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# ***Committee Meeting***

of

## ASSEMBLY SOLID AND HAZARDOUS WASTE COMMITTEE

ASSEMBLY BILL Nos. 515, 516, 517,  
518, 519 (ACSs) and 1167

*(Discussion on proposed committee substitutes  
relating to solid waste management and disposal)*

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

**DATE:** June 4, 1998  
2:00 p.m.

### **MEMBERS OF COMMITTEE PRESENT:**

Assemblyman John E. Rooney, Chair  
Assemblyman Peter J. Biondi, Vice-Chair  
Assemblyman Larry Chatzidakis  
Assemblyman Melvin Cottrell  
Assemblywoman Connie Myers  
Assemblyman LeRoy J. Jones Jr.  
Assemblyman Alfred E. Steele



### **ALSO PRESENT:**

Algis P. Matisoska  
Leonard J. Colner  
*Office of Legislative Services  
Committee Aides*

Thea M. Sheridan  
*Assembly Majority  
Committee Aide*

Yolette Ross  
*Assembly Democratic  
Committee Aide*

***Meeting Recorded and Transcribed by***  
The Office of Legislative Services, Public Information Office,  
Hearing Unit, State House Annex, PO 068, Trenton, New Jersey

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## TABLE OF CONTENTS

	<u>Page</u>
Assemblyman John C. Gibson District 1	1
Dirk C. Hoffman Executive Director New Jersey Environmental Infrastructure Trust New Jersey Department of Environmental Protection	2
Gary Sondermeyer Assistant Commissioner Environmental Regulation New Jersey Department of Environmental Protection	14
David M. Mortimer Assistant Treasurer New Jersey Department of the Treasury	17
Theodore A. Schwartz, Esq. Counsel Ocean County Landfill, Inc.	51
Sue Murphy Ostergaard New Jersey Legislative Representative The Port Authority of New York and New Jersey	51
James L. Jailer Resource Recovery Unit Department of Economic Development The Port Authority of New York and New Jersey	55
David Pringle Campaign Director New Jersey Environmental Federation, and Representing Reclaim	59
Raymond E. Makul Financial Consultant New Jersey Environmental Federation	60

## TABLE OF CONTENTS (continued)

	<b><u>Page</u></b>
Jane Nogaki Pesticide Program Coordinator New Jersey Environmental Federation	66
Sharon Finelson Board Chair New Jersey Environmental Federation	66
Robert Carson Cochair Concerned Citizens of Union County	70
lmb: 1-106	

**ASSEMBLYMAN JOHN E. ROONEY (Chairman):** I will now start the Committee Meeting at this time.

I need a roll call vote, please.

MR. MATIOSKA (Committee Aide): Roll call.

Assemblyman Steele?

ASSEMBLYMAN STEELE: Here.

MR. MATIOSKA: Assemblyman Jones?

ASSEMBLYMAN JONES: Present.

MR. MATIOSKA: Assemblywoman Myers?

ASSEMBLYWOMAN MYERS: Yes.

MR. MATIOSKA: Assemblyman Cottrell?

ASSEMBLYMAN COTTRELL: Here.

MR. MATIOSKA: Assemblyman Chatzidakis?

ASSEMBLYMAN CHATZIDAKIS: Yes.

MR. MATIOSKA: Assemblyman Biondi?

ASSEMBLYMAN BIONDI: Here.

MR. MATIOSKA: Assemblyman Rooney?

ASSEMBLYMAN ROONEY: Yes.

Okay. The first bill, as I said, will be the Environmental Infrastructure Trust Fund bill.

We'll start with Assemblyman Gibson, who's here.

**A S S E M B L Y M A N J O H N C. G I B S O N:** Thank you, Mr. Chairman.

This is one bill of a package of bills -- appropriates \$50 million to the Water Supply Fund. It's a follow-up of legislation that the voters approved

last year, the environmental infrastructure package. It's ready to do its work in helping out a lot of environmental projects. I certainly am here to give it my blessings, and thank you for your consideration.

ASSEMBLYMAN ROONEY: That's it?

ASSEMBLYMAN GIBSON: That's it.

ASSEMBLYMAN ROONEY: Okay, thank you, Jack.

All right. We do have someone from-- Yes, Dirk Hoffman now, New Jersey Environmental Infrastructure Trust, speaking on all the bills.

**DIRK C. HOFFMAN:** All right. Mr. Chairman, members of the Committee: Basically, this is our annual foray before you in order to get approval to proceed in our financing program. The only difference this year from prior years is that last year you changed our name from Wastewater Treatment Trust to the Environmental Infrastructure Trust, and this year we're doing Water Supply. Other than that, it's the same -- same kind of a program.

ASSEMBLYMAN ROONEY: Thank you very much.

So we'll continue with the bills. We might as well just go in order of the bills themselves, A-2089-- Since there's no one else to testify on those bills, we're going to just take them in order -- hearing no objections and no questions from the Committee or comments.

Mr. Biondi, you're one of the prime sponsors on A-2090, if you have anything that you'd like to add at this time--

ASSEMBLYMAN BIONDI: If I don't have to, let's just move it to the clean water and drinking water funding projects.

ASSEMBLYMAN ROONEY: Right.

Do I have a motion on A-2089, please, as amended?

MR. MATIOSKA: We have committee amendments on it.

ASSEMBLYMAN ROONEY: There's committee amendments, so as amended.

I have a motion and a second.

Roll call, please, A-2089, as amended.

MR. MATIOSKA: Roll call on A-2089 with committee amendments.

Assemblyman Steele?

ASSEMBLYMAN STEELE: Yes.

MR. MATIOSKA: Assemblyman Jones?

ASSEMBLYMAN JONES: Yes.

MR. MATIOSKA: Assemblywoman Myers?

ASSEMBLYWOMAN MYERS: Yes.

MR. MATIOSKA: Assemblyman Cottrell?

ASSEMBLYMAN COTTRELL: Yes.

MR. MATIOSKA: Assemblyman Chatzidakis?

ASSEMBLYMAN CHATZIDAKIS: Yes.

MR. MATIOSKA: Assemblyman Biondi?

ASSEMBLYMAN BIONDI: Yes.

MR. MATIOSKA: Assemblyman Rooney?

ASSEMBLYMAN ROONEY: Yes.

Okay. Assembly Bill No. 2090: do I have a motion and a second, as amended? (affirmative responses)

Roll call, please.

MR. MATIOSKA: Assembly Bill No. 2090 with Assembly committee amendments.

Assemblyman Steele?

ASSEMBLYMAN STEELE: Yes.

MR. MATIOSKA: Assemblyman Jones?

ASSEMBLYMAN JONES: Yes.

MR. MATIOSKA: Assemblywoman Myers?

ASSEMBLYWOMAN MYERS: Yes.

MR. MATIOSKA: Assemblyman Cottrell?

ASSEMBLYMAN COTTRELL: Yes.

MR. MATIOSKA: Assemblyman Chatzidakis?

ASSEMBLYMAN CHATZIDAKIS: Yes.

MR. MATIOSKA: Assemblyman Biondi?

ASSEMBLYMAN BIONDI: Yes.

MR. MATIOSKA: Assemblyman Rooney?

ASSEMBLYMAN ROONEY: Yes.

Assembly Bill No. 2091: do I have a motion? Second?

(affirmative responses)

Roll call, please, as amended.

MR. COLNER (Committee Aide): Vote on A-2091. There's no amendments.

ASSEMBLYMAN ROONEY: No amendments. Okay.

MR. COLNER: As introduced.

ASSEMBLYMAN ROONEY: As introduced.

MR. COLNER: Assemblyman Steele?

ASSEMBLYMAN STEELE: Yes.

MR. COLNER: Assemblyman Jones?

ASSEMBLYMAN JONES: Yes.

MR. COLNER: Assemblywoman Myers?

ASSEMBLYWOMAN MYERS: Yes.

MR. COLNER: Assemblyman Cottrell?

ASSEMBLYMAN COTTRELL: Yes.

MR. COLNER: Assemblyman Chatzidakis?

ASSEMBLYMAN CHATZIDAKIS: Yes.

MR. COLNER: Assemblyman Biondi?

ASSEMBLYMAN BIONDI: Yes.

MR. COLNER: Assemblyman Rooney?

ASSEMBLYMAN ROONEY: Yes.

Assembly Bill No. 2092, Corodemus-Smith.

Any amendments?

MR. COLNER: No.

ASSEMBLYMAN ROONEY: As introduced. Do I have a motion?

Second? (affirmative responses)

Roll call, please.

MR. COLNER: Vote on A-2092.

Assemblyman Steele?

ASSEMBLYMAN STEELE: Yes.

MR. COLNER: Assemblyman Jones?

ASSEMBLYMAN JONES: Yes.

MR. COLNER: Assemblywoman Myers?

ASSEMBLYWOMAN MYERS: Yes.

MR. COLNER: Assemblyman Cottrell?

ASSEMBLYMAN COTTRELL: Yes.

MR. COLNER: Assemblyman Chatzidakis?

ASSEMBLYMAN CHATZIDAKIS: Yes.

MR. COLNER: Assemblyman Biondi?

ASSEMBLYMAN BIONDI: Yes.

MR. COLNER: Assemblyman Rooney?

ASSEMBLYMAN ROONEY: Yes.

That completes the Wastewater Trust.

MR. MATIOSKA: No, sorry. Assembly Concurrent Resolution  
No. 98.

ASSEMBLYMAN ROONEY: Oh, ACR-98, and this approves the  
Fiscal 1999 financial plan for the New Jersey Environmental Infrastructure  
Trust.

Do I have a motion? Second? (affirmative responses)

Roll call.

MR. COLNER: Assembly Concurrent Resolution No. 98 as  
referred to Committee.

Assemblyman Steele?

ASSEMBLYMAN STEELE: Yes.

MR. COLNER: Assemblyman Jones?

ASSEMBLYMAN JONES: Yes.

MR. COLNER: Assemblywoman Myers?

ASSEMBLYWOMAN MYERS: Yes.

MR. COLNER: Assemblyman Cottrell?

ASSEMBLYMAN COTTRELL: Yes.

MR. COLNER: Assemblyman Chatzidakis?

ASSEMBLYMAN CHATZIDAKIS: Yes.

MR. COLNER: Assemblyman Biondi?

ASSEMBLYMAN BIONDI: Yes.

MR. COLNER: Assemblyman Rooney?

ASSEMBLYMAN ROONEY: Yes.

Okay. We now have Assembly Resolution No. 26. This is a resolution that I had put in. I'm going to read the statement on it. And basically, it says, "Recently, General Electric Company has benefitted from a significant State subsidy for its operations of MS-NBC in Secaucus and C-NBC in Fort Lee. These subsidies consisted of the New Jersey Economic Development Authority issuing 167,500,000 in taxable bonds for the purchase and leasing of equipment and leasehold improvements. The General Electric Company is also to receive \$2.9 million in State aid under the Business Employment Incentive Program. General Electric has received these benefits despite the fact that they have failed to clean up dozens of hazardous waste sites around the state which they have created and even though they are responsible for the significant degradation of many of the state's waterways.

"At the same time General Electric was receiving these benefits, they were in the process of engaging in legal maneuvers designed to deny their liability for contaminating a building on Grant Street in Hoboken with mercury. Instead of taking responsibility for their actions, the General Electric Company has instead sought to place liability on the residential tenants of the

building -- persons who did not discharge the mercury and had no reason to know that it was there when they acquired their properties.

“Because of poor environmental record of the General Electric Company, this resolution expresses the disapproval of the General Assembly of the State of New Jersey in granting State business incentives to irresponsible corporate polluters such as General Electric.”

I have some information to pass out. This came to my attention through some friends that were involved in this Hoboken site. They actually condoed the building. It was an old loft building, and it was sold to them as a condo operation. And they were a group of artists, 17 families, that moved into the building. You may have seen the headlines in the paper. They were there for a year, and they started getting sick. They went to their doctors, and they were found to have mercury in their blood and in their urine. These people were immediately taken out -- much to the credit of the Federal EPA -- were taken out of the building and put in temporary housing. They've been in temporary housing for almost three years.

EPA has declared the building a Superfund site. And instead of going along with the situation and helping the residents, GE has fought them at every turn and blamed the residents for this. The residents had hired engineers -- environmental engineers -- and got no bad reports. They've done due diligence on every aspect of this. They went to the local Board of Health, they went to the local boards -- everything -- and they were never told what the building contained -- what it originally contained. So they did everything that they should have done, and now they're involved in these continuing lawsuits.

We have introduced legislation at, I guess, it was a couple of meetings ago that would make sure that in the future this doesn't happen. It would license people who were involved in environmental cleanup -- not cleanup, but investigations -- and it would also try to prevent something like this from happening by listing the buildings. It would also look at indoor air pollution and what could result.

So what we're saying is that when we look at this-- I believe Ray Cantor had come up with a report, a former aide to the Committee -- had come up with a report that GE alone has 23 contaminated sites in this state that they virtually walked away from. I have information here from other sources. There's a Council-- Yes, this one. (referring to papers) Council on Economic Priorities, and they list in it -- I think it's 85 Superfund sites. They cite GE as the worst polluter in the United States and, also, in New Jersey. Here's a company that we're giving \$137 million in loans to and millions of dollars in grants. I think it's wrong. I really believe it's wrong, and they should be taken to task.

