
Committee Meeting

of

ASSEMBLY AGRICULTURE AND WASTE MANAGEMENT COMMITTEE

ASSEMBLY BILL No. 50

“Solid Waste Management and Environmental Investment Cost Recovery Act”

LOCATION: Committee Room 12
State House Annex
Trenton, New Jersey

DATE: January 23, 1997
10:00 a.m.

MEMBERS OF COMMITTEE PRESENT:

Assemblyman John C. Gibson, Chair
Assemblyman Anthony R. Bucco, Vice-Chair
Assemblyman Melvin Cottrell
Assemblyman Larry Chatzidakis
Assemblywoman Connie Myers
Assemblywoman Nia H. Gill
Assemblyman Anthony Impreveduto

ALSO PRESENT:

Algis P. Matioska
Leonard J. Colner
Office of Legislative Services
Aides, Assembly Agriculture and Waste
Management Committee



Meeting Recorded and Transcribed by
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ASSEMBLYMAN JOHN C. GIBSON (Chair): The meeting will come to order. Would you please rise for the flag salute. (participants recite pledge of allegiance)

I apologize for being late. I left my glasses somewhere, and I find that I do need them to read, from now on.

Thank you all for being here. Welcome to our Committee meeting. The first procedure we will have today, we will take up the bills that are intended to be discussed and perhaps to be released, and then we will continue the hearing on A-50 to receive as much testimony on that as we feel we need before we release that.

At this point in time, our tentative schedule for the release of A-50 would be, perhaps, at the March meeting. So we will take testimony on A-50 today and continue that testimony through February. For now we'll take the first bill up.

First of all, roll call.

MR. COLNER (Committee Aide): Assemblyman Gibson.

ASSEMBLYMAN GIBSON: Here.

MR. COLNER: Assemblyman Bucco. (no response)

ASSEMBLYMAN GIBSON: Assemblyman Bucco is here. He stepped out for a minute, so you can count him as being present.

MR. COLNER: Assemblyman Chatzidakis.

ASSEMBLYMAN CHATZIDAKIS: Present.

MR. COLNER: Assemblywoman Myers.

ASSEMBLYWOMAN MYERS: Here.

MR. COLNER: Assemblywoman Gill.

ASSEMBLYWOMAN GILL: Here.

MR. COLNER: And Assemblyman Impreveduto.

ASSEMBLYMAN IMPREVEDUTO: I'm here.

ASSEMBLYMAN GIBSON: We have a quorum. (recorder turned off until testimony on Assembly Bill No. 50 was taken)

ASSEMBLYMAN GIBSON: We'll now go into testimony on A-50. This is a continuing public hearing on Assembly Bill No. 50. As I said earlier in the meeting, there will be no action today on A-50. Perhaps that action will not occur until March, but we do want to receive whatever testimony is presented.

The first testifier that we had asked to come forward today was Director Beth Gates, from DCA.

Welcome, Assemblyman Beth Gates -- Assemblyman? -- Director Gates.

BETH GATES: Thank you, Mr. Chairman, and thank you all for the opportunity to testify. I'll keep my remarks brief. I'll summarize, and then I will be happy to provide you with the written copy.

The Division, through the Local Finance Board, is primarily responsible for ensuring that the debt service on outstanding solid waste debt is taken care of. Our comments on the bill are limited to those issues and, of course, local public contracts law issues. We're not prepared today to give you the Department's formal position on the bill. We're still reviewing it, as we are also reviewing some amendments that were proposed the last time you met.

Under local public contracts law issues, I wanted to just-- Most of those sections look pretty good. I wanted to raise one issue, though. In the bill

you are separating collection and disposal services of municipal solid waste, and you're extending the contract term to 40 years. We think that's great on the disposal end. We understand that when counties and municipalities are trying to enter into long-term contracts for these purposes, that's a great goal. We weren't sure if you intended, though, to extend the term of the contracts on collection services to 40 years.

I'm raising that issue to try to ascertain what your intent was. We think 40 years on the collection end is long, and we would recommend that be brought back down to what is in the current law.

ASSEMBLYMAN GIBSON: That's a good point. You're right, it's not as clear as it should be. It will be up to me to make that decision, so your question on that will influence my decision.

MS. GATES: Okay, thank you.

Regarding municipal solid waste collection, disposal, and the payment of the environmental investment charges, the bill gives options to municipalities relative to collection and disposal.

In Section 5, the bill provides that a municipality may establish and operate a municipal service system or contract for those services. And depending upon which choice they make, the costs are either assessed through the levy or a utility is set up and the generators of solid waste specifically targeted. You also accomplish that very same goal on the disposal end for municipalities in choosing their options.

With respect to the environmental investment charges that may be imposed by a county or a municipality or an authority, the bill directs that the municipality establish and implement a billing mechanism and then

implies that the only alternative for the municipality is through the tax levy. Again, I'm raising that issue. I'm not sure if that was your intent.

There are other mechanisms that municipalities can use that are available to them also: setting up a municipal budget utility for collection. If you chose to do it in that way, you could avoid certain cross-subsidy issues that would occur. You could, again, specifically target generators of solid waste on the environmental investment charge. That's another issue that I wanted to bring to your attention.

ASSEMBLYMAN GIBSON: Thank you. The intention has been to give the maximum of choices to the local governments. So if this is available to them, then that choice, perhaps, should be extended.

MS. GATES: I wasn't sure if the Committee -- the sponsor -- was making a policy statement in that regard by limiting it to--

ASSEMBLYMAN GIBSON: No.

MS. GATES: --the tax side. But there are other options that are out there, and if it is your intent to provide those other options, I think that language in the bill needs to be clarified.

We noticed, as an aside, with respect to the collection systems for a municipality, Sections 5 and 6 seem to mandate provisions for multifamily housing. Right now, under current law, municipalities can contract out or have the multifamily apartment units, if you will, deal directly with private haulers for that purpose.

Again, I'm raising the issue. I'm not sure where you were trying to go there: If you wanted multifamily housing included in the municipality end of it. If you wanted to preclude those apartment owners from going

directly to private contractors for that purpose. I'm raising the issue for you to take a look at and think about that in terms of the policy behind the bill.

In whatever manner a county, authority, or municipality ultimately chooses to provide for the collection and disposal of solid waste and the assessment of the environmental charges, all of these charges, if not paid by the generator or the taxpayer, under a current authority provisions, under current municipal provisions, are subject to the imposition of liens. I would recommend that the sections of the bill with regard to the establishment of liens and with regard to the collection of charges by the municipalities be referred to the Office of Legislative Services Local Government Section. We'd like to see the language in those sections consistent with what's contained in current law.

