resources and Wastewater Treatment Fund" to cover administrative expenses incurred in implementing the provisions of this act, subject to the annual appropriation thereof by the Legislature.

(2) Payments of principal and interest on loans returned to the "2003 Water Resources and Wastewater Treatment Fund" may be made available to the trust, with the concurrence of the department, for temporary use by the trust for any of the purposes set forth in paragraph (3) of this subsection, under terms and conditions established therefor by the commissioner and the trust and approved by the State Treasurer.

Any moneys made available to the trust pursuant to this paragraph shall be deposited in a separate nonlapsing revolving fund, which shall be known as the "2003 Water Resources and Wastewater Treatment Trust Fund," for use by the trust as hereinafter provided. The trust shall repay to the "2003 Water Resources and Wastewater Treatment Fund" any moneys made available for temporary use. Repayment shall be in accordance with the terms and conditions approved therefor.

(3) The moneys in the "2003 Water Resources and Wastewater Treatment Trust Fund" are specifically dedicated and allocated to, and shall be applied to the cost of, the establishment by the trust of reserve and loan guarantee accounts within that fund. The reserve account is to be used to secure debt issued by the trust pursuant to P.L.1985, c.334 (C.58:11B-1 et seq.); and the guarantee account is to be used by the trust to secure debt issued by a local government unit. The trust shall not directly or indirectly use any moneys paid to it pursuant to this paragraph for the purpose of issuing a loan guarantee in connection with the financing of a water resources project or a wastewater treatment system project, unless the project, and the amount and the terms or conditions of the loan guarantee, shall have been approved by the Legislature.

Moneys in the reserve and loan guarantee accounts may be made available to the department, with the concurrence of the trust, for temporary use by the department in implementing the provisions of this act, under terms and conditions established therefor by the commissioner and the trust and approved by the State Treasurer. The department shall repay to the "2003 Water Resources and Wastewater Treatment Trust Fund" any sums made available for temporary use. Repayment shall be in accordance with the terms and conditions approved therefor.

(4) Moneys in the "2003 Water Resources and Wastewater Treatment Fund" may be transferred to the trust for use as set forth in paragraph (3) of this subsection.

b. At any time prior to the issuance and sale of bonds under this act, the State Treasurer is authorized to transfer from any available moneys in any fund of the treasury of the State to the credit of the "2003 Water Resources and Wastewater Treatment Fund" or the "2003 Water Resources and Wastewater Treatment Trust Fund" those sums as the State Treasurer may deem necessary. The sums so transferred shall be returned to the same fund of the treasury of the State by the State Treasurer from the proceeds of the sale of the first issue of bonds.

c. Pending their application to the purposes provided in this act, the moneys in the "2003 Water Resources and Wastewater Treatment Fund" may be invested and reinvested as are other trust funds in the custody of the State Treasurer, in the manner provided by law, and moneys in the "2003 Water Resources and Wastewater Treatment Trust Fund" may be invested and reinvested by the trust as are other trust funds in the custody of the trust.

Net earnings received from the investment or deposit of moneys in the "2003 Water Resources and Wastewater Treatment Fund" shall be paid into that fund, and net earnings received from the investment or deposit of moneys in the "2003 Water Resources and Wastewater Treatment Trust Fund" shall be paid to that fund for use by the trust to cover administrative expenses incurred in administering that fund. Any moneys not required for administrative expenses shall be used for any other authorized purpose to which moneys in the "2003 Water Resources and Wastewater Treatment Trust Fund" may be used.

d. The trust may charge and collect annually from local government units fees and charges in connection with any loans, guarantees or other services provided by the trust, in amounts sufficient to reimburse the trust for all reasonable costs necessarily incurred in connection therewith, and in connection with the establishment and maintenance of reserve or other funds, as the trust may determine to be reasonable.

21. If any coupon bond, coupon or registered bond is lost, mutilated or destroyed, a new bond or coupon shall be executed and delivered of like tenor, in substitution for the lost, mutilated or destroyed bond or coupon, upon the owner furnishing to the issuing officials evidence satisfactory to them of the loss, mutilation or destruction of the bond or coupon, the ownership thereof, and security, indemnity and reimbursement for expenses connected therewith, as the issuing officials may require.