I hope the Committee will vote for this resolution, and they should feel as outraged as I do that something like this could happen in this day and age. What I want to do as part of this Committee agenda is-- We do have a task of hazardous waste. There are the GE 23 sites. There's a Toms River site that we have to look at. There's also right now the Hudson River, which has been polluted again by GE, and the EPA has delayed the analysis of the Hudson River and the possible cleanup of that to the year 2002, I believe. I would like to take this Committee on the road, and this is something that the

Speaker has said that he's in favor of, and start looking at the issues in this state that are still left open.

I'd like to start with a meeting at the Alpine Boat Basin and start looking at the PCB and why isn't the EPA doing their best to clean that up or at least get started on it. We can't have this pollution staring us in the face forever. We have to start cleaning it up, so I think this is a start of it. I would appreciate the Committee's favorable vote on this. It's a resolution. It's not a bill, but it does express the outrage of this Committee and, basically, this state that this should happen to people, to residents of our state, that residents should be left swinging in the wind.

I spoke to this one fellow that I know very well who was living in this building. In fact, the testimony at this meeting -- the audience couldn't see it, but when he started testifying, he actually came -- broke down in tears because his son was born just before they moved into this building and for the first year of his life lived in the building, and he's experiencing now the fact that he has mercury in his blood and still in his urine. So these are the kind of things that people are living with.

If you read some of the things, the chairman of GE said, "There's nothing wrong with PCBs." It actually says it. Get these articles -- "There's nothing wrong with PCBs." Well, I'd like to tell Mr. Welsh (phonetic spelling) that we'll take a whole ton of PCBs and pour onto his lawn and see how he likes it because that's the feeling that I get. This is an irresponsible company, and we don't need them in New Jersey. We don't need to encourage them in New Jersey. So I'm outraged, and I hope the rest of the Committee is.

So having said that-- I don't see anybody else to testify on the bill -- or on the resolution. So I'd ask for a motion, if you please?

ASSEMBLYMAN COTTRELL: Mr. Chairman?

ASSEMBLYMAN ROONEY: Yes.

ASSEMBLYMAN COTTRELL: I've met these people, too, and it's an outrage. And I certainly support your resolution, and I'll move it.

ASSEMBLYMAN ROONEY: Thank you very much, Assemblyman.

ASSEMBLYMAN BIONDI: Mr. Chairman, while I respect the employment opportunities provided, I don't think we can allow a company to operate in this manner in New Jersey or any other state in this country with this kind of disregard for health, safety, and welfare. I will second the motion.

ASSEMBLYMAN ROONEY: Thank you very much.

There's an interesting side to this is that at a recent board meeting a nun who owns stock in GE came up and expressed her concern, and she was told that she didn't know what she was talking about. It was really an insult to not only to the person, but to the cloth, and the disrespect that was shown to her was absolutely unbelievable.

So I appreciate the motion and the second.

Could I have a roll call, please.

MR. COLNER: Assemblyman Steele?

ASSEMBLYMAN STEELE: Yes, absolutely.

MR. COLNER: Assemblyman Jones?

ASSEMBLYMAN ROONEY: LeRoy, you probably have a site in Newark. In fact, you do have a site in Newark that's been abandoned by GE that has mercury in it.

ASSEMBLYMAN JONES: I just want to know this nun who owns stock that took this vow. (laughter)

ASSEMBLYMAN ROONEY: I don't own any stock in GE; although the State may.

ASSEMBLYMAN JONES: Yes, absolutely.

ASSEMBLYMAN ROONEY: Thank you.

MR. COLNER: Assemblywoman Myers?

ASSEMBLYWOMAN MYERS: Yes.

MR. COLNER: Assemblyman Cottrell?

ASSEMBLYMAN COTTRELL: Yes.

MR. COLNER: Assemblyman Chatzidakis?

ASSEMBLYMAN CHATZIDAKIS: Yes.

MR. COLNER: Assemblyman Biondi?

ASSEMBLYMAN BIONDI: Yes.

MR. COLNER: Assemblyman Rooney?

ASSEMBLYMAN ROONEY: Yes.

I wish all my bills could have that favorable a vote. (laughter) I'll have to remember that because it may be the last time, I guess. (laughter)

We'll start with A-1167.

At least I still have my sense of humor.

Assembly Bill No. 1167, which is what we heard the public hearing on.

Assemblywoman Myers?

ASSEMBLYWOMAN MYERS: Move the bill, please.

ASSEMBLYMAN ROONEY: Well, we've had all the tests for it,  
she's right.

Second?

ASSEMBLYMAN CHATZIDAKIS: Second.

ASSEMBLYMAN ROONEY: Roll call, please.

Do we have any amendments?

MR. COLNER: It's a committee substitute.

ASSEMBLYMAN ROONEY: Committee substitute for the bill.

Roll call, please.

MR. COLNER: Assemblyman Steele?

ASSEMBLYMAN STEELE: Yes.

MR. COLNER: Assemblyman Jones?

ASSEMBLYMAN JONES: Yes.

MR. COLNER: Assemblywoman Myers?

ASSEMBLYWOMAN MYERS: Yes.

MR. COLNER: Assemblyman Cottrell?

ASSEMBLYMAN COTTRELL: Yes.

MR. COLNER: Assemblyman Chatzidakis?

ASSEMBLYMAN CHATZIDAKIS: Yes.

MR. COLNER: Assemblyman Biondi?

ASSEMBLYMAN BIONDI: Yes.

MR. COLNER: Assemblyman Rooney?

ASSEMBLYMAN ROONEY: Yes.

And now we are at that point in time. Okay. And we'll start with A-519.

We got the easy stuff out of the way, right.

Gary Sondermeyer from DEP.

We're talking about A-519, but you can talk about the whole package. And I understand you want to talk about your package, which, I guess, I had a preview on Monday. Have you changed anything since we spoke?

**ASST. COMMISSIONER GARY SONDERMEYER:**

No.

ASSEMBLYMAN ROONEY: Still not acceptable, Gary.

For the record, who's sitting next to you?

ASST. COMMISSIONER SONDERMEYER: I will address that, if I may, in my testimony.

ASSEMBLYMAN ROONEY: Good.

ASST. COMMISSIONER SONDERMEYER: Shall I begin?

ASSEMBLYMAN ROONEY: Absolutely. Anytime you'd like.

ASST. COMMISSIONER SONDERMEYER: Thank you.

Good afternoon, Mr. Chairman, and distinguished Committee members. I am Gary Sondermeyer, Assistant Commissioner of Environmental Regulation for the Department of Environmental Protection. Thank you for the opportunity to present testimony before you today regarding solid waste legislation.

As you may recall, I testified before this distinguished body on February 26, 1998. Among other things, I indicated at that time that the DEP

had been working with its sister agencies, the Department of Community Affairs and Department of Treasury, toward consensus on components of a statewide legislative solution to the issue of deregulation following court decisions handed down over the past year. I also indicated that the respective agencies wish to work with the Legislature on a comprehensive and equitable solution to the pending solid waste problem. The administration has put together a comprehensive legislative proposal that will allow the State to assist the counties and county authorities in charging competitive market rates for solid waste disposal on an ongoing basis. This afternoon Associate Deputy Treasurer Dave Mortimer and I will provide a brief overview of this legislative proposal for your consideration.

Governor Whitman has also asked us to use this opportunity to address Chairman Rooney's May 14, 1998 letter asking the executive branch of the State government to provide the Committee with comments on any administrative proposal for legislative and State assistance.

This afternoon I will begin to outline the administration proposal and focus upon the basic constructs of an ongoing solid waste planning system for the state. Associate Deputy Treasurer Mortimer will then outline the substantial financial elements of the administration proposal, which represents an ongoing partnership between the counties, authorities, and State in managing solid waste and funding the debt associated with our historic solid waste system.

As I indicated in my February testimony, the administration continues to believe that the county planning process should remain the cornerstone of our comprehensive solid waste management system. We

continue to share the goal expressed by many legislators that any county-run solid waste facility needs to be operated on a competitive basis, and municipalities should have some freedom of choice in disposal of their residents' solid waste.

Yet, we should not lose sight of the significant environmental improvements that the existing system has produced and ensure that these accomplishments are not compromised. In this regard, our proposal has as its foundation that counties retain the ability to coordinate planning efforts on behalf of their constituent municipalities. The administration's proposal seeks to provide counties with broad flexibility as to the fundamental planning approach utilized. This is consistent with the fact that each of the 22 solid waste districts have implemented unique solid waste systems. Providing counties with flexible planning options allows for the greatest level of efficiency based upon the conditions emanating from each district's historic planning process.

We have identified six different strategies which county freeholder boards may employ, which include:

1. Allowing municipalities to enter contracts with counties for use of county facilities on a voluntary basis.
2. Nondiscriminatory procurement of solid waste services where a county can demonstrate to the State that its existing or future system was procured without discrimination against out-of-state companies.
3. Imposition of an environmental investment charge on either a direct assessment basis or mandatory in-district weighing basis or through interdistrict agreements for weighing outside the county of waste generation.

4. Assessing a county line-item revenue assessment which sets out solid waste charges in the form of a line item in the county tax base.

5. A county flat-fee assessment where private sector hauling companies collect the State-approved assessment upon all generators toward retirement of system debt.

6. And finally, an oversight strategy in situations where counties have little or no outstanding debt and seek to allow municipalities to enter the free market for solid waste collection and disposal. Under this strategy, counties essentially serve in a monitoring role to simply ensure that suitable capacity is available for each of its constituent municipalities.

With this short background on a flexible county-based approach, Associate Deputy Treasurer Dave Mortimer will provide a brief overview of the significant financial elements of the administration proposal.

**ASST. TREASURER DAVID M. MORTIMER:** Good afternoon, Mr. Chairman, members of the Committee. I'd like to give you a little more detail about the six areas that Assistant Commissioner discussed earlier.

The proposal that is mentioned will allow the State to assist the county or the county authorities to charge competitive market rates for the disposal of solid waste. The legislation proposal will allow the following. First of all, it will clarify the county's authority to charge an environmental investment charge. This charge would be limited to the payment of debt service and not the cost of operations and management. What it also does is authorize the forgiveness of the existing \$122 million in State loans under the Resource Recovery and Solid Waste Disposal Facility Bond Act and allow the

remaining \$46 million to be given out as grants. This action will require approval of the voters at the November 1998 general elections.

It will also authorize the State to carry forward the \$20 million of FY '98 State appropriations and an additional appropriation of \$20 million in FY '99. Further, it authorizes the State to refinance the existing debt of counties or county authorities to the New Jersey Environmental Infrastructure Trust. And what it also proposes is that the present solid waste service tax be eliminated and that the reinstatement of the recycling tax at \$1.25 per ton, which was \$1.50 before it expired, be reinstated.

The bond structure of the State refinancing of existing debt is planned as follows: security for the bonds will be a State appropriations credit. An EIC flat-fee or property tax assessment may be directly pledged or simply used to secure the State. Second, the debt service reserve funds of the refunded bonds, which are estimated at approximately \$120 million, will be used to pay down a portion of the current existing debt. Since the refunding bonds will be the State appropriations credit, no reserve funds will be necessary. The refunding bonds will be structured at level debt, and where appropriate, the amortization of the existing debt may be extended up to five years beyond the term of the refunded debt.

In summary, the State's proposal will provide \$328 million to pay down the debt prior to refinancing. And that's constructed of the \$40 million in General Fund appropriations, the \$46 million of remaining monies from the bond acts, \$122 million in forgiveness of the existing State loans, and the State refinancing which will allow the release of the local debt service reserve funds totaling another \$120 million. So again that's \$328 million of State

contribution to paying down the debts. In addition, the State will provide annual subsidies for the debt service if necessary to allow that counties achieve a competitive market rate structure. This program provides 100 percent securitization of the counties' solid waste debt problem for the participating counties and a significant State contribution to initially paying down outstanding debt with future State contributions, if necessary, to keep the counties competitive.

At this time, I think that the Assistant Commissioner and I would be happy to answer questions.

ASSEMBLYMAN ROONEY: I would ask the same questions I asked you the other day, and that question starts off with the EICs. How do you intend to have the EICs paid?

ASST. COMMISSIONER SONDERMEYER: In terms of the structure of the proposal, either through direct assessment, which would be mailing to municipalities and/or to commercial customers, or through mandatory in-district weighing, which a couple of the counties have employed over the past six months or so. So it's optional in terms of how it would be paid.

ASSEMBLYMAN ROONEY: All right. The one problem I had was exactly what you said, "mandatory in-district weighing." I've been told on a county-by-county basis that it may be unconstitutional because you're basically directing waste flow again. And if you're interfering with basically commerce -- interstate commerce -- by saying that you must take your waste here, then you will have a constitutional problem, Gary, and this is what I've just found out in the last day or so.

In Cape May County, I understand that there is only one road that goes in and out of the county, so they're on the road. So they could probably justify the fact that they're not diverting the waste flow. So that's-- I'm being reminded that the regulations were for six months because they felt that they were unenforceable and unconstitutional. So that's part of my concern when you're talking about mandatory weighing.