Those are principally sections 13.c and d, 16.a and b, and 49, 55, and 61.

A general comment: Over the past few months, the Division has seen that there -- we have some sense that there may be an unwillingness in certain counties to deal with the issue of outstanding debt in a proactive manner. Where there is an unwillingness or an inability on the part of boards of chosen freeholders out there to deal with this issue and to assess an environmental investment charge at an appropriate level to cover the debt service the Legislature might want to consider allowing the Local Finance Board to impose certain enforcement mechanisms, as we are currently allowed to do under the local authorities fiscal control law. If those two laws -- this current legislative effort and that law -- be meshed with respect to the board's ability to implement financial recovery plans, that may offer the Legislature a

certain comfort level in the event that there appears to be an unwillingness in certain counties to address the issue. This is just something for your consideration.

Finally, the State agencies that are responsible for monitoring the debt service of the authorities might benefit from a provision in the bill which would require each of the 21 county solid waste districts to file restructuring plans with the Local Finance Board. That would include certain information that is currently somewhat difficult for interested parties to ascertain with respect to outstanding debt, whether or not the debt that is outstanding has been structured or refunded in the past, taxability issues, things like that, so that we are certain -- the Legislature is certain -- that the counties involved have taken a proactive step to analyze what's out there, to come up with the most cost-effective and feasible plan for handling the debt.

So that's just something else that I wanted to bring to the Committee's attention.

I do want to thank you for the opportunity to testify. The Division is not wedded to a specific funding mechanism, but we are wedded to that concept. This debt service needs to be covered, and we're very happy that the bill is moving along, and as it moves along, we'd like to keep in touch with you on the technical side of it and the policy concerns that you have.

ASSEMBLYMAN GIBSON: Thank you very much for your help.

MS. GATES: If you have any questions--

ASSEMBLYMAN GIBSON: Are there any questions before the Director goes back to a busy schedule that I interrupted longer than I intended to? (no response)

MS. GATES: Thank you.

ASSEMBLYMAN GIBSON: Thank you, Beth.

Tyler Scofield, the attorney for American Ref-Fuel.

Did you want to provide some additional testimony today?

TYLER SCOFIELD, ESQ.: Mr. Chairman, Committee members, the only particular point on the way the current amendments and the original draft -- the way it's evolved, we now have a situation where the municipalities, when they're contracting for in-state disposal services, have very broad discretion. There's only sort of a contracting process they go through, and then those deals become effective.

For public authorities and for counties, the process, because it was the one that was in the original draft, requires a--

ASSEMBLYMAN GIBSON: Can I interrupt you one minute?

They had asked me to see whether anybody needed additional copies of the amendments that at least I've signed off on, so far. Can I have a show of hands. This is so we can get some copies made.

Hold your hands up while they take it down; then they will be reproduced.

I'm sorry. Go ahead.

MR. SCOFIELD: That's okay. On the -- for public authorities and counties, the original draft of the bill had a process by which they would go through a negotiation, and those new contracts would be compared to the old contracts as the resource recovery plants, and the DEP would try to harmonize those.

The old contracts were left with having to still go through a long, McEnroe process. Now I think where the drafting stands, you probably have the municipalities with two -- sort of a looser situation, and the counties and the public authorities with too tight a situation. And it's been our suggestion that what should happen is probably that municipalities -- everybody go through a contracting process to put those contracts -- to put a public notice in and maybe a 30-day comment period, to then file those contracts with the DEP not for review, but just for informational purposes. You would then have a public disclosure, which we think would be sanitizing, the rest of it for -- on the municipal side, but you'd also allow the counties and public authorities to rework their current arrangements very quickly and not really have any burden of heavy work for any DEP review in order to come up with new arrangements.

That's pretty much our point in comment. I think the goals of the bill, trying to not rate-regulate solid waste disposal in the future and the goals of trying to create an efficient procurement process are correct. I just think that where we stand in the drafting, there needs to be some harmonizing between what's available for municipalities, the public authorities, and the counties.

ASSEMBLYMAN GIBSON: Okay. Thank you very much.

Are there any questions from Committee members? (no response)

David Sulpizi, E.A. Moos and Company.

DAVID S U L P I Z I: Good afternoon, Mr. Chairman.

ASSEMBLYMAN GIBSON: E. A. Moos is a--

MR. SULPIZI: E. A. Moos is a municipal bond investment firm. It's located in Summit, New Jersey. My name is Dave Sulpizi. I'm Vice President and Director of Research for the firm.

I want, first of all, to thank you and the Committee for allowing me the chance to speak. I guess it's appropriate that I follow Director Gates, because I echo most of her sentiments with respect to the debt outstanding on the solid waste issue.

I would simply just, respectfully, urge the Committee to move the measure forward in some form, to allow for some protection of the debt out there, which the bill does. It may need some clarification in the language, as suggested by people with more experience than I have, and I would defer to that.

But I think what you should be aware of, if you are not already aware of, is what's going on with respect to Wall Street and their opinion of the issue. You saw, I guess it was back in December, a little move by Moodys to downgrade the Mercer County general obligation debt rating from, I believe, *AA1* to *AA*. It's not a big move in itself, but it does represent an overall opinion that the Street is concerned, and if the counties are left to continue as they are going -- scrambling, trying to find some kind of a viable plan to address the issue, without any real direction from the State level -- I think the impatience would build and you are going to see more of that kind of activity from rating agencies. In the long run, it could hurt in some way, especially with respect to borrowing costs.

Director Gates also mentioned the local authorities fiscal control law, which in an emergency situation would trigger the dissolution of the

authorities, if my interpretation is not inaccurate -- would trigger the dissolution of the solid waste authorities and basically would mandate that the bonds be redeemed.

I would only say that that's a situation best avoided at this point. I don't think you want to be faced with the situation of emergency financing on Wall Street. I think it would be best simply to get the measure through, get something in place from the State level, especially before the Appellate Court comes back with any kind of adverse decision on the flow control appeal.

I have some prepared comments, which you may all have a copy. I just wanted to keep it brief, given the number of people testifying on the issue.

I would like to thank you again for the opportunity. I would be in favor of the bill. I think it addresses a lot of good points, especially deregulation and the flexibility it gives to the local municipalities to fund for debt service.

That's really all I have to say. I'd be happy to entertain any questions if you may have them.