22. The accrued interest, if any, received upon the sale of the bonds shall be applied to the discharge of a like amount of interest upon the bonds when due. Any expense incurred by the issuing officials for advertising, engraving, printing, clerical, authenticating, registering, legal or other services necessary to carry out the duties imposed upon them by the provisions of this act shall be paid from the proceeds of the sale of the bonds by the State Treasurer, upon the warrant of the Director of the Division of Budget and Accounting in the Department of the Treasury, in the same manner as other obligations of the State are paid.

23. Bonds of each series issued hereunder shall mature, including any sinking fund redemptions, not later than the 35th year from the date of issue of that series, and in amounts as shall be determined by the issuing officials. The issuing officials may reserve to the State by appropriate provision in the bonds of any series the power to redeem any of the bonds prior to maturity at the price or prices and upon the terms and conditions as may be provided in the bonds.

24. Any bond or bonds issued hereunder which are subject to refinancing pursuant to the

"Refunding Bond Act of 1985," P.L.1985, c.74 as amended by P.L.1992, c.182 (C.49:2B-1 et seq.), shall no longer be deemed to be outstanding, shall no longer constitute a direct obligation of the State of New Jersey, and the faith and credit of the State shall no longer be pledged to the payment of the principal of, redemption premium, if any, and interest on the bonds, and the bonds shall be secured solely by and payable solely from moneys and government securities deposited in trust with one or more trustees or escrow agents, which trustees and escrow agents shall be trust companies or national or state banks having powers of a trust company, located either within or without the State, as provided herein, whenever there shall be deposited in trust with the trustees or escrow agents, as provided herein, either moneys or government securities, including government securities issued or held in book-entry form on the books of the Department of the Treasury of the United States, the principal of and interest on which when due will provide money which, together with the moneys, if any, deposited with the trustees or escrow agents at the same time, shall be sufficient to pay when due the principal of, redemption premium, if any, and interest due and to become due on the bonds on or prior to the redemption date or maturity date thereof, as the case may be; provided the government securities shall not be subject to redemption prior to their maturity other than at the option of the holder thereof. The State of New Jersey hereby covenants with the holders of any bonds for which government securities or moneys shall have been deposited in trust with the trustees or escrow agents as provided in this section that, except as otherwise provided in this section, neither the government securities nor moneys so deposited with the trustees or escrow agents shall be withdrawn or used by the State for any purpose other than, and shall be held in trust for, the payment of the principal of, redemption premium, if any, and interest to become due on the bonds; provided that any cash received from the principal or interest payments on the government securities deposited with the trustees or escrow agents, to the extent the cash will not be required at any time for that purpose, shall be paid over to the State, as received by the trustees or escrow agents, free and clear of any trust, lien, pledge or assignment securing the bonds; and to the extent the cash will be required for that purpose at a later date, shall, to the extent practicable and legally permissible, be reinvested in government securities maturing at times and in amounts sufficient to pay when due the principal of, redemption premium, if any, and interest to become due on the bonds on and prior to the redemption date or maturity date thereof, as the case may be, and interest earned from the reinvestments shall be paid over to the State, as received by the trustees or escrow agents, free and clear of any trust, lien or pledge securing the bonds. Notwithstanding anything to the contrary contained herein: a. the trustees or escrow agents shall, if so directed by the issuing officials, apply moneys on deposit with the trustees or escrow agents pursuant to the provisions of this section, and redeem or sell government securities so deposited with the trustees or escrow agents, and apply the proceeds thereof to (1) the purchase of the bonds which were refinanced by the deposit with the trustees or escrow agents of the moneys and government securities and immediately thereafter cancel all bonds so purchased, or (2) the purchase of different government securities; provided however, that the moneys and government securities on deposit with the trustees or escrow agents after the purchase and cancellation of the bonds or the purchase of different government securities shall be sufficient to pay when due the principal of, redemption premium, if any, and interest on all other bonds in respect of which the moneys and government securities were deposited with the trustees or escrow agents on or prior to the redemption date or maturity date thereof, as the case may be; and b. in the event that on any date, as a result of any purchases and cancellations of bonds or any purchases of different government securities, as provided in this sentence, the total amount of moneys and government securities remaining on deposit with the trustees or escrow agents is in excess of the total amount which would have been required to be deposited with the trustees or escrow agents on that date in respect of the remaining bonds for which the deposit was made in order to pay when due the principal of, redemption premium, if any, and interest on the remaining bonds, the trustees or escrow agents shall, if so directed by the issuing officials, pay the amount of the excess to the State, free and clear of any trust, lien, pledge or assignment securing the refunding bonds.