The other thing is that when you're assessing, and we talked about this-- You have 141 municipalities in the state that do not do anything regarding their garbage. They tell their residents go out and contract with some independent contractor, and that's it. In the cases that I've seen with the EICs being applied now, particularly in my county where, originally, it was a \$29 fee, you would go into towns like Teaneck, Old Tappan, Norwood, several other towns, and you tell them, "You have to add \$29 a ton." And the municipality's response was, "Ton of what?" because we never collected garbage in those towns. Therefore, how do you now tell these towns to add this to their budget? And what you're talking about is property tax increase. In those 141 municipalities, it's going to be a whopping property tax increase by telling them that they have to collect that charge.

In the remainder of those counties, the 522 other municipalities, they have never collected commercial or industrial garbage, and the counties are going out and telling them that-- I have the statement exactly in the Bergen County example. When they sent it to Northvale, they said, "Since we cannot and have no method of collecting from the commercial and industrial generators of trash in your town, therefore, you have to collect the EIC for those towns." And again I would have to put-- They told me in my town, and

I gave you this example on Monday, that I generate as a municipality only 2000 tons of garbage a year -- little bitty town, Northvale -- and my commercial, industrial guys generate 3000 tons a year. So I would have to put that money in my budget. What does that equal? Property tax increase on a municipal level.

So what you've done and what the counties are trying to do is tell the municipalities, "Hey, guys, you can go raise taxes. We don't even have to deal with it. You go collect those taxes, and you look like fools to your residents by saying you're going to increase the taxes to pay these EICs." And I've told you, this is my problem with the EICs. There's no way in hell that I will ever put up a bill in this Committee, as long as I'm Chairman, that says that I'm going to tell the municipalities to raise property taxes.

Now, when you're going to-- And you mentioned that you may do that through the county assessing that and sending bills. They're not going to send a bill to the municipality because I ain't going to pay it. I've also got the opinion here that you don't have the authority to do it under present law, and it says, "The legality of EICs is currently in litigation." This is from OLS. "We cannot say conclusively that the statutes authorize such charges; therefore, a statute would be necessary to explicitly authorize the imposition of the fees to ensure that the various authorities would not be ordered by the court to provide refunds in the events that they were found to be illegally imposed." And that's what you actually are facing. Should the courts in these decisions find that they're illegal, which I think they've got pretty good rights to do, these counties may have to refund those EICs that have already been collected.

So I've been very honest and up front with you. I've told you my concerns with this, and EICs are the biggest problem I have. I've tried to put forth a fair system that doesn't have one county add a \$26 fee and another one at \$78 fee, another one at 0, another one at 19, and we have all kinds of problems.

In Burlington County alone, I heard that with their \$30 EIC right now they're getting very little garbage. They are losing garbage on a very, very high rate. This is exactly what happened under the old system when you had certain counties at \$49 a ton, some at \$50 a ton, and you had others at \$102 to \$131. In Mr. Biondi's county, you had a situation where you created an environment that diversion would put monies in the pockets of some bright entrepreneurs. I'll use that word for the lack of a better word.

I know one example in my own county that I believe that this facility in the 10 years since 1988, when the prices went up drastically -- this particular individual probably made between \$10 million and \$15 million a year in diversion. With uneven rates in different counties, you're going to create the same thing. You're going to make it profitable for somebody to divert garbage. So I've got a real problem with it. I know you're saying that it might be separate, but right now the EICs, and this is the only thing we have to example -- are included in those rates.

So I've said what I've had to say. I've tried to promote a fair system either-- And I've always been told down here, and I've been here since '83, that when you have something to pay for, you should always look for a way to fund it. When you have an appropriation, you should always look for some funding mechanism. I propose 6 percent. Senator McNamara is talking

about 3 percent. The other alternative is completely through the budget process, and that may be one of the alternatives that we look at today.

One other thing I'll say right now. I'm under a lot of pressure to get this out because I've heard from all of the press telling me that they need-- When they talked to the Appropriations Committee, that the Appropriations Committee is saying they can't proceed with their work until they find out what we're doing because they have to know how much they have to put in the budget for the solid waste problem that we have. So I would like to see a solution today, and I wish that you could have worked within the framework of what we have.

But be that as it may, I'm looking at-- You've got bond issues that have to go on the ballot. You're talking about two, three years down the road, maybe, we'll be looking at a solution. We need something that takes care of Warren County in July, Passaic County in July, where they're looking at defaults. We need not quick fixes, but we've been looking at this problem for almost three years now, so I would like to get on with it.

I believe Assemblyman Cottrell would like to speak next.

ASST. COMMISSIONER SONDERMEYER: Would it be all right if I respond?

ASSEMBLYMAN ROONEY: If you want to respond, absolutely.

ASST. COMMISSIONER SONDERMEYER: Is that all right?

ASSEMBLYMAN ROONEY: Absolutely.

ASST. COMMISSIONER SONDERMEYER: To just some of your points. You certainly have raised many good points, and I'd like to address at least some of them. In terms of--

ASSEMBLYMAN ROONEY: Gary, we had an interesting meeting for a couple of hours, and I appreciate it. And I'll say I appreciate the fact that we've finally have talked face-to-face, and I -- that was missing in the process. It wasn't my fault either. My door is always open.

ASST. COMMISSIONER SONDERMEYER: If I could just address some of your technical points. In terms of the in-district weighing, we certainly have felt that from when that was first put in place as an option that we did have the legal authority to do so. You're absolutely right. The time frame that was placed on that initially was six months, and that was done through emergency rule. And we really did that at that time so that we weren't presupposing any long-term option. We didn't do it because we felt it was unconstitutional. We did it because we wanted to have the time to look at broader solutions really through the legislative process before we locked any kind of a situation like weighing on an ongoing basis.

In terms of the good points that you raised about the different municipalities that have personal collection -- contract collection -- without the benefit of a town collection, and so forth, I think the assessment method -- that's why we wanted to leave it optional in terms of weighing or direct assessment so that each county could balance the most appropriate way to do any form of an EIC assessment that would be workable if they have situations where you have direct contract with some of the towns.

In terms of the overall impact, I think that from this proposal, there is very significant State-level commitment to this problem and to bring rates down, and that in all cases across the board, the net result would be lower rates than what were experienced a year ago.

In terms of EICs, which you did bring up in terms of authority, we've taken the position all along that current legal authority does exist for the imposition of EICs, and we feel that it would be beneficial in statute to clarify that authority, but that the authority does exist. And in terms of time frames, we certainly don't feel that the administration proposal would result in taking years to provide relief. We feel that relief could be provided on an as-needed basis very, very quickly for circumstances of greatest concern, perhaps in Warren County and some other counties that have debt situations that need to be addressed.

Do you want to add to that?

ASST. TREASURER MORTIMER: Yes. Just two thoughts in terms of the property tax issue.

Clearly, citizens in this state are paying in one form or another for their collection, whether it be through a contract hauler that they individually are doing business with or through a municipally contracted hauler, which in turn is being paid for through the municipal tax structure. This proposal provides an ability to pay down \$328 million worth of debt. And in almost every county that has financial difficulties in this matter, debt is a big portion of their problem. So by providing \$328 million of relief, we, in fact, can help the individual home owner, the municipalities to deal with this from a property tax relief point of view.

And clearly from a timing point of view, which is what the Assistant Commissioner just mentioned, one of the reasons this proposal has multiple tools with which to address this problem is because we recognize that each county has a unique situation, not only in terms of the scope and the

nature of the problem, but the timing at which the problem becomes critical. So that from an appropriations point of view, the budget is constructed presently to have monies available as needed for those counties that are facing difficulties in the very, very near future.

Asking for a vote on the part of the public to be able to revert the present loan structures under the bond act grants is something that can take effect at the November election and then very shortly thereafter be available, which will, in fact, provide a quick \$168 million in just a few months to be able to give each of those counties the kind of relief that they need.

So we do believe that this is a property tax relief issue. We do believe it steps up and puts a significant commitment immediately in play, and we do think the timing can, in fact, deliver in such a case that we fulfil the Governor's commitment of making sure that no authority, no county has to face default.

ASSEMBLYMAN ROONEY: I want to go to Assemblyman Cottrell first.

ASSEMBLYMAN COTTRELL: I have a great problem with the plan on one thing, a recycling tax. We have been putting money in recycling tax for years. We only want half of it back. While other towns-- I know a lot about (indiscernible) insurances for years. Other towns have money, didn't put nothing in. Didn't do nothing. Sit there and let us go ahead and do what we had to do concerning our responsibility to recycle. And now you want us to hike up the tax when we took the responsibility to put in a line-item budget to handle all our recyclables. And we've paid in and only want half back. That's not a fair way -- there's no way we should support another tax law.

I'm going to praise a county like Monmouth County. They solved the problem, and they raised it themselves. If I could sell, and a lot of people should be able to sell-- If I had a problem and I had it with the landfill -- you know about that and should know about it-- We raised the money. We took the responsibility to do it. This whole project had to be done. Other people waiting for people to pay it off. Well, let them. As long as I'm on this panel-- (indiscernible) There's no way that I'm going to vote on anything for an increase in something we already taxed the people in three counties I represent -- that we already taxed those people to take care of the problem. It's not fair and I don't want to do it. The same if we vote on a bill--

The state of New York, put money for a reservoir, to put the Pinelands aside, putting the best water in the world in some of the areas of the Pinelands. We don't put no taxes on it.

Talking about property tax, you want land -- prime land to go up? Let's have \$1000 a day for it. Prime land, but they didn't use it. And take townships in the area -- some townships. Half of their property is in the Pinelands. Now we're worried about paying somebody else's bill. I don't mind it if we raise the tax up and took care of the deficit in the Pinelands. Now you want us to raise the tax to take care of another part of the state.

There's nothing in the bill that says how much debt is out there. Nobody has ever given me the same amount twice. Nobody. Nobody agrees on the same amount. We don't even know how much we owe, as far as I've known. They estimate it or presume it.

I will not vote on any bill that has a tax. We're already taxed for the service that we all went and bought the landfill. There's an amendment

here today on the landfill. I took my name off of it because I represent not only the landfill, but I represent the citizens of my district. And that one bill-- It's a good landfill; that landfill is the best in the world, as far as I'm concerned. Seen none no better. (indiscernible)-- is okay, but I represent everyone, the citizens, and they don't want a tax, and I'm not going to be the one that votes on it. I want to vote a law that the recycle -- a must. And I'm very reasonable. Let everybody pay the tax. Everybody who buys a home and pays those taxes themselves.

Now, I can go back and I hear, well, mandatory. It wasn't mandatory. That law passed when we needed to find a way to get rid of our garbage. Put it on the ballot whether you want it or not. In the district I represent, (indiscernible) on the ballot, by the people. And that's who I'm here for. I serve the people. I hope you understand where I'm coming from.

ASST. COMMISSIONER SONDERMEYER: Assemblyman, if I could respond, would that be all right?

ASSEMBLYMAN ROONEY: Go ahead.

ASST. COMMISSIONER SONDERMEYER: Assemblyman, I certainly appreciate the concerns that you're expressing. And as I'm sure you know, New Jersey has attained probably the highest recycling rate in the United States at 60 percent of the total waste stream. And that's taken 10 years to achieve through a mandatory program with dedication from all levels of government and from the private sector. And a very key element in recycling in the state has been the town recycling coordinators. And historically, the recycling fund has helped to fund those positions for those local advocates, and that advocacy has been critical in going out and finding

the generators of the material and getting them into recycling programs. Historically, when we had the program in place and the funds that went with it, we would see anywhere from a couple to up to five towns per year that would choose not to participate in the program and then not report statistical tonnages to the State.

This past year was our first where we didn't have the recycling fund which helped to fund those positions, and we've seen a staggering decrease in the reporting on recycling tonnages. The number of towns that didn't participate rose from again about four or five up to sixty-seven, just in this first year. So we may, as a State, be even continuing to do the outstanding job that we're doing with source separation and recycling, but we're not getting the statistics from the town coordinators to even document our efforts. What we tried to do in this proposal was balance many of your concerns that you're raising about taxes by eliminating an ongoing tax, which is the Solid Waste Services Tax, that's currently levied at \$1.15 per ton and really replacing that with a reformulated recycling tax at \$1.25 per ton.

ASSEMBLYMAN COTTRELL: Sir, I--

ASSEMBLYMAN ROONEY: We've got other speakers. I don't want to get into a debate.

All right, a short response-- We have-- Assemblyman Charles has been waiting--

ASSEMBLYMAN COTTRELL: Okay.

ASSEMBLYMAN ROONEY: --and then I'll go with Assemblyman Biondi after that.

ASSEMBLYMAN COTTRELL: I'm not finished yet. He came back at me.

I presumed you were going to say that. I sit with the county with that recycle amendment (indiscernible) be no problem. And now when we're going to add on another bureaucrat when the counties themselves can come up with it-- I know Ocean, Monmouth, Burlington can come up with it. I'm sure Somerset or anybody else if they want to can do it. Now, that's not a good argument on that point on all concerned. And that's all I have to say. I mean, I'm not--

I don't make a statement unless I poll and have meetings with people in my towns and research it. And I have engineers just as good as you have them up here, and I talk with them, and I work with them. I'm not arguing with you.