ASSEMBLYMAN GIBSON: Thank you for your testimony. We appreciate your being here.

MR. SULPIZI: Thank you.

ASSEMBLYMAN GIBSON: I don't see any questions.

John Carlton, Hunterdon County Utility Authority.

John.

JOHN G. CARLTON: Thank you, Mr. Chairman and members of the Committee.

Hunterdon County has already submitted our comments on this bill, but one item that we're going to request additional looking at is the fact that this bill currently does not have any provisions for putting guidelines on what can be considered environmental investment cost. Hunterdon County is one of the rare counties without debt, but we do have agreements with other counties for disposal and are, therefore, under this bill, subject to the possible payment of their environmental investment costs.

We feel concern that without some type of guidelines on what might be included in those costs, we may be paying for things that we do not want to or paying for debt in a manner that is not consistent with their debt payment schedule. We might be paying for programs such as recycling of house or hazardous waste in another county when we have to pay for them in our county, as well. And so we're trying to request some type of guidelines on what can be considered in environmental investment costs.

I realize this is a tricky issue. It's a complex issue, and we're willing to work with you, sit down with you, and give you our thoughts. I'm sure there are other counties that would do the same.

ASSEMBLYMAN GIBSON: Let me just interrupt you, John. As a scenario, if a county -- it seems that people are satisfied to pay it as a tipping fee, that's what they have been doing. But that tipping fee may be too high for that facility to remain competitive. The bill gives them the authority to take certain costs and transfer them and thereby take that out of the tipping fee and make the tipping fee competitive.

They don't have to take any more than they need to take to be competitive. So one guideline is competition. What other kinds of guidelines might you have in mind, just to be a little more specific?

MR. CARLTON: Well, specific to Hunterdon County-- In fact, we have an interdistrict agreement for the disposal of solid waste. We would like to limit, if this bill goes through-- Our support is -- you know, we support provisions of it.

We would want the bill to only address those provisions that are a part of our interdistrict agreement and, also, probably even weigh the interdistrict agreement. We wouldn't want to pay-- Say there is 20 years of debt payment left in Warren County's facility. We have 5 years left on our agreement. We wouldn't want to try and pay those 20 years of debt and try to, you know, make sure that Warren County has that money in their environmental investments cost fund, and we would pay it ahead of schedule.

Right now, whether it be -- that there is no guidelines in here that would prevent Warren County from trying to calculate that into environmental investment costs. There is no feedback or public hearing process that would be part of this. There is no oversight by any State or other jurisdiction as to what would be considered environmental investment costs, and therefore, we're pretty exposed in that element.

ASSEMBLYMAN GIBSON: I think you had previously suggested a public hearing also be included, perhaps, in the sending county. At least that was recommended in one instance, and that's under consideration.

Go ahead, John.

MR. CARLTON: That is basically-- I wanted to limit my comments. We have, again, submitted our comments in entirety before, and I didn't want to rehash all those. But we feel strongly about this one issue, and we hope you take that into consideration.

ASSEMBLYMAN GIBSON: Thank you very much.

MR. CARLTON: Thank you.

ASSEMBLYMAN GIBSON: Are there questions for John before he leaves? (no response)

Thank you, John.

Bryan Dickerson, Office of the Mayor, Township of Brick, in favor of A-50.

We appreciate your comments, as well.

BRYAN J. DICKERSON: Good morning, Mr Chair. Good morning Committee. My name is Bryan Dickerson. I'm here on behalf of Mayor Joseph Scarpelli of Brick Township. He sends his regrets that he is unable to attend, but he asked me to come here before you and express his support of the bill.

He supports the bill primarily for three reasons. I'm only going to discuss two of them, and before I go into that, I'll give you a little background on Brick Township.

We're located in northern Ocean County at the Jersey Shore. We have approximately 72,000 people, by our latest estimation. We provide our own solid waste services to the residents, and we're now working on doing that as well to limited businesses.

The Mayor supports this bill primarily because it empowers municipal officials with a wide range of options for dealing with the collection and disposal of solid waste. Since municipalities are charged with this responsibility, such as Brick Township, we feel that we're in the best position to decide for residents how we should collect and dispose of our own waste, and we appreciate that the Assembly bill here empowers us to make those decisions.

On the other option-- The other reason he supports this bill is because of the way it provides for recovering of environmental investment costs.

I'm working from what he gave me to tell you.

Assembly Bill No. 50 ensures that counties and authorities with little or no environmental investment debt will not be burdened with such debt from other counties who have higher debts. The only way that he would like for debt free counties and authorities to have to pay for these costs is if they use these facilities that have the debts. Thus, on the matter of the recovery of these costs, let those who own the facilities and those who use the facilities pay for the debt of those facilities and not burden the rest of the State with it.

I thank you for the opportunity to express his concerns to you.

ASSEMBLYMAN GIBSON: Thank you for the Mayor's support on behalf of 72,000 residents of Brick.

MR. DICKERSON: Thank you.

ASSEMBLYMAN GIBSON: Any questions for the representative from Brick Township? (no response)

Thank you.

How about Jean Clark, New Jersey Recycling Forum; and Steve Changaris, Waste Services.

I'm going to bring two environmental folks up at the same time. They can take turns talking, but they might as well share the seats.

Madelyn Hoffman, Grass-Roots Environmental Organization? Is Madelyn still here? (no response)

Jean, you may go ahead with your testimony.

J E A N C L A R K: Okay. My name is Jean Clark. I'm currently President of the New Jersey Recycling Forum and was a member of the Recycling Advisory Committee, which helped to formulate and pass the first Recycling Act in 1981. The Recycling Forum was formed immediately thereafter and has been closely involved in recycling issues ever since, including the drafting of the Recycling Act passed in 1987. The Forum is composed of representatives of the State's leading recycling industries and businesses and those associations and government officials responsible for recycling activities. Its main focus has been the examination of recycling policy issues. Since we have just begun to study this legislation, I would like to make only a few brief comments today.

Our primary concern is to try to foresee the effect A-50 will have on New Jersey's very successful recycling program. If the effect is negative, this would have a severe impact on the State's solid waste policy, since recycling is now mandated to divert more than half of the potential waste into the economic marketplace.

Historically, New Jersey's solid waste policies have treated the handling of solid waste as a closely regulated business activity. By contrast, the fundamental concept in developing the State's recycling policies and goals has

been that recyclable materials are a commodity; that marketing, transporting, and processing them should be governed by market forces and subject to minimum government regulation. This distinction between the regulation of solid waste and recyclables has been critical.