25. Refunding bonds issued pursuant to P.L.1985, c.74 as amended by P.L.1992, c.182

(C.49:2B-1 et seq.) may be consolidated with bonds issued pursuant to sections 5 and 6 of this act or with bonds issued pursuant to any other act for purposes of sale.

26. To provide funds to meet the interest and principal payment requirements for the bonds and refunding bonds issued under this act and outstanding, there is appropriated in the order following:

a. Revenue derived from the collection of taxes under the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.), or so much thereof as may be required; and

b. If, at any time, funds necessary to meet the interest, redemption premium, if any, and principal payments on outstanding bonds issued under this act are insufficient or not available, there shall be assessed, levied and collected annually in each of the municipalities of the counties of this State, a tax on the real and personal property upon which municipal taxes are or shall be assessed, levied and collected, sufficient to meet the interest on all outstanding bonds issued hereunder and on the bonds proposed to be issued under this act in the calendar year in which the tax is to be raised and for the payment of bonds falling due in the year following the year for which the tax is levied. The tax shall be assessed, levied and collected in the same manner and at the same time as are other taxes upon real and personal property. The governing body of each municipality shall cause to be paid to the county treasurer of the county in which the municipality is located, on or before December 15 in each year, the amount of tax herein directed to be assessed and levied, and the county treasurer shall pay the amount of the tax to the State Treasurer on or before December 20 in each year.

If on or before December 31 in any year, the issuing officials, by resolution, determine that there are moneys in the General Fund beyond the needs of the State, sufficient to pay the principal of bonds falling due and all interest and redemption premium, if any, payable in the ensuing calendar year, the issuing officials shall file the resolution in the office of the State Treasurer, whereupon the State Treasurer shall transfer the moneys to a separate fund to be designated by the State Treasurer, and shall pay the principal, redemption premium, if any, and interest out of that fund as the same shall become due and payable, and the other sources of payment of the principal, redemption premium, if any, and interest provided for in this section shall not then be available, and the receipts for the year from the tax specified in subsection a. of this section shall be considered and treated as part of the General Fund, available for general purposes.

27. Should the State Treasurer, by December 31 of any year, deem it necessary, because of the insufficiency of funds collected from the sources of revenues as provided in this act, to meet the interest and principal payments for the year after the ensuing year, then the State Treasurer shall certify to the Director of the Division of Budget and Accounting in the Department of the Treasury the amount necessary to be raised by taxation for those purposes, the same to be assessed, levied and collected for and in the ensuing calendar year. The director shall, on or before March 1 following, calculate the amount in dollars to be assessed, levied and collected in each county as herein set forth. This calculation shall be based upon the corrected assessed valuation of each county for the year preceding the year in which the tax is to be assessed, but the tax shall be assessed, levied and collected upon the assessed valuation of the year in which the tax is assessed and levied. The director shall certify the amount to the county board of taxation and the treasurer of each county. The county board of taxation shall include the proper amount in the current tax levy of the several taxing districts of the county in proportion to the ratables as ascertained for the current year.

28. For the purpose of complying with the provisions of the State Constitution, this act shall be submitted to the people at the general election next occurring at least 70 days after enactment. To inform the people of the contents of this act, it shall be the duty of the Attorney General, after this section takes effect, and at least 60 days prior to the election, to cause this act to be published at least once in one or more newspapers of each county, if any newspapers be published therein and to notify the clerk of each county of this State of the passage of this act; and the clerks respectively, in accordance with the instructions of the Attorney General, shall

have printed on each of the ballots the following:

If you approve of the act entitled below, make a cross (x), plus (+), or check (o) mark in the square opposite the word "Yes."

If you disapprove of the act entitled below, make a cross (x), plus (+), or check (o) mark in the square opposite the word "No."