ASST. COMMISSIONER SONDERMEYER: Right.

ASSEMBLYMAN COTTRELL: I'm just saying that I have a reason that I'm (indiscernible) because I've done my homework. That's all I want. I'll be quiet the rest of the day.

ASST. COMMISSIONER SONDERMEYER: Okay. Thank you.

ASSEMBLYMAN ROONEY: Thank you, Melvin.

I want to move on to LeRoy, but I want to respond just for a short second.

There's a difference between A-519 and your bills also. You're basically raising \$1.25 in these taxes that Mel is talking about. In Connie Myers's amendment to these bills, we're actually reducing the contingency fund by 50 cents which -- that contingency fund hasn't paid anything, and all

it's done is support various governors of both parties taking -- raiding that fund and putting it into the budget somewhere. There's \$27 million in there. I don't want to see that disappear between now and the budget process. We would like to put that into paying down this debt.

And also the Solid Waste Services Tax was \$1.15. Again, in Connie's bill, we're reducing taxes by \$1.65. So that's one point that we'd like to discuss. I just want to put the differences on the table. We may be talking about a total tax, either 6 percent, 3 percent, or whatever, but we're also reducing it by \$1.65 compared to your increasing by \$1.25, which is now -- now you're looking at almost \$3 difference between our two proposals.

I want to go from there to LeRoy Jones.

LeRoy?

ASSEMBLYMAN JONES: Thank you, Mr. Chairman. Let me just start out saying that I'm very pleased to see the administration here today. I mean, we've gone through a number of these sessions without the presence and the input and recommendations of, and perhaps even the philosophy of, the administration as they see us dealing with this issue.

Inasmuch as it comes very, very late in the game in terms of our own schedule, but I don't know that it's late in the scheme of just trying to resolve some very critical issues we have out there. I want to acknowledge that fact and just indicate that I have been a strong advocate of making sure that that input has been a part of this process. But what I wanted to inquire about specifically, and Assemblyman Cottrell had touched on it a little bit, and I'm not quite sure that I understand the ideology and perhaps even the philosophy of the tax as it pertains to recycling-- So if you can just give us, perhaps to my

benefit maybe more than the others because I'm not as a quick study as the rest of my colleagues here-- Just give me an overview of how that tax will actually work.

ASST. COMMISSIONER SONDERMEYER: It historically has been levied at disposal facilities. So it's collected in the rate when the waste is brought to disposal facilities, and it would be in this proposal at the rate of \$1.25 per ton. Those funds are transmitted eventually to Treasury, and there's a formula that will be laid out in the proposal for the distribution of those funds back to specific uses, and the predominant use -- and that's really what I was trying to speak to the Assemblyman -- would be 60 percent that would go back to municipalities to help fund their recycling programs with. Again from our experiences over 10 years in achieving the recycling rates that we have, that local official is so very important in driving the recycling system.

ASSEMBLYMAN JONES: Okay.

ASSEMBLYMAN ROONEY: Assemblyman Jones, if I can interrupt. I just want to put this in perspective for you. Please, let me interrupt.

ASSEMBLYMAN JONES: I told you he's such a quick study. I probably could have worked on it myself but--

ASSEMBLYMAN ROONEY: No. No. I just have to put one thing in perspective for you.

ASSEMBLYMAN JONES: Go ahead, Mr. Chairman.

ASSEMBLYMAN ROONEY: You have to realize-- Like, take again my own little municipality, the little recycling that we do. We have curbside recycling in our town. We get whatever the market rate is for paper,

and there's two sources -- there's two newspapers. We get the highest rate. We're generally getting about \$25, \$30 a ton. Now, that -- it's paid to the Borough of Northvale for paper recycling. We pay on mixed recycling. We pay \$16 a ton. Now, when you compare that with, let's say, the current rate of \$52 a ton for disposal-- The kids have an expression, "duh." Is it really difficult to see that municipalities have it in their best interest to recycle to get either \$25 or \$27 a ton, whatever it happens to be, instead of paying \$52 a ton? Net gain \$75 roughly per ton and paying \$16 a ton versus \$52 a ton. Again net gain of about almost \$40 a ton. Duh, does it makes sense? I mean, give me a break.

We don't need the State to tell us or to take our money to the tune of \$1.25 to say we're going to collect that money, then we're going to have a fund, and we're going to pay back 60 percent, and if you did a good job in recycling, we're going to give you a grant of maybe \$20,000. I got news for you. My recycling pays us in the order of \$45,000, \$50,000. Instead of paying that \$1.25 tax, I'm saving the money. I'm doing a good job in recycling. Educate the people on the difference in the cost of disposal versus recycling. And that's really the plan. This is what I cannot understand. We keep saying, "Well, we have to do it through the State. You have to create a bureaucracy up here (indicating) to tell the people down here (indicating) you're going to get paid \$25 or spend \$52 a ton." Give me a break.

I mean, I disagree with you totally on that, Gary.

I'm going to turn it back to LeRoy. I had to interject that.

ASSEMBLYMAN JONES: Well, Mr. Chairman, we thank you so much for that public service announcement. (laughter)

ASSEMBLYMAN ROONEY: You're absolutely welcome, and I'll be happy to do it anytime you'd like.

ASSEMBLYMAN JONES: Now, when we're talking about this recycling tax, it obviously becomes a tax that's assessed against the disposal facilities. Am I correct?

ASST. COMMISSIONER SONDERMEYER: Well, it's collected at the disposal facility, but it's a tax that's ultimately paid by everyone. It's part of the-- In their bills -- in the towns in their bills.

ASSEMBLYMAN JONES: Right. And I realize that we don't have anything in front of us in terms of a piece of legislation, but what we've been concerned about here is, when we talk about tax or taxes, is whether or not those taxes could ultimately be passed on back to municipalities and ultimately back to taxpayers. And I would imagine that if we don't have any specific language which prevents the owner of the disposal facility from doing that, then we expose municipalities and ultimately taxpayers to paying additional taxes. So when we begin to engage a debate as we're doing now and we couch terms such as property tax relief but at the same time the introduction of new taxes -- could possibly lead to increases in property taxes or to property taxpayers through the municipalities, it just doesn't really shake out. Now, that's a very fundamental way of looking at it, and if I'm missing something, help me along the way.

ASST. COMMISSIONER SONDERMEYER: I guess the only thing I would offer to you is that it really is not a new tax that's reconstituted. Circumstance that we've had historically with the-- We have the Services Fund which is ongoing, and it basically deletes the Services Fund, which is \$1.15

currently, and it brings back the formula-based recycling tax concept and takes some of the eligibility under the Services Tax concept and builds that back in. So it's more broad in terms of it's used for counties because counties had used the Services Tax to fund most of their household hazardous waste collection program, which is also an important aspect of the program.

ASSEMBLYMAN JONES: And again that seems to get back to this philosophy that we talked about, perhaps the last time, where we were taking one tax and replacing it with another. And that's perhaps a policy issue that really becomes a bit awkward when you sit on this side and have to attempt to make a vote one way or the other, and usually, you would opt to stay away from something like that. I'm not at all being critical. My comments and inquiries are more exploratory, and I would imagine that even after today there's perhaps going to be more and more debate on different philosophies because you know the legislative process doesn't end here. It just continues to move on until we finally get something that everybody can pretty much agree with.

What I would ask you, inasmuch as you made your presentation without the benefit of a statement to any of the Committee members, is there such a document which pretty much captures in detail what you've proposed?

ASST. COMMISSIONER SONDERMEYER: We have a short summary right now, which goes to the high points.

ASSEMBLYMAN JONES: Is that the one page?

ASST. COMMISSIONER SONDERMEYER: Yes, the one page. But in terms of an actual bill, there's not an actual bill that's been put together for public release at this time.

ASSEMBLYMAN JONES: And I had the one-page summary and pretty much it just talks about highlights, and I think--

ASSEMBLYMAN ROONEY: It's changed.

ASSEMBLYMAN JONES: It's changed already?

ASSEMBLYMAN ROONEY: I think it's changed compared to what they're talking about today. I think there's some differences now.

ASSEMBLYMAN JONES: But I think we would probably want to be considering something that was more detailed than it is of some reform because naturally things fall through the cracks, and you want to make sure what you're looking at is what you're going to get. So I would hope that at some reasonable date in the future that you would be able to provide us with something. And I would imagine that we're going to be considering some items here. I don't know whether or not you're asking us to not consider those, or to defer those, until such time that you will pay attention to something that was perhaps more meaty in terms of form and substance.

ASST. COMMISSIONER SONDERMEYER: Yes, we would--

ASSEMBLYMAN JONES: Is that what you are asking?

ASST. COMMISSIONER SONDERMEYER: We certainly would like to get the full proposal before you for your consideration and your valued input. And over the past several weeks or so, we've been trying to do some outreach with different constituent groups with counties, with legislative bodies to get feedback on the concept, but we certainly will get to you the details as soon as we can and would appreciate consideration of getting that before you before moving forward.

ASSEMBLYMAN JONES: Okay.

Thank you, Mr. Chairman.

ASSEMBLYMAN ROONEY: Okay. Just one other comment is that the-- What really bothers me, too, is this -- the election-- You're going to have to go out for basically all these bond issues, and this is going to be either a one-year or two-year process. It's going to-- You're looking at a long-term period of time before this thing starts kicking in as far as the funding. And I think you're going to be heavily relying on the EICs, which I have a problem with. So as I've told you, I don't think it will see the light of day here, and I know Senator McNamara feels exactly as I do on the EICs.

So I think you've got a lot of work to do. I would have rather have seen you--

ASSEMBLYMAN BIONDI: John.

ASSEMBLYMAN ROONEY: Yes. Oh, I'm sorry. Assemblyman Biondi. I'd forgotten. I'll stop right there. Go right ahead.

ASSEMBLYMAN BIONDI: I get somewhat confused on debt. When we started here back in February, it was stated \$900 million of stranded debt. I asked a few questions, didn't get any answers. I'm not faulting you gentlemen at all. At the next meeting, it was down to 600 million in stranded debt. Now, your proposal, I think, if I added quickly the way you're talking, is around 650 million?

ASST. TREASURER MORTIMER: In terms of the debt or the--

ASSEMBLYMAN BIONDI: The dollars that you're going to generate to the counties.

ASSEMBLYMAN ROONEY: Again a correction.

ASSEMBLYMAN BIONDI: Okay.

ASSEMBLYMAN ROONEY: When we started this process, it was 1.6 billion that was actual debt, and then we were trying to estimate where we were -- the stranded debt versus actual debt.

ASSEMBLYMAN BIONDI: But the stranded debt was announced at 900 million, and two weeks later it was down to 300 million. And Passaic County was going to default in two weeks but was able to refinance their bonds in two weeks to save them.

My question is, don't we need to establish the stranded debt first before we find the solution to bailout? Don't we need to find out bad business practices by the counties? Because the counties were certainly making money. And I argue with anyone who says the State mandated incinerators. It did not. It encouraged incinerators. It mandated an independent solid waste plan. That is not mandating an incinerator. Fact being, if they did mandate incinerators, we would have 21 counties we're dealing with now with debt on incineration. So the State mandated an independent solid waste plan.

Don't we need to do a comprehensive financial analysis? We've only had two audits done, Warren and Union, and Union was done prior to the criteria being established. So Union would have to be redone. So how do we get to a debt when we haven't even audited these government businesses of which they should have never been in, in just my opinion, to begin with? Because I don't think government runs a good business. I think business runs business.

ASSEMBLYMAN ROONEY: I would agree. Amen.

ASSEMBLYMAN BIONDI: So I think we need to determine -- evaluate the operations, the assets, and then let's get down to what the

stranded debt is. I mean, there's a bill here for 6 percent tax. Senator McNamara has a bill for 3 percent tax. Which bill is going to cover the debt? Is it 3? Is it 6? Is it 9? Is it 2?

ASSEMBLYMAN CHATZIDAKIS: Do I hear 10?

ASSEMBLYMAN BIONDI: I mean, we're throwing numbers out, and I think we've got the cart before the horse. I think we need to truly establish the stranded debt and not reward counties for bad business practices, and even possibly, if there were some political patronage jobs at these incinerators, I think that comes off the debt, stranded debt as well. I'm not saying there were. I'm just saying if there were. But my point is let's truly establish what the stranded debt is. We have responsibility, the State, but those counties have a responsibility as well, and I do not favor a straight bailout of the counties. They operated it. They made a great deal of money. Warren County charged Somerset County \$131 a ton, when you could have gone across the bridge to Pennsylvania for \$31 a ton.

So establish the debt, then let's deal with the solution, and let's take some responsibility from the State, and let the counties that have the debt take some responsibility as well. I think it needs to be a shared operation here, and I just wanted to put that on the record again.

ASSEMBLYMAN ROONEY: Just for the record, also, in A-519 there is a provision for the debt, and the annual audit is an annual audit because again it's not a process that's going to stay the same. It's going to change because of situations whether the facilities are sold, leased, whatever, and that's based on A-519. The language is in here very clear that the head of the Division of Local Government Services will do that on an annual basis

prior to assigning any money to it. So it is there in this bill, and I would hope that it would be in yours.