The result of the *Atlantic Coast* decision is to eliminate the State's control over the movement of solid waste with the effect of undermining the principal means of assuring revenues to repay solid waste facility bonds. We recognize the necessity to find other methods to assure repayment of these bonds, which is the intent of A-50. But we also think that too little consideration has yet been given to the effects of this legislation on municipal recycling collections, recycling businesses, and public support for recycling. We think there is too little information available on the type of debt being covered and the economic consequences of the various options for handling this debt as outlined in this bill, besides what other possible options there are.

Let me cite one example of our concern. Permitting counties to remove environmental investment costs from tipping fees in order to keep those fees competitive with out-of-county disposal facilities will certainly benefit out-of-county users. Low tipping fees may attract garbage from Fresh Kills, for instance. But this will not benefit in-county taxpayers, who will still have to foot the entire bill, including investment costs. What it will do, however, is to raise the perceived cost of recycling by lowering the perceived cost -- not the actual cost -- of garbage disposal. If that tips the perceived economics of recycling by reducing the role of cost avoidance, it may well lead to a decline in the amount recycled because of a lessening of municipal, commercial, and public support; the lessening of quality control, and thus

diminished market value of recyclable materials; or a reduced desire to recycle because it is perceived to be not worth the trouble -- "Let's just throw everything in the garbage anyway."

Great care should be taken not to artificially lower tipping fees so far that this is the result. That means that it may be good policy to limit the type of expenditure which could be removed from the tipping fee to be covered by taxes instead. Should this include only the hard costs associated with the construction of facilities, or should it include a variety of other costs such as planning, household hazardous waste collection, procurement of collection vehicles, and operating costs, all of which are also defined as environmental investment costs in the bill as written?

Since the stated purpose of this legislation is to develop a constitutionally acceptable system for solid waste management, it is important that the needs of a wide variety of players, not only the county authorities, be considered, and surely recyclers are among them.

ASSEMBLYMAN GIBSON: Thank you very much for your comments.

Steve Changaris, Waste Service Industries. And after Steve, we'll have Sharon Finlayson and David Pringle on deck, if they are in the room.

STEVE G. CHANGARIS: I have some prepared remarks, so if you bear with me, I'll labor through them.

Good day, Mr. Chairman, Committee members, and staff. Thanks for the opportunity to testify on Assembly Bill No. 50 today.

My name is Steve Changaris, and today I am speaking to you in a capacity beyond my role as the National Solid Waste Management Associations Manager responsible for New Jersey.

Today I have an unprecedented privilege to speak as a representative for an even more broadly based coalition of solid waste interests than those represented under just my trade association's banner.

Please know that key industry leaders from the Waste Management Association of New Jersey, non-Association companies, NSWMA Chapter companies, and top industry lawyers have met and will continue to meet to discuss the progress of Assembly Bill No. 50 and other pending measures designed to shore up New Jersey's waste management system, as the courts continue to uphold the unconstitutionality of flow control. Our intention is to cooperate with the Committee and the State Legislature to design legislation which will satisfy the need for settling the bonded indebtedness issues while following the courts' decision overturning waste flow in New Jersey.

In addition to testimony offered today, the coalition will endeavor, over the next weeks, to put further analysis of Assembly Bill No. 50 together, offer suggestions, and make additional comments for your review. We hope the process -- and as indicated by you, Mr. Chairman, earlier, through March -- will afford us the additional time to prepare and submit these further comments and analyses.

Collectively the companies that comprise this working group collect an estimated 4.5 million tons of the 7 million tons of MSW generated annually in the State. They process for transfer and disposal or actually

dispose of a similar or even greater amount of the State's annual production of solid waste, and they are also responsible for the collection and/or processing of an estimated 50 percent or more of the 7 million tons of New Jersey's waste stream that is diverted from traditional disposal through recycling.

From another view, we can see that this working group represents more than 200 companies that employ more than 3000 people throughout all of New Jersey, who go to work each and every day to collect, process, or recycle your solid wastes. The vast majority of these companies are small- to medium-size businesses, and all have extensive operations in and ties to the communities and businesses with whom they work.

Please know the owners and operators of these businesses, by and large, are New Jersey citizens, voters, and taxpayers. They are committed to the environmentally sound and economical management of the State's solid wastes and are eager to remain active participants in the State's solid waste system. It is with the notion of remaining active participants in this system that the working group started its deliberations on the current provisions of Assembly Bill No. 50.

First and foremost, everybody at our table recognizes the absolute priority of the State and its solid waste districts to repay moneys borrowed to construct solid waste facilities. How we are to repay these debts, and which other debts and system costs should be sanctioned for recovery, without flow control, goes to the very heart of the upcoming public policy exercise and the very essence of the key provisions of what a modified Assembly Bill No. 50 will look like.

We believe the most important information you and your fellow lawmakers will need in order to make an informed policy decision on what tools to employ to solve repayment of pre-*Carbone* debt involves a focused accounting and realistic view of exactly what is at stake.

In our working group we asked, “Should every cost, once covered under flow control tip fees, be allowed automatic recovery in a post flow control era?” The overwhelming response was, no. This is because, from the industry viewpoint, the hidden taxing power of flow control made it too easy for many districts to make not only more costly than necessary decisions, but also to fund unnecessary and unrelated projects on the back of the district’s garbage disposal bill. However, upon further discussion, we also recognized that some districts were saddled with costs made in part by State directives and actions, while other districts developed a tremendous capacity to make their own troubles.

Accordingly, we feel it is necessary to spend some time in today’s testimony to dispel what seems to be an underlying presumption of Assembly Bill No. 50, and that is, all past solid waste related costs funded currently through tip fees should automatically be allowed recovery.

In order for *Carbone* to have a truly reforming and beneficial effect on New Jersey’s solid waste system, as envisioned by the U.S. Supreme Court, some plan must be devised by the Legislature to sort out these costs and determine which ones are bona fide for future recovery, which ones can be funded through market competitive tip fees and which ones cannot, and last, which ones should be left to the various solid waste districts for recovery outside the tip fee.

In making this suggestion, we know that it will create an awful lot of tension and controversy between the State and its solid waste districts in the short run. In the long run, in hindsight, we believe it will prove to have been the most productive public policy exercise in New Jersey's tortured solid waste history.