	<p>YES</p>	<p style="text-align: center;">DAM, LAKE, STREAM, FLOOD CONTROL, WATER RESOURCES, AND WASTEWATER TREATMENT BOND ISSUE</p> <p>Shall the "Dam, Lake, Stream, Flood Control, Water Resources, and Wastewater Treatment Project Bond Act of 2003," which authorizes the State to issue bonds in the amount of \$200,000,000 for the purposes of providing financing for the restoration and repair of dams, the dredging and restoration of lakes, the cleaning and desnagging of streams to diminish flooding and property damage therefrom, and providing financing for flood control projects, water resources projects and wastewater treatment system projects, and providing the ways and means to pay the interest on the debt and also to pay and discharge the principal thereof, be approved?</p>
	<p>NO</p>	<p style="text-align: center;">INTERPRETIVE STATEMENT</p> <p>Approval of this act would authorize the sale of \$200,000,000 in State general obligation bonds to be used for the purposes of providing \$15,000,000 to restore and repair State-owned dams, \$95,000,000 in low-interest loans to owners of dams for dam restoration and repair projects, and \$15,000,000 in low-interest loans to owners of lakes and streams and private lake associations, with local governments as co-applicants, for lake dredging and restoration, or stream cleaning and desnagging projects, necessary to diminish severe flooding in the State; \$25,000,000 to finance State flood control projects, and \$50,000,000 for water resources projects and wastewater treatment system projects.</p>

If voting machines are used, a vote of "Yes" or "No" shall be equivalent to these markings respectively.

The fact and date of the approval or passage of this act, as the case may be, may be inserted in the appropriate place after the title in the ballot. No other requirements of law of any kind or character as to notice or procedure, except as herein provided, need be adhered to.

The votes so cast for and against the approval of this act, by ballot or voting machine, shall be counted and the result thereof returned by the election officer, and a canvass of the election had in the same manner as is provided for by law in the case of the election of a Governor, and the approval or disapproval of this act so determined shall be declared in the same manner as the

result of an election for a Governor, and if there is a majority of all the votes cast for and against it at the election in favor of the approval of this act, then all the provisions of this act not made effective theretofore shall take effect forthwith.

29. The commissioner shall submit to the State Treasurer and the commission with the department's annual budget request a plan for the expenditure of funds from the "2003 Dam, Lake, Stream and Flood Control Project Fund" and the "2003 Dam, Lake and Stream Revolving Loan Fund" for the upcoming fiscal year. This plan shall include the following information: a performance evaluation of the expenditures made from the funds to date; a description of programs planned during the upcoming fiscal year; a copy of the regulations in force governing the operation of programs that are financed, in part or in whole, by funds from the "2003 Dam, Lake, Stream and Flood Control Project Fund" and the "2003 Dam, Lake and Stream Revolving Loan Fund;" and an estimate of expenditures for the upcoming fiscal year.

30. Immediately following the submission to the Legislature of the Governor's annual budget message, the commissioner shall submit to the Senate Environment Committee and the Assembly Environment and Solid Waste Committee, or their designated successors, and to the Joint Budget Oversight Committee, or its successor, a copy of the plan called for under section 29 of this act, together with such changes therein as may have been required by the Governor's budget message.

31. The commissioner shall, on or before January 15 of each year, develop and submit to the Legislature a priority system for water resources projects and wastewater treatment system projects and shall establish the ranking criteria and funding policies for the projects therefor. The commissioner shall set forth a water resources project and wastewater treatment system project priority list for funding for each fiscal year and shall include the aggregate amount of funds to be authorized for these purposes. No moneys shall be expended for loans in a fiscal year for any water resources project or wastewater treatment system project unless the expenditure is authorized pursuant to an appropriations act.

As part of the annual submission required by this section, the department and the trust shall each provide a financial accounting of all project expenditures made in the preceding year, and of all administrative expenses incurred by the trust from interest earnings from the "2003 Water Resources and Wastewater Treatment Trust Fund" in connection therewith.

32. There is appropriated the sum of \$5,000 to the Department of Law and Public Safety for expenses in connection with the publication of notice pursuant to section 28 of this act.

33. All appropriations from the "2003 Dam, Lake, Stream and Flood Control Project Fund," the "2003 Dam, Lake and Stream Revolving Loan Fund," and the "2003 Water Resources and The "Dam, Lake, Stream, Flood Control, Water Resources, and Wastewater Treatment Project Bond Act of 2003," authorizes bonds for \$200,000,000 and appropriates \$5,000. Wastewater Treatment Fund" shall be by specific project allocation and any transfer of any funds so appropriated shall require the approval of the Joint Budget Oversight Committee, or its successor. All appropriations from the "2003 Dam, Lake, Stream and Flood Control Project Fund" and the "2003 Dam, Lake and Stream Revolving Loan Fund" shall also be on a municipal area-by-area basis.

34. This section and sections 28 and 32 of this act shall take effect immediately and the remainder of this act shall take effect as and when provided in section 28.

Approved August 22, 2003.