We have tried to get those numbers ahead of time. We've tried to get the differences between stranded debt. What has happened is it has been good. And the fact that you mentioned Union County, it's excellent because we now know the true stranded debt, and it's the best way to determine it. The facilities have been sold, was left over, and stranded. Very easy, from 292 million down to 75 million, that's what the county's left with -- stranded.

I know in Bergen the same thing is happening. With Bergen, they're out for an RFP for leasing the facility. Their annual debt service is in the order of \$11 million. If they get \$5 million or \$6 million, then half of the debt becomes stranded and half becomes something that they can write off while with a revenue on an annual basis. These are the things that are happening, and they should continue to happen, but we still have to provide something. It's either going to have to be in the budget process or it's going to have to be through a revenue source or both.

And that's what the three amendments that you'll be looking at today will do. The process that I see here through the Governor's Office is a very convoluted process. It's going to take a long period of time to move this around. Who knows? People may not vote for it. If it depends on a vote of the referendum, that may be a problem. The people might say, "The hell with this," and especially in the various counties that don't have a debt.

Your county, Pete, they may say, “I don’t want to vote for it. I don’t think that this should happen because we don’t have any debt. The hell with Warren County.”

So these are the kind of things that I believe are-- We’ve got too many questions with this proposal. Sharpen your pencil. There will be plenty of time, whether these bills pass today or if they don’t pass today, we’ll revisit them again, I promise you, or they go on to the Appropriations Committee. And I think that’s the proper place for A-519. The financial part of this, I’ve always said, should go to Appropriations. I don’t care which version we pass on to Appropriations. Whatever they decide is the right way to put it into the budget I will agree with, and then we’ll put it to the full membership of both Houses to see which one is selected. That’s my plan. If people have a problem with that, come up with another plan. But this one is too convoluted, and I don’t think it’s going to work and especially based on EICs. Can’t be done, just-- It’s a bad situation.

So anything else that you guys--

ASST. TREASURER MORTIMER: Mr. Chairman, if I might, through you, to the Vice-Chairman, make some comments about some of the concerns that he raised.

Clearly, we are concerned about making sure we have accurate numbers and knowing specifically what the stranded debt is. We believe at this point we have a fairly solid number. Part of the problem, however would give you an absolute solid number, is defining what is stranded. We believe that the number is around \$1.3 billion out of the number that the Chairman

mentioned of 1.6 billion. Clearly, that number will be refined as we go through the process.

We believe that this proposal does do some of the things that are important to make sure that those counties who've addressed the issues in different manners are reviewed in that manner and audits are performed. We envision, as the legislation that previously passed-- In terms of some revenues from the audit teams the local government budget review has completed, you're right, two of the audits. Union County has gone through a second audit.

ASSEMBLYMAN BIONDI: It is completed?

ASST. TREASURER MORTIMER: No. It's in the process of the draft. At this time, we have begun all but four, and each of those nine that have been processed are either in the final stages and been released to or in the draft development. And clearly, we are finding that there are best practices that can be recommended to the authorities so that they may, in fact, be able to address the issue, not only of debt because we are treating that as a separate component, but also the operating and maintenance costs so that the tipping fees, quite frankly, can be lowered to a point that they are competitive. And frankly, we hope that not only operation and maintenance costs can be covered, but also some portion of their debt.

In terms of the business practice issues, those are showing some benefits in the reports, and as we get more of them done, we will get more benefit. In terms of timing, we believe that this proposal does have a timetable that meets the financial responsibilities not only of the counties, not only of the authorities, but of the Governor's commitment to make sure that there is

no agency or entity that faces default. We believe that the budget, the way it is constructed with the \$40 million, provides the necessary funds for those counties that choose to take that option of going to the audits, entering into a process that does give the safeguards so that we aren't just simply sending money without a plan. We're not just looking to bail people out.

But that timetable then envisions that there will be a vote in this November whereby the voters of the state will say that the \$168 million was originally passed as loans: loans that could only be used to build facilities that no one is ever going to build again; loans that quite frankly can be turned into grants which then provide forgiveness to those counties who went out and made an appropriate solution, whatever it may be; and that that loan is paid against costs incurred. It does allow for the remaining \$46 million of those bond funds to then be available to be allocated after review, after a county entering into a loan contract -- a loan agreement process -- that assures that not only the financial issues, but the other contractual issues that you've sort of alluded to are addressed.

And clearly, not treating all counties the same or appropriating some sort of a broad tax, we believe that quite frankly the proposal meets the needs financially, it addresses the responsibility of the State to step up to the plate and provide \$328 million worth of relief of this debt issue. It addresses the unique needs of each county because they did take different tacts in addressing the solution of solid waste. And it doesn't mandate a one-size-fits-all solution that quite frankly leaves a little extra fray around the edge of the cookie cutter for some and not enough dough in the middle for some other cookies.

ASSEMBLYMAN CHATZIDAKIS: Mr. Chairman, may I just finish? I have--

ASSEMBLYMAN ROONEY: Just one quick comment. I want to thank them because imitation is the sincerest form of flattery, and basically, all they've talked about on the audits and the process and everything is all in the bills that exist here today. So I just want that on the record that you have come up with nothing new as far as auditing the process or making sure that the process works. It's all there, and it has been. In fact, a lot of it is out of Assemblywoman Myers's bill.

So Assemblyman Chatzidakis.

ASSEMBLYMAN CHATZIDAKIS: If I may, thank you, Mr. Chairman.

We focused mostly on stranded debt, debt, whatever you want to call that, but we know that when you operate these entities, there's other factors of cost involved, basically operating expenses. I don't know if this information is available, but as we looked at our tipping fees pre our court decisions, was the debt figured out? Has it been figured out which proportion of the debt was reflected in these tipping fees? Do we know? Was it more than half, less than half?

ASST. TREASURER MORTIMER: It varies from county to county, Assemblyman.

ASSEMBLYMAN CHATZIDAKIS: I realize that, but--

ASST. COMMISSIONER SONDERMEYER: Very dramatically. It's very difficult. I know what you're asking. It's very difficult to give you a number.

ASSEMBLYMAN CHATZIDAKIS: You see -- exactly. That's the things we've been talking about here. We're trying to have a cookie-cutter solution to basically 21 avenues that we've ended up with. In some cases, some dead ends. This has always been my concern, through the Chairman.

ASSEMBLYMAN ROONEY: Well, I disagree with some of the numbers that came out before. It's not-- It can't be 1.3 billion because we go from 1.6 billion -- and you take 200 million off from Union County and 140 million off from Mercer County, and then if you start to defease just the bonds that are out there that haven't done a thing. Like Hudson County has \$140 million, they probably have 60 million in cost estimate. That's almost 100 million off of that. Passaic County has 98 million if you take-- They were suing us for -- what? -- \$30 million in costs, so that's 60 million.

If you just go through that list, you're going to find out it's a hell of a lot less than 1.3 billion. So I have a real problem with the number 1.3 billion. I believe it's well under a billion dollars, and if you start looking at how much of that-- Like in Bergen County, I've got \$118 million. I would say half of that is stranded for the simple reason I could probably either sell the facility or I could lease the facility and recoup half of my annual debt or half of the investment that's out there. So that's the real test of stranded debt. You've got a situation with the Ref-Fuel facility, and the Port Authority will be up shortly discussing their situation -- what they're into. So I really have a problem with the dollars and debt.

I just want to say for the record the bill that you're talking about is not on the agenda today. And by normal rules, I would stay on the bill, but we'd have allowed, since it's the administration proposal and we've requested

this -- we've allowed it to go on quite a long time. I think we've got to sum up now because we have to get to the actual bills that are on the agenda, and there are other people that want to testify. So I would ask for some wrap-up questions or comments, please.

Larry.

ASSEMBLYMAN CHATZIDAKIS: Well, on your definition, we've debated what we talk about -- stranded debt. You brought up the lease example, if you lease a facility, but if that facility is leased, you're generating revenue, but that entity still retains that asset value. You still have that asset, so you can't eliminate -- you can't subtract the leased value from your debt and say that's stranded.

ASSEMBLYMAN ROONEY: Well, let me explain, Larry, what--

ASSEMBLYMAN CHATZIDAKIS: I don't want to bring it up, but the point is--

ASSEMBLYMAN ROONEY: It's quick. It's quick. There's \$11 million of annual debt that's paid by Bergen, and it's out for 18 years more. So if we get \$5 million or \$6 million in revenue from the lease--

ASSEMBLYMAN CHATZIDAKIS: Okay, from the lease.

ASSEMBLYMAN ROONEY: --then half of it's stranded, and that's what we're looking at.

ASSEMBLYMAN CHATZIDAKIS: No, it's not, Mr. Chairman, because you still retain that asset. You can't count that asset as still the authority's.

ASSEMBLYMAN ROONEY: Okay. Okay.

ASSEMBLYMAN CHATZIDAKIS: That's my point.

ASSEMBLYMAN ROONEY: Okay. Now I understand what you're saying.

ASSEMBLYMAN CHATZIDAKIS: You see, just that example.

ASSEMBLYMAN ROONEY: All right. I would prefer they sell it, and then we'd find out what stranded is.

ASSEMBLYMAN BIONDI: Just a question on the audits. Have any of the audits gone back far enough to see if the counties were making a profit, I'll call it, prior to the flow control being declared unconstitutional? In other words, what did they make last year? Did they make a profit in which they shared with their taxpayers in that county?

ASST. TREASURER MORTIMER: I believe the audits looked at the most recent 12 months. I don't believe that as a matter of course that the ones -- that they're looking beyond that.

ASSEMBLYMAN BIONDI: Well, no one -- excuse me, Mr. Chairman -- no one interested in '96 then to see whether or not those counties generated a surplus from running an incinerator business. No one wants to look at that. We just want to look at the problem now and come to Somerset County and tax my residents to pay for incinerators that we didn't have, and that's my concern, guys. Let's look at what they were making. Let's share that, too. We didn't share in that. So let's take a percentage for the counties' responsibility and the State's responsibility. And that's just trying to let you know where I'm coming from, and I share the Chairman's thoughts on the EICs. Unless you can get a parody with EICs, you're going to get diversion again.

ASST. TREASURER MORTIMER: I think, Assemblyman, through the Chair, what we've been trying to assess with the audits are what practices have been going on. And we've tried to look at the structural issues as it relates to operations and maintenance and, then, also, look at the structural issues as it relates to the debt so that we can understand what the variance is between what they need to charge if they did things in a best-practices way to achieve a market competitive rate. Clearly in doing that, we have identified some significant areas in some authorities where adjustments could be made, and from that you could probably extrapolate that in some cases they may have been making a profit. How they were managing that profit is not something that these audits were designed to critique. However, the proposal we're talking about, we think, does provide a unique situation to address each county's issues. It's not the imposition of a flat across-the-board tax that is blind to the situation of each individual county. That is a significant difference. This addresses the costs that home owners, taxpayers are paying and gives them an opportunity through cooperative natures with the counties to find a more cost-efficient or competitive way to deal with the disposal of solid waste. It is not simply the flat imposition of a tax across the entire State of New Jersey and treating every county the same.

We believe that the proposal that we have tried to chat with the number of constituencies about, the county, and so forth, before we got to this point was so that we have the opportunity to gain insight, to get input, and to understand more fully the dynamics that drive each of these solutions. It probably might have been simpler for us to present a proposal that was a

single-stroke approach, but that would not have been what was in the best interest, we believe, of the taxpayers because not every situation is the same. And we believe that the General Appropriations Funds that are presently budgeted, as well as the remainder of the \$328 million that the State is stepping forward with, is in some sense a treatment of it as a statewide issue. It is a statewide. It comes from General Funds for the most part. Those are taxpayers dollars. That's the State's share for saying we did have some responsibility in the development of solid waste solutions; and therefore, the State, as I'm certain you would want as legislators, cannot simply turn their backs on the roles that were played at an earlier time in our history.

So we agree with you on the points that you've issued. We do think that this proposal, as we've outlined it, is a significant one. We recognize you need more detail; and clearly, we're asking that you consider this and postpone action on the present list of bills until such time as you actually have this document to review.

And we thank you for the opportunity, Chairman, to speak with you and your members and look forward to working with you and the rest of the Legislature to cooperatively resolve this issue.

ASSEMBLYMAN ROONEY: I think Connie wanted to say--

But one thing I want to say to Assemblyman Biondi. If we actually looked at that audit that he's talking about and the responsibility and everything else-- One of our staffers had just said they remembered the BCUA audit and what happened there and how the money was spent. I won't go any further since it was in my county.

ASSEMBLYMAN BIONDI: That wasn't challenging how it was spent. I just wanted to know how much was surplus.

ASSEMBLYMAN ROONEY: But I'm saying, if we started doing an audit to that level of how the money went and where it was spent, we may wind up having to build more prisons in this State as a result so--

ASSEMBLYMAN BIONDI: I feel necessary to respond, Mr. Chairman. I was not questioning any county or any individual as to where they spent the surplus. I only asked was there a surplus generated from the operation of the incinerator.

ASSEMBLYMAN ROONEY: I'm just passing on a comment that I had.

ASSEMBLYMAN BIONDI: That's okay. I just felt it necessary to defend that comment.

ASSEMBLYMAN ROONEY: And Assemblywoman Myers would like to have the last word here.