During the now more than 30 months since the U.S. Supreme Court ruled in the *Carbone* case, we've heard New Jersey's solid waste debt is \$2 billion, \$1.7 billion, or \$1.2 billion. As stakeholders in New Jersey's solid waste system and as regulated participants of that system, we believe that the amount of debt at risk is much less. Please know that there is a fast-tracked research effort currently underway by another organization which is being conducted in an attempt to answer this key question of exactly what is at stake. Perhaps this Committee, through the Office of Legislative Services, the Local Finance Board, or some other agency or commission should have a forensic accounting type study of this nature conducted, too, before commencing to finally craft a solution to life without flow control in New Jersey.

One of the unique features of New Jersey's solid waste management system is that, on the one hand, it is a statewide system, with municipal solid waste management enabling legislation, goals, and authority in solid waste matters. But on the other hand, the system is comprised of 22 separate, individually financed, and locally controlled districts charged with implementing their own locally devised but State-approved solid waste plans.

Overall, our working group believes that once the dust settles that New Jersey's current solid waste management model will only need modest and

surgical refinements to work in light of its likely loss of directed flow control and not the kind of sweeping, systemic changes currently in Assembly Bill No. 50.

Assembly Bill No. 50 is a vast piece of legislation with amendments. It is permissive, it is innovative, and it may be the best thing to come along in years for users of and participants in New Jersey's solid waste system, or it may bear the seeds which allow for the continuation of the highest solid waste system costs in the nation and which, in time, will factor out competitive market forces from the system and seriously escalate the cost of solid waste services for all New Jerseyans.

In some districts, depending on how it is applied, the legislation will replace directed flow control with economic flow control, while yet in others it may entirely eliminate the use of any form of flow control in favor of a market response to solid waste management.

Personally, and not as a member of our task force, I must ask the sponsor and the Committee, can both types of programs operate under one solid waste management system? I offer you my humble thoughts, which are along the lines of reasoning offered a hundred years ago by President Lincoln: The system, like our nation at the time, cannot endure half one thing, half the other.

As an industry group, we do not think that economic flow control -- that is, the creation of commercial waste districts or the process where public solid waste managers bid portions of the commercial waste stream to private companies or allow the takeover of commercial collection by another public

entity -- should be employed in any circumstance when there are private companies that are already providing services in a competitive marketplace.

Economic flow control, we believe, is a draconian option which will have the most disruptive effect in the delivery of cost-effective solid waste services. It will unbalance competition. It will create inefficiencies, and it will lead to higher costs.

It seems to us that Assembly Bill No. 50 will permit economic flow control to become the preferred option used in New Jersey's post-*Carbone* system by those solid waste systems with high debt, a strong interest in preserving the status quo, or a tendency or interest to redefine and expand their role in New Jersey's solid waste management system at any cost.

These districts will use this option to force the solid waste stream to be the vehicle for the recovery of stranded environmental investments and as the vehicle to maintain and expand current or future operations in much the same fashion that has led them to having the highest disposal fees in the State and nation.

The measure also offers other districts the option of permitting the market to provide solid waste services. Logically, districts with modest debt or no debt or competitive waste service fees would make use of this option. Also, it is possible to envision that even high-debt districts may make use of this model should they decide to pay for stranded environmental investments out of general county revenues or if they are able to work out some other financing arrangement with local jurisdictions, as provided in the bill.

When we look at the fallout and worst-case scenario problems associated with the economic flow control features of the bill, we are

concerned, and when we start to get excited about the free market features of the bill, we do not realistically envision them coming to pass. And if some districts actually do go free market while others pursue economic flow control, our concerns increase, because we can anticipate a whole new set of problems arising under that scenario.

As an industry group, we want to offer you some ideas to guide you in your further deliberations as you endeavor to respond to the loss of flow control authority.

First, you might direct each solid waste management district to unbundle their solid waste fees. This exercise will prove to be invaluable and will ensure that each activity financed through tip fees will be exposed and accounted for.

Second, you might pursue a policy that ensures New Jersey solid waste districts can only rely on market competitive tip fees to attract and keep New Jersey generated waste at their facilities. No one can credibly state there isn't enough waste in New Jersey to keep these facilities full when New Jersey continues to annually export more than 2 million tons of solid waste to out-of-state facilities. Clearly, both public and private New Jersey solid waste facility managers are up to this task, especially if they are empowered and directed by the Legislature to do so. Please know, but only time will tell for sure, we have every reason to believe that competitive tip fees can pay for the vast majority of previously bundled solid waste facility debt and system costs.

Third, in those cases where market competitive tip fees cause such significant shortfalls in revenue to prevent the adequate funding of debt service or other district provided solid waste services, several things might logically

take place. Perhaps these districts should be compelled to conduct cost accounting type audits of their solid waste management programs. These audits may provide valuable insights and recommendations about how they can offer more cost-effective programs to the folks they were created to serve in the first place. These audits might also lead to new creative local solutions or partnerships, either intergovernmental or public/private, to finance heretofore unexposed debt and system costs, because they were paid for in flow controlled tip fees.

And last, we vision that only after these audits are done and corrective actions implemented to the satisfaction of the local districts, the DEP, and the Legislature, and only to the extent that any systemwide type of solid waste need remains unresolved, or a new, more manageable set of district specific issues remain stubbornly unresolved, that then you should proceed to fashion targeted legislation to solve those problems which remain.

Again, thanks for the opportunity to testify. As I refine this testimony and get everyone's initials on a sign-off document, I'll make it available to the Committee.

ASSEMBLYMAN GIBSON: We'd be anxious to have that. Thank you very much for your testimony. We appreciate it.

Sharon Finlayson and David Pringle. Are they both here?

S H A R O N F I N L A Y S O N: Dave is not here.

ASSEMBLYMAN GIBSON: All right, Sharon, we'll count on you.

MS. FINLAYSON: I believe someone left his bag.

ASSEMBLYMAN GIBSON: If Tim Dillingham didn't come back, then Sharon, you're the last testifier. Is there anyone else? (no response)

MS. FINLAYSON: Mr. Chairman and Committee members, thank you for this opportunity. My name is Sharon Finlayson. I am the Board Chair of the New Jersey Environmental Federation, and as you've already heard, we are the State's largest environmental organization.

I'm also a member of South Jersey Work on Waste, which is a coalition of environmental groups based in Camden County. I have been a member of Camden County's Solid Waste Advisory Council since 1989, and I served on the Governor's Mercury Emission Standard Setting Task Force, which established mercury emission standards for incinerators in the State.

I'd like to speak today on behalf of the New Jersey Environmental Federation. I have a short statement prepared that I would like to run through, and then afterwards, with your permission, I would like to just outline a few of the areas of concern that David Pringle had intended to discuss with you. Unfortunately, he had to leave for another meeting.