ASSEMBLYWOMAN MYERS: I just wanted to make sure that the Assistant Treasurer knew that bill III of your package was unanimously approved by this Committee, possibly before you arrived, and was released earlier in this meeting. The bill has been pending under my sponsorship for a year and a half and also contains the basis for the audit process which was adopted by your office a year ago. So maybe as you go around selling this package, you could either delete bill III or give me some credit. Thank you.  
(laughter)

ASST. TREASURER MORTIMER: Credit noted.

ASSEMBLYMAN ROONEY: Especially since you've stolen her ideas.

ASST. COMMISSIONER SONDERMEYER: Mr. Chairman, thank you again for all the time. We really appreciate it.

ASSEMBLYMAN ROONEY: Thank you very much, appreciate it.

Let's see, now, we'll see Ted Schwartz from the Ocean County Landfill. Ted?

Just as an aside, you will have somebody introduce those amendments for you, so I believe they'll get--

**THEODORE A. SCHWARTZ, ESQ.:** With those amendments on A-519, I'm satisfied.

ASSEMBLYMAN ROONEY: Okay. Assemblyman Jones is going to introduce those, so that helps us quite a bit.

The Port Authority of New York and New Jersey. The whole crew: Sue Ostergaard; J. Jailer; P. Gailea (phonetic spelling); and G. Cook -- those foreigners from One World Trade Center, New York.

**SUE MURPHY OSTERGAARD:** This is on now? (referring to PA microphone)

ASSEMBLYMAN ROONEY: If it's red, it's on.

MS. MURPHY OSTERGAARD: Okay, thank you.

Good afternoon, Mr. Chairman, distinguished members of the Assembly Solid and Hazardous Waste Committee. My name is Sue Ostergaard from the Port Authority. To my left, I have Jim Jailer from the Port Authority in charge of Resource Recovery. To my right, I have Phil Gailea in

charge of Commercial Properties from the Port of Commerce, and also George Cook from the law department.

I want to thank you for allowing the Port Authority to testify before you today on Assembly Bill No. 519. While the Port Authority fully supports the concept of providing financial assistance in the aftermath of *Atlantic Coast* and *Carbone*, in order to be equitable, such relief should include all facilities including the Essex County Resource Recovery Facility. If not, the Essex County Resource Recovery Facility would be placed at a competitive disadvantage. Other solid waste facilities throughout the state would benefit financially from this bill in the form of a subsidy, while the Port Authority would be left to deal with the fallout from *Atlantic Coast* and *Carbone* without financial relief.

The Port Authority of New York and New Jersey is a bistate agency of the states of New York and New Jersey created and existing by virtue of the compact of April 30, 1921, made by in between the two states and thereafter consented to by Congress of the United States. The Port Authority consists of 12 commissioners, 6 from each state, appointed by the governors thereof with the advice and consent of their respective state Senate.

In 1978, the Port Authority's bistate legislation was specifically amended in order to provide the Port Authority more flexibility to coordinate, facilitate, promote, preserve, and protect trade and commerce in and through the Port district through the financing and effectuation of industrial development projects, N.J.S.A. 32:1-35.72. Pursuant to this authority at the request of Essex County, the Port Authority was asked to develop a state-of-the-art, mass burn, resource recovery plan in Newark, New Jersey.

In 1985, the Port Authority, Essex County, and the city of Newark entered into an agreement regarding the development of the facility. In 1986, the Port Authority entered into a series of agreements with American Ref-Fuel, Incorporated, a private service vendor, with respect to the design, construction, and operation of the facility. At that time, the Port Authority in Essex County also entered into an agreement which provides for the disposal at the plant of municipal solid waste originating in Essex County.

The Essex County Resource Recovery Facility is the largest such facility currently in operation in the State of New Jersey and has the capacity to process 985,000 tons of waste per year. The capital costs of the Essex County Resource Recovery Facility was approximately \$346 million. Of that amount, approximately \$252 million represented the investment of Port Authority funds. Of that initial investment, approximately \$190 million remains outstanding.

Historically, the Port Authority was included as a bistate agency in the original definition of contracting unit in the McEnroe Act. In reliance on McEnroe approvals, the Port Authority made this investment of approximately \$252 million for the development of the Essex County Resource Recovery Facility. Unlike the original McEnroe Act, A-519 does not specifically refer to bistate agencies. Although it does include public authorities and qualified vendors consistent with the McEnroe legislation, we would recommend that the legislative language be clarified in order to avoid any confusion as to the Port Authority's entitlement to share equitably in an appropriations from the Debt Retirement Surcharge Fund created by the bill.

One way of accomplishing this would be to amend the definition of public authority in Section 3 of the bill to read, “Public authority means a municipal or county utilities authority created pursuant to the Municipal and County Utilities Authorities Law, P.L.1957, c. 183 (C.40:14B-1), the Pollution Control Financing Authority created pursuant to the New Jersey Pollution Control Financing Law, P.L.1973, c. 37 (*sic*) (C.40:37C-1).” This is the important part that we would ask you to change so that it says, “A bistate agency authorized to develop resource recovery facilities by statute or any other public body, corporate or politic, created for source solid waste management purposes in any county pursuant to the provisions of any law.”

As presently drafted, A-519 addresses stranded solid waste facility investments in terms of debt service. This phraseology may be too limited to encompass the type of financing arrangements utilized by the Port Authority on behalf of Essex County. Therefore, we recommend that the definition of debt service be clarified as follows: Debt service means amounts due and payable by any county, public authority, or qualified vendor for bonded indebtedness and -- we add this -- capital costs associated with solid waste disposal or other financing commitments entered into and issued by a county or public authority to finance a county solid waste facility which are secured or payable directly or indirectly by revenues derived from the rates, fees, or charges received at the county solid waste facility for solid waste disposal or other obligation to pay capital costs. So we’re asking for two things there.

In addition, Section 13 of A-519 should be revised to provide for the appointment of a trustee for any funds received by Port Authority under the Act as follows: Every county debt retirement fund shall be administered

by the governing body of the county, except that when in the case of a qualified vendor or bistate agency is involved, a trustee shall be appointed to administer the fund.

ASSEMBLYMAN ROONEY: Sue, could you dispense with the mechanisms of doing -- because we already have the amendment done. Just somebody has to introduce it. Yes.

MS. MURPHY OSTERGAARD: You do. Yes. You do.

ASSEMBLYMAN ROONEY: Just go with your overview, and we have the amendments.

MS. MURPHY OSTERGAARD: Okay. That's basically the overview, but we have one important thing, and I would have Mr. Jailer address that.

ASSEMBLYMAN ROONEY: Mr. Jailer.

**JAMES L. JAILER:** With regard to the source of funding to pay stranded assets, we see a potential flaw in the 6 percent tax on waste disposal. If you assume a \$50 market so that all forms of waste disposal facilities, be they transfer stations, resource recovery facilities, or landfills, are receiving a \$50 tip fee, this 6 percent tax falls disproportionately heavily on resource recovery and, thereby, discriminates against resource recovery because resource recovery facilities have electric revenues to help offset their inherently higher capital costs. So where a landfill might pay based on a \$50 tipping fee \$3 per ton, a resource recovery facility would pay \$3.75 per ton.

At current market rates of 2.5 cents/2.4 cents for a kilowatt hour of electricity, average resource recovery facility generates about 515 kilowatt hours per ton. That yields \$12.36 of electric revenue. So when you read the

language of gross operating revenue, you add the electric revenue to the tipping fee. That would give you a gross operating revenue of \$62.36. Multiply that times 6 percent yields \$3.74.

ASSEMBLYMAN ROONEY: Go ahead. I understand that. We have some caucusing going here.

MR. JAILER: So where a landfill would be paying \$3, a resource recovery facility would be paying \$3.75, and that's at current depressed electric rates. There's a further problem with regard to transfer stations.

ASSEMBLYMAN ROONEY: All right. The reason -- I'm being told -- is that the reason we're doing that is to capture the out-of-state revenues also that are coming in to all the incinerators because they're obviously coming in incinerators, especially the way Ref-Fuel has been -- is the low bidder right now at New York City at \$43 a ton, which is considerably less than the 50 that even the landfills are charging. So we definitely wanted to extend that to the out-of-state revenue.

MR. JAILER: The point I'm trying to make here, though, is in so doing you're also capturing electric revenues, and you would be unfairly taxing. If the landfill were to take out-of-state garbage, you would be taxing that at \$3 a ton. If a resource recovery facility takes out of state, you're taxing at \$3.75 a ton.

ASSEMBLYMAN ROONEY: That's still--

MR. JAILER: So it's not a level playing field. If you're saying we're going to have an open market and we're going to have a level playing field on that in that open market -- but that level playing field is going to have

a tax, each type of facility has to have an equal per ton tax. So if you have a 6 percent gross revenue tax, it's not a level playing field.

ASSEMBLYMAN ROONEY: And if we eliminate the Port Authority from this, we don't have a problem. Just put that on the table, also. Let's go on with the other issues.

MR. JAILER: There are other resource recovery facilities in the state.

ASSEMBLYMAN ROONEY: If we eliminate the amendment, then we don't have the problem. Just go ahead.

MR. JAILER: I think that this bill could be read to further favor transfer stations. The way interstate companies can figure their corporate structures, typically you would have a subsidiary of a national company that would be transfer station of New Jersey. You would have another subsidiary of that same company which would be--

ASSEMBLYMAN ROONEY: The Port Authority is now arguing on behalf of American Ref-Fuel. I think that's what we're saying here is the revenues that Ref-Fuel are collecting-- You're the ones that are arguing that they're-- I think you'd better stick to your point and to why you want your amendments here and not get off the track. If American Ref-Fuel wants to come in here and say that it's unfair, then I think they should come in here and say it's unfair. But I really have a problem with this line of testimony.

MR. JAILER: Well, let me clarify, if I may. We do see difficulty with it, but let me clarify why I think this is not an American Ref-Fuel issue. Most solid waste disposal contracts have an unforeseen circumstance or force majeure type of clause. So if there's a discriminating tax that goes on that type

of business, I'm not talking about a broad corporate income tax that would hit grocery stores as well as solid waste disposal facilities, but a tax on the waste disposal industry in particular, that tax is then passed through to the contracting parties.

So in the case of the Essex County Resource Recovery Facility, the tax in the first instance would be paid by American Ref-Fuel under those contract provisions. It would be passed on to the Port Authority, and under the Port Authority's contract with Essex County, it would be passed on to Essex County. That is typical in the industry. I think, if you were to look at the contracts in other facilities, you would find similar sorts of clauses.

ASSEMBLYMAN ROONEY: We'll take it under advisement.

MR. JAILER: Okay.

There's one further point with regard to transfer stations. As I was saying, if a national company were to win an award for a given town or county in the State of New Jersey, the way they're typically structured there would be a New Jersey subsidiary which owns and operates the transfer station. There might be a Pennsylvania, for example, subsidiary which owns a landfill.

ASSEMBLYMAN ROONEY: The assessment is always on someone in New Jersey. So that's--

MR. JAILER: That's exactly the point.

ASSEMBLYMAN ROONEY: Right.

MR. JAILER: Now, these two companies then could bill separately for transfer and transport, and for landfill. So the New Jersey company could bill \$25 for transfer and transport, and the Pennsylvania subsidiary could bill separately \$25 for the landfill portion. So you would then have \$1.50 tax on

a transfer station, a \$3 tax on a landfill, and a \$3.75 tax on a resource recovery facility.

ASSEMBLYMAN ROONEY: Anyone else? Any questions? (no response)

Thank you.

MS. MURPHY OSTERGAARD: Thank you.

ASSEMBLYMAN ROONEY: Dave Pringle.

**DAVID PRINGLE:** Thank you, Mr. Chairman. And just before I even get into the opening remarks, if it isn't already abundantly clear, we're very much in favor of disproportionately hitting the incinerator companies and having them pay their fair share.

I'm here today representing the New Jersey Environmental Federation, as well as Reclaim, which is a grassroots group of concerned citizens, community groups, and statewide groups representing over 100,000 people that want-- Our position is already very abundantly clear.

I was planning to just introduce Ray Makul, our financial consultant; however, I feel compelled to respond to the DEP's proposal today. With all due respect, it's the most antienvironment, antitaxpayer proposal that anyone has offered in the past 10 years of solid waste debate going back to the Kean plan of an incinerator in every county. It's antienvironment. They're proposing to cut recycling funding, which means less jobs, less natural resources, and more pollution. It's further antienvironment because of the New Jersey environmental infrastructure refinancing they're talking about will take money away from what would otherwise be dedicated to clean water and safe drinking water programs, which is the specific purpose of the

Environmental Infrastructure Trust. It's antitaxpayer because the environmental investment charges are really property tax hikes. And finally, the \$200 million voter package is essentially asking the State taxpayers to bail out the incinerators, which is two-thirds of the debt. And I'm sure it's quite already abundantly clear that the environmental community will aggressively oppose all of this being proposed to the voters.

On that note, I'd like to introduce Ray Makul. We have been very frustrated within the environmental community that it has been left to us to do economic analysis on the debt and alternatives to the bailout. Nonetheless, we have hired Ray to do such an analysis. We'll be releasing a report on this analysis shortly, hopefully next week, and we're just putting the finishing touches on it. And we'll give that to the Committee and would be happy to discuss it with members individually or collectively when it is ready. But since you are having a hearing today, we wanted to give you the summary findings today.

Ray has 25-years experience in utility and regulatory affairs. He has an MBA, engineering and law degrees. He was the Director of Rate Counsel, Division of Rate Counsel, under the Public Advocate in the Kean administration.

ASSEMBLYMAN ROONEY: You looked familiar to me.

**RAYMOND E. MAKUL:** How are you?

ASSEMBLYMAN ROONEY: How have you been?

MR. MAKUL: Good. How are you?

ASSEMBLYMAN ROONEY: Good.

MR. MAKUL: Mr. Chairman, members of the Committee--

ASSEMBLYMAN ROONEY: He's already used up four of your five minutes by the way.

MR. MAKUL: Okay. My name is Ray Makul. I want to try to stay within that five minutes. There's an old saying that if I owe you a thousand dollars and I can't pay it, I have trouble, but if I owe you a billion dollars and I can't pay it, you have trouble. We have a situation here where we're talking-- The discussion thus far has been the problems of the counties and municipal authorities as debtors. And I think that much of the discussion should really go to the bondholders as creditors and what rights do they have, what was represented to them in the past, and to what extent are their moral obligations. We should also talk about what are the moral obligations to taxpayers and what were the explicit representations made to taxpayers by the Legislature in the 1980s.

And I think there's two very relevant pieces of -- two relevant statutes that apply here. One is N.J.S.A. 40:66A-58. That was the State's pledge to bondholders in solid waste facilities. All that pledge said was that the State would not authorize competition -- competing facilities -- to facilities that were built by bonds. And also, the State would not interfere with the maintenance or the ability to repair or upkeep these facilities so long as the bonds remained outstanding. There was no general obligation made to bondholders that they would be totally indemnified in the event of any form of competition that was beyond the State's control.

And yet, that is what many of these proposals would do. They would indemnify bondholders for competition that is beyond the control of the State of New Jersey. So that represents an expansion of representations to

bondholders. Normally these kinds of representations as to what is the obligation of the State are set forth before the bonds are sold, not after. You don't take on additional obligations.

There is another applicable statute 40:66A-49, and this also goes to what was the reasonable expectations of bondholders. What that statute essentially says is that the debts of solid waste authorities would not be the debts of the State, political units, or municipalities. In other words, the revenues associated with those authorities were the security for these bonds, not the full faith and credit of the State, not the taxing power of the State, not the taxing power of counties, and not the taxing power of municipalities. Similarly, that represents a pledge in my mind to the taxpayers of this state; namely, if these bonds were to in some way get into trouble, that the bondholders were not to look to the State, not to look to the counties, and not to look to the municipalities. And yet, that is what is being discussed here today is an after-the-fact repeal of those taxpayers' protections. I don't think that is-- I would not recommend that. I would not see there being any moral obligation to do this.

Revenue bonds in many cases are different than general obligation bonds. I'm sure everyone here knows that. The revenue bonds are backed by the revenues of the facility to be constructed. General obligation bonds are backed by the taxing power of the State. Many of these bonds were insured in order to make them marketable. Someone -- some private insurer was going to come in, assume some of the risks of default in return for a piece of the action. And in doing so, they indemnify bondholders, but they were compensated for doing so.

There is no analysis that I have seen that shows that allowing things to take their course without State intervention at this time would in any way make the cost of borrowing to the State any higher. This is a relatively sophisticated financial market. They know the difference between a general obligation bond and a revenue bond.

There's been concern about, and the Chairman inferred this earlier, as to whether or not some of these monies, if used to subsidize solid waste facilities -- would that be constitutional? I think that's a very big issue. What was struck down was de jure prohibition against out-of-the-state facilities participation in the New Jersey solid waste market.

Now if you set up some other mechanism that essentially, through a series a subsidies, results in solid waste capacity dumping -- that's an international trade term, dumping -- on the open market so that we drive down the cost to the in-state facilities that are in-state, waste flow goes to these facilities -- undoubtedly, someone will argue that the de jure interference with interstate commerce has become a de facto interference with interstate commerce.

And one thing about this industry, it is an extremely litigious industry. I am sure that if that were to occur, somewhere for the next five years we'd be hearing about *Atlantic Coast* four, five, six, and seven, as these issues became litigated. It's very interesting if you read these cases. According to Judge Iranous (phonetic spelling) in 1996 in one of the *Atlantic Coast* cases -- I can give you the citation if you want -- 90 percent of the debt was revenue bonds. Only 10 percent had county backing or county obligations. Thirty-six percent of the debt was privately insured. We're talking about bailing out

revenue bonds and transforming them into general obligation bonds, or bailing out revenue bonds and replacing them with general funds.

If we're thinking about doing that, then maybe the State of New Jersey should just repeal the issuance of revenue bonds entirely because that's the whole idea of a revenue bond is to limit the risk to the enterprise being financed. We think that a better course-- It's premature to undertake what is being discussed here today. Normally, where you have a diminished pie, revenue pie, there should be a negotiation among all the stakeholders to -- everyone should kick in something to see if they can do better.

ASSEMBLYMAN ROONEY: I think you went beyond the five minutes, Mr. Makul.

MR. MAKUL: All right.

ASSEMBLYMAN ROONEY: One comment that I have to make is, and I knew it was-- In fact, I didn't know the percentage, but four out of five of the incinerators that you've mentioned are revenue bonds. And as far as defaulting on it, the bonds are not owned by the operator of the plant. So what happens in that event? What happens is the counties or the authorities gets stuck and the operator is home free, and he's got a facility for practically nothing. So what you're saying is that you would default the ownership of these to the independent operators and leave the counties hanging. That's what the problem is. That's what the Governor said. That's what I've said.

One of very few things that we both agree is that we should not let the authorities nor the counties go default on these bonds because it lessens the credit rating of their future bonds. Anytime you default on any bond, it's going to affect your rating with any of the bond companies.

MR. MAKUL: Well, I would respectively disagree.

ASSEMBLYMAN ROONEY: I know what Dave's agenda is. David's agenda is to shut down every incinerator. But by opposing it through this bond issue, saying let the bonds default, what you're doing is giving these guys a free ride. The operators are going to have a free ride in four out of the five incinerators. They're going to walk away with the facility, and basically, the county is stuck with the default. That's what you don't understand. I think you'd better go back, do your homework, and look at those situations and figure out it ain't going to happen if you're going to close these incinerators. You're going to make them more profitable because now they have no debt.

MR. MAKUL: I said nothing about closing any incinerators.

ASSEMBLYMAN ROONEY: Well, I know Dave's testimony in the past, and this is a different version of it trying-- And he said the same thing at a previous meeting, let them go belly up. The problem that he's not thinking about is that if you think you're letting the incinerator go belly up, but you're not. It's the authority and it's the county that back those bonds and there's guaranties and insurance. But there's also county guaranties on these bonds that they have to pay, and what happens is they operate sitting there home free.

Look at the case of the Port Authority. Ref-Fuel has no debt at all. The Port Authority pays them \$47 million a year to operate that facility, and they don't care how much they get from Essex County. The Port Authority is here trying to get something back, but that contract is -- Essex County is not even a part of it. It's the Port Authority with Ref-Fuel. Forty-seven million

dollars a year to operate that incinerator. The Port Authority pays, nobody else. And it doesn't make any difference what the rates are, if it's \$50 a ton, \$70 a ton. And when Essex County doesn't deliver their tonnage, then Ref-Fuel goes out and takes garbage in from New York City at \$43 a ton or takes it in from Rockland County as low as \$26 a ton to fill that because they're home free. That's a bad deal for the State of New Jersey and for Essex County and for the Port Authority. And they should get out of it as soon as possible. I've told them, "Sell the damn facility. Let Ref-Fuel buy it, and let them operate it and do what they have to do, but don't give them a free ride." And I think you're missing the forest for the trees, believe me.

MR. MAKUL: Well, I would respectfully disagree, but--

ASSEMBLYMAN ROONEY: Good.

MR. MAKUL: --if I'm beyond my five minutes--

ASSEMBLYMAN ROONEY: I need to get on to your other people to testify. I'd like to get to a vote today.

Bob Carlton, Sharon Finelson, Jane Nogaki -- local activists from Monmouth, Union, Camden, and Burlington. Five minutes I've been told.

Jane, how have you been?

**JANE NOGAKI:** Well, there's only two of us.

ASSEMBLYMAN ROONEY: Okay, so two and a half minutes a piece.

**SHARON FINELSON:** Thank you.

Mr. Chairman, members of the Assembly: My name is Sharon Finelson. I am the Board Chair for the New Jersey Environmental Federation. I have actually a very short statement you'll be pleased to hear, and I'd like to

begin by saying that I respect your efforts, Mr. Chairman, and the efforts of the very few who have grappled with this issue over the past months. I know, Mr. Chairman, that you have worked with incinerator issues for a number of years. The bottom line that I'm concerned with is that this legislation, which is being called, as you know, a taxpayer bailout, ensures the success of an industry that has demonstrated it simply cannot survive on its own. This financial support at taxpayer expense ensures a profit for the industry that pollutes our state and impacts the health of our residents every second of every day that it operates. That's an issue that I, as a New Jersey citizen, a person who is concerned with the environment, and as someone living near an incinerator has been grappling with.

As many of you know and as the Chairman spoke about earlier, mercury is an issue in this state with a number of industries. This industry emits mercury, lead, arsenic, cadmium, and a host of other pollutants. I can't separate environmental investment charges, taxes, or surcharges of any kind from that very basic fact. With that in mind, I simply have a few questions that I hope you can answer at this time. Is it the responsibility of taxpayers to ensure the success of a polluting industry? How will this legislation--

ASSEMBLYMAN ROONEY: I'm sorry. I have to go out--

Vice-Chairman Biondi will take over.

ASSEMBLYMAN BIONDI: Were you directing your question to Chairman Rooney?

MS. FINELSON: Thank you. Thank you. Can you answer that question?

ASSEMBLYMAN BIONDI: I'll wait for Mr. Rooney to come back if you'd like.

ASSEMBLYMAN ROONEY: Give me the question again, before I leave.

MS. FINELSON: Do you feel it's the responsibility of the taxpayers to ensure the success of a polluting industry given the fact that you know and I know, we all know, that this is a polluting industry?

ASSEMBLYMAN ROONEY: I'll do the same thing I said before. I was hoping you were listening to what I said.

MS. FINELSON: I was listening.

ASSEMBLYMAN ROONEY: We have four out of five are -- basically, they walk away with the facility intact, and they probably have less expense. So if we don't do this, what happens is that the counties and the authorities are left with the debt. What they have to do is they have to default on the bonds, and the bond rating goes down. The future bond costs are going to be tremendous, and what's going to happen is the operators are going to be home free. They'll be able to go out and get more business, as the Port Authority has allowed Ref-Fuel to do, to go to New York City and say, "You need garbage service? Forty-three dollars a ton." Why? Because the Port Authority is paying the bill. They're subsidizing American Ref-Fuel to the tune of \$47 million a year. What I'm saying is, "Get the hell out of the business." Have these things go on the basis of what they're doing.

ASSEMBLYMAN BIONDI: Mr. Chairman--

MS. FINELSON: So how does--

ASSEMBLYMAN BIONDI: I think you're here to give testimony and not have a debate, so I'd like to go back to your testimony if you would.

ASSEMBLYMAN ROONEY: Right.

MS. FINELSON: Well, then-- Thank you. And that will lead to--

ASSEMBLYMAN BIONDI: If you'd like to ask rhetorical questions, that would be fine.

MS. FINELSON: It will lead to another question that perhaps can be answered.

ASSEMBLYMAN BIONDI: Rhetorically ask.

MS. FINELSON: How would this--

ASSEMBLYMAN BIONDI: Rhetorically ask.

MS. FINELSON: How will this--

ASSEMBLYMAN JONES: All right. He's out of the room, so let's try to move this real quickly. (laughter)

MS. FINELSON: How will this legislation then ensure that the industry does pay its fair share of this debt? How will the legislation ensure that the result is not another form of flow control? That's an issue that I think we've been discussing and throwing around. And finally, on what basis was the determination made? And I know he'll go back to what he just said, but on what basis was the determination made that a taxpayer bailout was the route to take and that, in fact, a phaseout of this failing industry should not have been incorporated in the legislation? Thank you.

ASSEMBLYMAN BIONDI: Thank you.

MS. NOGAKI: My name is Jane Nogaki. I reside in Burlington County and speaking for the residents of my county and members of the New

Jersey Environmental Federation, also, in Monmouth County, our two counties chose not to go the route of incineration, as Assemblyman Cottrell and Assemblyman Chatzidakis can vouch for. In fact, in Monmouth County, there was a very extensive citizen campaign and a referendum which soundly defeated incineration in 1991 as being economically unsound and environmentally unsound.

Monmouth County is doing fine with its recycling program and its minimal landfilling. Burlington County is doing well, as well, and our taxpayers do not want to be in the position of subsidizing counties that chose the more expensive and the more polluting route. And if there is a way to unbuckle truly stranded debt from subsidizing an industry that we feel is economically unsound, as well as environmentally unsound, we feel that this bailout and this forgiveness in using grants instead of paying back loans is equivalent to your resolution about General Electric. And it's subsidizing and giving loans or grants to a polluting industry.