I'd like to begin by saying that I think we can all agree that the flow control ruling of last summer is forcing New Jersey to change our solid waste policies and direction. We believe that the changes that we make will reflect our attitudes about the future of solid wastes in New Jersey and will reflect our attitudes about our government's responsibilities to New Jersey residents.

We should view this juncture as an opportunity. We should respond to this opportunity by developing a policy that will take us into the

next century using forethought and long-range planning. We should use this turning point to reassess our disposal practices and to eliminate those that are financially cumbersome and environmentally unsound. The policies that we establish now will set the trend for the next millennium. That having been said, I would like to move on to A-50.

Mr. Chairman, we appreciate and respect your efforts in addressing this controversial and difficult issue; however, we've noted a number of problems within the bill, some of which David had intended to talk about, and so are unable to support this legislation.

I'd like to briefly discuss one facet of the bill that we find especially problematic. Our counties in the State responded to a State mandate that required solid waste self-sufficiency. At that time, incineration was the method of choice that the State encouraged in order to reach this self-sufficiency goal. Now the counties that built these incinerators are being punished for doing what they were encouraged to do in the first place.

Assembly Bill No. 50 forces the financial responsibility for these facility debts and the cost for continued operation onto the backs of the people who live in the counties that have them. The bill stipulates many ways in which a county or authority can recoup the cost from the taxpayers, but there is no limit or restriction on the number of times or ways in which a person can be taxed or charged, or even a limited time period.

Under this bill, a county resident can be taxed or otherwise charged by their town, through real estate taxes, through their county budget, and by the authority in a variety of ways, along with the fact that they will be charged at transfer stations if they elect to take their trash out of the district --

I understand it has to be weighted and there will be a charge at that time before it leaves the district. So county residents will be taxed or otherwise charged whether or not their county facility is being used by their town.

Not only will costs be recovered for incinerators and other facilities, but sewer and water authorities will also have a right to recover costs associated with the facility, adding an additional burden. And the bill's outline for the collection of moneys places an unfair amount of responsibility on our citizens with little or none on the facility operators. And that's a real strong issue with us.

Since I live in Camden County and am somewhat familiar with our incinerator project, I'd like to demonstrate what I mean by using Camden County as an example. Our residents currently pay \$94 a ton to dispose at the Camden incinerator. The pollution control financing authority in Camden County has determined that it must reduce tip fees to \$60 a ton. And we heard from our Assemblywoman Myers that might even have to be reduced further. But they, at this point, are looking at \$60 a ton in order to become competitive in the new trash marketplace.

That represents around a 36 percent reduction in tip fees. Now, either they could have afforded to charge 36 percent less all along, in which case our residents have been robbed for the past six years, or, as this bill provides, our residents are going to have to make up the 36 percent difference -- and possibly then some -- with numerous taxes and assessed charges levied under the guise of fancy names like, "Environmental Investment Costs." And they will be made to do so, again, whether or not they are using the facility.

On top of this, to add insult to injury, Foster Wheeler, the facility operator, will continue to reap its profit. There is something definitely wrong with this picture. It's an extremely unbalanced picture. The State should not provide for the success of an industry. Taxpayers should not have to assume financial responsibility to ensure the success of an industry. The taxpayers did not vote to build incinerators in their counties. They did not vote to take garbage to them, and they certainly did not vote to send their tax dollars to them.

This bill seeks to impose millions of dollars of individual taxpayer money to ensure the viability of an industry, an industry that has already proven itself to be financially irresponsible and inefficient, as well as environmentally dangerous. It's like giving a gold card to a child, and we should not be expected to accept this.

Rather than put millions of dollars into a plan that will secure an industry, why hasn't the Committee -- or any other committee -- developed a plan that will close these plants completely or at least begin to phase them out?

Thank you.

ASSEMBLYMAN GIBSON: Sharon, thank you for your testimony, but I do think you've painted quite a different picture than what the bill proposes to do.

Let's take Camden County, the example that you used. The \$90 fee that they now have, if they in the future decide that a \$60 tipping fee will make them competitive so that those current users of that facility will continue to use it at \$60, rather than go to Delaware or somewhere in Pennsylvania -- if they've made that decision, they'll continue to use it at \$60 -- they'll use it

at \$60. Why should they pay as much to haul it away somewhere else, and then make that choice?

The \$30 that is separated from the \$90 will be transferred and will go right back to the budgets that are paying the \$90 now. It's simply a transfer of dollars from one item in a municipal budget to another item in a municipal budget. It's not paying for anything twice. It's to make it competitive enough so that they'll stay there and continue to use it--

MS. FINLAYSON: Right, in a sense you're pushing them to--

ASSEMBLYMAN GIBSON: --rather than drive all over the area.

MS. FINLAYSON: So isn't it indirect flow control?

ASSEMBLYMAN GIBSON: That's a question that's fair enough to raise. It's a way to save the debt that's established out there -- \$1.7 billion worth of debt.

It's our proposal. It's not a proposal that's cast in stone at this moment. You have every opportunity to work with us and provide testimony. But I don't want you to draw a different picture than what the bill proposes to do.

MS. FINLAYSON: We certainly don't object to assuming our responsibility for public debt. What we do object to is utilizing those same avenues or moneys to support an industry. Why can't we pay our debt and sever our ties with that industry and let that industry close?

ASSEMBLYMAN GIBSON: Well, we'll be glad to work with you on your ideas.

MS. FINLAYSON: Okay.

If you don't mind, I would like to just bring up a few of the areas that David had intended to address. They are various areas of the bill. I'm not going to elaborate on them. I can, if you want me to.

ASSEMBLYMAN GIBSON: No, don't elaborate. (laughter)

MS. FINLAYSON: But perhaps these are things you might want to look up later and either correct, change, or at least think about.

ASSEMBLYMAN GIBSON: Okay.

MS. FINLAYSON: One is some of the language that is contained in the bill. For instance, there seems to be a tendency to lean toward this maximum practical use of existing facilities. As a matter of fact, I believe on one page of the bill it actually says -- it mandates that these district plans shall include maximum use of the facilities. And I wonder if that is contradictory to the waste flow control ruling?

ASSEMBLYMAN GIBSON: I don't know.

MS. FINLAYSON: I can tell you the page, because I'm on the page, if you like.

We're very concerned about the fact that the bill moves the Solid Waste Enforcement Fund to the General Fund as of June 30, 1997. We'd like to see that fund stay in place and be used as it had been intended to be used in the bill originally.

We're concerned about the five-year moratorium on the payback of State loans, and that it might have a negative impact on positive programs, like recycling programs. We're very concerned about the differential rate structure or the potential for a differential rate structure that the bill contains. I think you heard someone else talk about that earlier. It seems to be that it

would be unfair to a lot of the people to come and use the facility at a much lesser rate, especially when we consider that those areas -- those towns or states coming in to use a facility -- might not have good recycling programs, so we could be, essentially, adding pollutants into our incinerator that we're working now to keep out by, let's say, recycling batteries and that kind of thing.

ASSEMBLYMAN GIBSON: The theory behind the differential rate is, those people who do not pay the environmental investment would pay the original tipping fee. It's not to reduce it down further, necessarily, for anybody.

MS. FINLAYSON: Okay.

ASSEMBLYMAN GIBSON: It's just to give those people who, for whatever reason, cannot be assessed the environmental assessment, would have it at the current tipping fee, or whatever is current at that time.

MS. FINLAYSON: In other words, so if someone coming to Camden County would have to pay \$94 a ton?

ASSEMBLYMAN GIBSON: If someone-- Let's say Camden County is able to reduce their fee to \$60 a ton because they've extended the other \$30 through the municipality. That's the fee, \$60 for Camden County people. But if someone from another county wants to come there, who has not participated in this, the fee could be \$90 a ton.

MS. FINLAYSON: It could be.

ASSEMBLYMAN GIBSON: It could be.

MS. FINLAYSON: But in the alternative, they could also charge \$60 or even \$50 and filter the difference through those taxes onto the residents.

ASSEMBLYMAN GIBSON: It would be their call. They have the choice.

MS. FINLAYSON: Okay. So that does leave that door open with that possibility, and we're concerned about that.

And the other concern is the deregulation of the industry, and that it could have a negative environmental impact. The reason that I bring that up -- or one reason that I'd like to give -- is, for instance, in Camden County again, using them as an example, our County is trying to cut costs by millions of dollars a year -- operating costs. And one way that they are doing that is by looking at alternatives for the disposal of incinerator ash. So they have broken their contract with Waste Management, who is now suing us for \$22 million, I might add, and they have found a cheaper alternative in the form of a company called Rollite, (phonetic spelling) in Delaware. And this company makes what they call a landfill cover with incinerator ash. They mix it with a cement-like material, and it makes a loose aggregate, and it's being sold, I guess across the nation, as landfill cover.

Well, that puts incinerator ash in peoples' backyards all over the nation, people who might not even know that their new, cheap landfill cover is actually incinerator ash. And it also opens the door to other alternatives which could be extremely dangerous; for instance, using incinerator ash in roadbed or in building materials, which in the future could create things like Superfund highways.

So we're very concerned about what could happen with the deregulation of the industry and what they will do with that opportunity.

So with that having been said, those are the points that David had intended to make. I have made them.

ASSEMBLYMAN GIBSON: Very well, thank you.

MS. FINLAYSON: We hope that you will keep in mind a hierarchy for solid waste with--

ASSEMBLYMAN GIBSON: Thank you very much.

MS. FINLAYSON: Can I just finish.

ASSEMBLYMAN GIBSON: Oh, I'm sorry.

MS. FINLAYSON: That's all right. I just wanted to conclude by saying we hope that you will keep a hierarchy of solid waste with reduction, reuse, and recycling at the top, and certainly land filling and incineration at the bottom.

ASSEMBLYMAN GIBSON: Thank you.

MS. FINLAYSON: Thank you.

ASSEMBLYMAN GIBSON: Mr. Dobbie, would you yield to Assemblyman Rooney? Do you mind? (affirmative response)

ASSEMBLYMAN JOHN E. ROONEY: I really appreciate it. I have another committee and it's been a busy day.

I didn't see anybody's face here who was down at the appeals court case back on December 17. I just wanted to give the Committee an opportunity to hear what actually happened there. The appeals court met -- and this was in Philadelphia, a three-justice appeals court -- on December 17, reviewing the matter of Judge Irenas's decision of July. That decision, as you all know, said that, "Yes, the solid waste plan of New Jersey is unconstitutional," and he was giving us two years.

Well, during that testimony, I was absolutely impressed and I was extremely pleased at what the three justices all said. And if the State has a different read on all this, I'll welcome the opportunity for them to dispute it.

The first justice said, "You do understand that this law is unconstitutional," and that's not a question here, because all of the testimony was given in their transcripts, and the State didn't really answer that question. They kind of, I guess, sloughed over it.

The second justice turned around and said, "And you're not prosecuting anyone under this unconstitutional law, are you?" And they said, "Well, actually everybody is obeying the law." And there was a big chuckle in the audience that people were obeying an unconstitutional law.

The result of that was-- Well, actually the State has been threatening people with \$50,000 a day fines if they obey -- or don't obey the unconstitutional law.

Justice Garth gave the best comment, I thought, of the day. He turned around and he said, "And you do understand that a defense for violating this law is that the law is unconstitutional?" He didn't talk about two years from now. He didn't talk about a year from now. He talked about today. The law is unconstitutional.

My friends, colleagues sitting up there, the law is unconstitutional. There is no flow control in New Jersey. The comments were made that when *Brown vs. Board of Education* came into being, it came into being on that day, that the law regarding busing and segregation was unconstitutional and the State should make haste in correcting that, not two years. Two years is an unreasonable period, for one thing, and as far as I'm concerned, it's wrong.

The State tried to do exactly what you're doing, to try and say, "Well, we have these various facilities in place that have cost the State a lot of money. And they have this debt out there." It's like saying, "Yeah, slavery is unconstitutional, but we can't afford to do away with it. We can't afford to lose the slaves on our plantations." That's exactly what the analogy is.

So what I'm telling you is, we do not have flow control in New Jersey. It's gone. I believe within the next few weeks -- because even though my learned colleagues down there, who are members of the bar said, "Usually the appeals court will take about 60 days to render a decision," what I heard was that that appeals court is looking at coming back within 60 days, remanding it back to Judge Irenas, to specifically say which of New Jersey's statutes are unconstitutional. That was a little bit of fluff they threw in there. And one of the justices said that he would say 90 days is like what the State should have on making the law unconstitutional.

However, it's still unconstitutional. The defense is it's unconstitutional. As a mayor of my community, I'm out for bids right now on out-of-state disposal of my garbage in Northvale. So I just wanted that on the record.

I have informed the Bergen County Utilities Authority of that. I've informed the freeholders of that. In fact, one of my fellow mayors in Bergen County was with me last night at the freeholder board. The director of the freeholder board said that I don't blame you. If I were--

ASSEMBLYMAN GIBSON: All right. Thank you, Assemblyman Rooney. Do you have anything else on A-50? We're taking a hearing on A-50.

We appreciate your interpretation on what the three judges may have said and sharing that with the Committee. Do you have anything else on A-50?

ASSEMBLYMAN ROONEY: Yes, on A-50, I want to also add one thing. You have a letter of endorsement from the Bergen County Utilities Authority on A-50. I'm here to tell you that letter of endorsement is not authorized by the Bergen County Utility Authority. I went to that Authority and asked the Commissioners if they authorized it. They said they didn't.

There will be another letter rescinding that, and it's going--

ASSEMBLYMAN GIBSON: We'll receive that letter. Thank you.

ASSEMBLYMAN ROONEY: Okay. I just wanted to inform you.

And then, also, as far as A-50 and how it's taking care of the debt, or any of my bills to take care of the debt: Somebody asked, "Well, how do you make it fair for those counties that don't have a debt?" One of the things I would suggest is that if we go with a statewide approach to paying off the debt -- and I think that was a comment of yours in the *Times*, that you were looking at that as a possibility.

ASSEMBLYMAN GIBSON: Well, I think it was incorrect, the comment.

ASSEMBLYMAN ROONEY: Well, I would suggest that that may be a possibility to look at, its fairness, if we do not have counties that do not have debt or counties that have incinerators, where they are doing the right thing and disposing of it within the State. It could be well served if we looked at not assessing -- if we had a statewide tax on garbage to take care of the debt, we could say that those facilities, such as Burlington County, Atlantic County are the ones that have the landfills, that are at low cost, that they be exempt

from the tax, therefore, allowing them to stay at the same price. And the incinerators be exempt from the tax, therefore, allowing them to be more competitive.

If you took a \$10 or \$15 per ton tax, statewide on garbage, to pay off the debt and allow the incinerators, since they are in the State -- a statewide solution -- to be exempt, to drop the rate or equalize the rate to the tune of \$15-- I would suggest that you look at that.

ASSEMBLYMAN GIBSON: Wouldn't that be an amendment to your package of bills? Wouldn't that be the appropriate vehicle for that?

ASSEMBLYMAN ROONEY: Assemblyman Gibson, you said at one time you would consider all of the bills as one package, and I take you at your word that you would look at A-50, A-86 through A-89, and I guess Kramer's bill, and now, Assemblywoman Myers' bills as a package and have a Committee substitute.

I'm only suggesting that that's--

ASSEMBLYMAN GIBSON: Through that vehicle. All right, thank you.

ASSEMBLYMAN ROONEY: Thank you.

ASSEMBLYMAN GIBSON: Mr. Dobbie.

RICHARD DOBBIE: Good afternoon, Chairman, members of the Committee. My name is Rick Dobbie. I'm the President of the Atlantic County Utilities Authority, and today I'm here as the Chairman of the New Jersey Association of Environmental Authorities, AEA, Solid Waste Committee.

The Committee represents the majority of the authorities -- environmental authorities -- in the State that handle solid waste. We, obviously, have been involved in this debate and discussion for quite a long period of time.

There are pollution control authorities, there are improvement authorities, and there are utilities authorities who are members of our organization and our committee. Outside of that, there are counties that operate solid waste facilities -- this is known to most of you -- on their own out of their county budgets, properly, as a department or as a utility, and also it's done in some counties as a private sector contract.

The point that I'm trying to make is that we support A-50 as a responsive piece of legislation that is permissive in allowing each county, who, going back 15 or 20 years, designed very separate and unique systems when waste flow was permitted, and many counties designed their systems -- financed their systems -- with waste flow in mind.

As the Assemblyman just made clear, waste flow is on its way out. We know that. We commend the sponsor, the Chairman, for moving quickly, and the members of the Committee on this bill. It is permissive in that it allows each county and authority -- each county actually, not the authority -- the county government, the boards of freeholders, to decide which part of this menu they wish to continue and which part of this menu they wish not to continue and leaves it as a policy decision at the local level, but does not tie their hands on how they work through this very difficult decision.

One of the previous speakers talked about Camden County. Atlantic County is next door. Our set of issues are entirely different, and we

are not an incinerator authority or an incinerator county, but we have similar issues.

Our tipping fee is \$120, for a whole host of different reasons. We are required to ship our waste out of state. We are not permitted to have an in-county landfill that is very inexpensive. We have a Cadillac recycling program which we run. We collect from every home and business in the county -- us, the authority, in our tipping fee. A \$120 tipping fee in South Jersey is pretty high, but it is not reacted to too poorly by our municipal governments because they have no direct cost for recycling. It's paid through the tipping fees.

So the circumstances in each county are very different, and we have worked very closely with the Chairman and the staff, as this bill has developed. The most important thing is time. I think the one message that came from Assemblyman Rooney is that the three judges in Philadelphia are going to render a decision soon, and we're not likely to have a year and a half to reorganize this system, and we appreciate the Committee's time, and staff, and the Chairman's time in moving this forward quickly.

We have, on a continuing basis, and we will offer amendments that reflect different parts of our committee's interest. But we commend you, again, for moving quickly. This is a crisis looming on the horizon if it's not resolved in the Legislature. This Committee has taken the lead, and we really appreciate that. It is not perfect for everybody. We've heard the extremes. We discussed this just yesterday, as a group, in South Jersey. This is the middle ground between chaos and the State taking over the financial responsibility of this whole system, which is very unlikely to happen.

I think most counties and authorities would-- I think that's the ideal. That's very unlikely to happen, and we would be foolish to think that and to hold out hope for that. We need quick-- We need a blueprint to move into the transition that's necessary, just as the Legislature and the Board of Public Utilities are trying to work through the transition of the deregulation of the electric industry and taking years to do that. We don't have years. We have, literally, months and some authorities have weeks to know what the system is going to be in the future, and we commend, again, your efforts to move forward on this, and we'll continue to work with the Committee and the Chairman and the staff as it moves forward.

ASSEMBLYMAN GIBSON: Thank you for those comments.

I don't know that there is anyone else that signed up to testify. I'll give one opportunity to anybody else in the audience. (no response)

All right. I'll recess the hearing until the next Committee meeting.

(MEETING CONCLUDED)