Talk about mercury: Incinerators are the largest contributor of mercury in New Jersey. Talk about cadmium and the blood levels of cadmium in children in Warren County because of the Warren County incinerator. This is a pollution source that should not continue, and to tax all the residents of New Jersey to allow this to continue is morally unsound.

I'll turn it over to Bob Carson.

**ROBERT CARSON:** Okay, thank you. My name is Bob Carson. I'm Cochair of the Concerned Citizens of Union County. I live in Rahway, New Jersey, which is the host city for the Union County incinerator. Just to fill you in quickly on what the debt problem there is, is that incinerator and all

its debt is being refinanced at the moment through a lease agreement between the Union County Utilities Authority and Ogden Martin.

The current debt carried by the facility is \$294 million. We have carried that debt since 1991, and not a penny of the principal has been paid. So we're going to refinance that debt and restructure it so that the ultimate bond debt will be anywhere between \$320 million and \$370 million. Currently, the county bears responsibility for \$35 million of that debt. The Union County Utilities Authority, an independent authority, has obligation for the remainder.

Under the restructuring, the entire bond debt will become the obligation of the citizens of Union County. And a large portion of that financial structure rests upon the environmental investment charges. If the environmental investment charge should be found unconstitutional, that means immediately probably that tipping fees would go up and that the citizens of Union County would have to pay the difference and absorb the obligations for the bond debt.

I would recommend to you that before you vote for any kind of tax on a system that will intend to bail out these companies like Ogden Martin, because they are the only ones who truly benefit from this arrangement, that a comprehensive analysis be done that investigates the benefits of allowing default, what kind of savings and advances can be made in recycling.

As Mr. Rooney said, there are large amounts of savings to be gained by using intensive recycling. And if we look at all of the elements in a comprehensive analysis, we may find that it truly is better to allow these

facilities to default to stop the pollution they cause and to move into the 21st century on a rational basis for waste management.

Thank you.

ASSEMBLYMAN BIONDI: Just one question, if I may.

MR. CARSON: Yes.

ASSEMBLYMAN BIONDI: You seem quite informed on Union County's refinancing. May I ask what the bond counsel fee was for the refinancing of the loan?

MR. CARSON: We asked that question, and we didn't get a direct answer.

ASSEMBLYMAN BIONDI: I tend to think most counties consider that stranded debt as well.

MR. CARSON: Yes.

ASSEMBLYMAN BIONDI: All right. Thank you.

Any questions from members? (no response)

Is there anyone else testifying? (no response)

Then I would suggest, seeing that I'm not prepared to move the bills, we take a short recess until the Chairman comes back.

**(RECESS)**

**AFTER RECESS:**

ASSEMBLYMAN ROONEY: Okay. At this point in time, we're going to call for a vote. We're going to start with A-519; as I said, that's going

to be the bill. The first thing is an amendment that I believe Assemblyman LeRoy Jones is going to propose that will involve Ocean County and the Port Authority.

Assemblyman Jones.

Again on A-519 it's very important that we try and get the process moving. I'd like to get this to the Appropriations Committee as soon as possible. I said earlier today that I have been pressured by the press telling me that the Appropriations Committee is referring people to me saying that they don't know what to do with the budget until they hear what the Solid Waste Committee is going to do, as far as how much they have to appropriate. So I definitely want to get-- This is the most important bill of the package. It's probably the key to what happens. And if this doesn't pass, there will be three alternatives on this besides the amendments, but I would like to move it along to the Appropriations Committee and, at that point, the Governor's counsel, staff, whatever. DEP can feel free to talk to them about the methods of financing.

ASSEMBLYMAN CHATZIDAKIS: Mr. Chairman, I have a question.

ASSEMBLYMAN ROONEY: Yes.

ASSEMBLYMAN CHATZIDAKIS: You keep mentioning the press has been pressuring you--

ASSEMBLYMAN ROONEY: Well, all I'm saying is that they're telling--

ASSEMBLYMAN CHATZIDAKIS: Let me ask you a question.

ASSEMBLYMAN ROONEY: --me-- They're reporting to me what the Appropriations Committee is telling them.

ASSEMBLYMAN CHATZIDAKIS: Has the Chairman of Appropriations Committee--

ASSEMBLYMAN ROONEY: He has asked me when we were going to do this. He asked me that last week.

ASSEMBLYMAN CHATZIDAKIS: So it's not the press then?

ASSEMBLYMAN ROONEY: So it is important-- Well, I'm just saying that was the first indication that I got.

ASSEMBLYMAN CHATZIDAKIS: I didn't realize the press is a constituency. I guess--

ASSEMBLYMAN ROONEY: No. It's just that they're interested in knowing what's going on here, and when they get told to check with the Solid Waste Committee Chairman, that's significant.

ASSEMBLYMAN CHATZIDAKIS: They're interested in knowing so that they can write a headline that we passed a trash tax. That's why they're interested, I think. That's another subject.

ASSEMBLYMAN ROONEY: Well, it's still better than increasing property taxes. This is-- As far as I'm concerned, the broad based tax is a lot better than increasing property taxes on a disparate basis throughout the state, and in just about every county, it would have increased the property taxes by having an EIC.

All right. Having said that, the first amendment, Mr. Jones.

ASSEMBLYMAN JONES: Thank you, Mr. Chairman.

I have amendments that have been distributed to the members of the Committee, and I will allow the Committee Aide to just briefly overview the amendment.

MR. MATIOSKA: The Assemblyman has several sets of amendments. The first set there are amendments to Assembly Bill No. 519, which:

would amend the definition of debt service to include the capital cost associated with solid waste disposal or other obligation to pay capital costs;

would expand the definition of public authority to include a bistate agency authorized to develop resource recovery facilities under the McEnroe Act of 1985, therefore, making them eligible for monies from the Solid Waste Facilities Debt Retirement Fund;

and finally, Section 13 of the bill is amended so that a bistate agency and a qualified vendor would have to have a trustee appointed for their county Solid Waste Debt Retirement Fund or as the governing body of a county would govern the fund in all other cases. That's the first set of amendments.

The second set of amendments would revise the definition of qualified vendor to include the owner or operator of a county solid waste facility which happens to be a privately owned sanitary landfill facility for which the owner has received a franchise.

The second amendment there would also amend the definition of debt service to include the amounts due and payable by the aforementioned qualified vendor to include amounts required for an environmental escrow

fund mandated by the State, which is recovered directly or indirectly by the revenues derived from the tipping fees.

The third provision of the second set of amendments would provide that the provisions of Section 4 of the bill which prohibit DEP or any county public authority or solid waste facility for requiring the use of specific facilities would not apply in the case of the aforementioned qualified vendor, provided he is a franchise owner.

And finally, with respect to a qualified vendor who has a franchise, all available monies in the county Debt Retirement Fund must be used to reduce the solid waste charges received at the sanitary landfill facility, essentially, in the amount of the Environmental Escrow Fund we just talked about. Those two sets.

ASSEMBLYMAN ROONEY: Okay. All right. So they have a motion on those two--

ASSEMBLYMAN CHATZIDAKIS: I have a question.

ASSEMBLYMAN ROONEY: Yes.

ASSEMBLYMAN CHATZIDAKIS: Through the Chair, how much more money will this require then of this bailout -- added to the stranded debt or whatever amounts of money we figure so far?

ASSEMBLYMAN ROONEY: On the Ocean County portion was -- what? -- 6.5 million, and the estimated on the Port Authority was approximately -- I think it was probably about 8 million, I think.

MR. MATIOSKA: Subject of course to--

ASSEMBLYMAN ROONEY: Again, subject to the audit. That's going to be the criteria. It's going to be whether-- They also have to apply to

the Division of Local Government Services and open up their books and go through the whole process in order to be able to participate in this. This only makes them eligible. It does not guarantee that they're going to get any money.

ASSEMBLYMAN CHATZIDAKIS: Why don't we do that with all the authorities then?

ASSEMBLYMAN ROONEY: We are doing that. That's in the bill.

ASSEMBLYMAN CHATZIDAKIS: Before we come up with an amount of money we're going to tax the public.

ASSEMBLYMAN ROONEY: It's in the bill. It's in the bill. That's in the bill already.

ASSEMBLYMAN CHATZIDAKIS: A tax is in the bill, also.

ASSEMBLYMAN ROONEY: Well, not yet. This is dealing with only the people who are qualified vendors, and the other amendment was Connie's amendment -- no -- the bistrate and the Ocean County. These are qualified vendors. This is definition. This is definition.

ASSEMBLYMAN CHATZIDAKIS: If they qualify, you're talking about \$14.5 million more?

ASSEMBLYMAN ROONEY: Roughly, yeah. However, I'm only saying that's a maximum. It could also be a lot less that the Division of Local Government Services says, "No, that's not right," and you're going to have to eat part of it. You may be ineligible for all of it. They may decide that this is not what they want to do.

Yes, Mr. Cottrell.

ASSEMBLYMAN COTTRELL: Can I talk about this, or do we wait (indiscernible) -- or what? -- on the amendments?

ASSEMBLYMAN ROONEY: This is on the amendments. Only on the amendments.

ASSEMBLYMAN COTTRELL: Okay, only the amendments.

First of all, I feel a little hurt today that each amendment from in here with my name on it first, without having me attend any meeting -- and I don't remember what -- I keep my files pretty good, and I have a filing system, but I never wrote a memo about any meeting to put my name on one, number one, then take it off.

And let me tell you something else here, I have a problem--

ASSEMBLYMAN ROONEY: Mel, is your microphone on, please?

ASSEMBLYMAN COTTRELL: I have a problem and (indiscernible) and my name goes on the amendment and I had it took off.

I have a problem if you say Ocean County (indiscernible) it. But I talked to Ocean County and I talked to the landfill, and that landfill is a good landfill. I'm not knocking against them, but there's no guarantee. Remember, there's no guarantee in this amendment that we're going to get nothing back but double taxes in Ocean County, Burlington, Monmouth, and Somerset. That's all landfill. So therefore, I do not support something that you don't have any guarantee that it corrects the problem, fix the problem or what we get back. I'm not going to be the person lost out in the woods -- don't know what's coming next.

And let me fix the problem right, as far as I'm concerned, by making it useful and an amendment-- (remainder of comment indiscernible)

Because we must have some kind of guarantee that something is coming back. If not, I'll wait for the-- (remainder of comment indiscernible) It's a tax. But I told the Governor, with her plan, I'll never vote for a tax and won't lie today. So I am going to vote no on this amendment. Not that I have anything against the landfills, but in Ocean County, we represent the people -- all the people -- and I feel it's a bad deal for us because there's no guarantee of what we will get back.

ASSEMBLYMAN CHATZIDAKIS: I have a question. I find it-- It's the procedure I'm thinking about.

ASSEMBLYMAN ROONEY: No, I just want to--

ASSEMBLYMAN CHATZIDAKIS: We're asking to vote on an amendment on a bill that we don't know what form of the bill we're going to vote on yet. Is that correct?

ASSEMBLYMAN ROONEY: That will come up. There will be amendments to the bill that will come up, and then the final bill will be the process of all of it.

ASSEMBLYMAN CHATZIDAKIS: Yes, but you're asking me to vote on an amendment for a bill which we don't know what the final form of the bill is yet.

ASSEMBLYMAN ROONEY: Well, it's to whether these amendments are included. We're going to do it a step at a time, and then the final process will be there. You'll have an opportunity to vote for three different options.

And, Larry, I think we know what the outcomes are going to be on it. We all know what the situation-- You've already said you're going to vote

no for all forms of the bill, so I appreciate you're telling me in advance, but to question it procedurally, this is procedurally correct. Procedurally correct--

ASSEMBLYMAN CHATZIDAKIS: But that's why I'm questioning the procedure.

ASSEMBLYMAN ROONEY: --otherwise the staff wouldn't put it up.

ASSEMBLYMAN CHATZIDAKIS: Because I've only been here a year. I don't know.

ASSEMBLYMAN ROONEY: To answer Mel Cottrell. Mel, I respect you to the point where-- You asked me to address the Ocean County concerns. You have a private landfill. I've met with the private landfill people. I have told them all along that their opinion is not what I'm seeking. The opinion is from the Ocean County people, which you introduced me to. We had a meeting in my office with two of your people. I explained what we were trying to do to make sure it was sure fair to Ocean County, that you didn't actually lose money or that you weren't put at a disadvantage, that you would be able to participate.

We had to work with the landfill because, basically, you pay the landfill under a franchise. They brought out that there's an environmental escrow account that's about \$18 a ton that you're now paying that in essence is really a financing thing for your landfill for the future. And when you build an incinerator, you build it back a few years and then you start filling it. When you build the landfill, you build it first, but then you also have to do the future sells and you have to put that money aside. So we understood that that

is debt. That is your debt, and we wanted to be able to bring you to the table and not have you lose money. So we wanted to make that--

ASSEMBLYMAN COTTRELL: I--

ASSEMBLYMAN ROONEY: No, let me finish, Mel. I let you finish.

I went above and beyond, I think, on this, and I told you all the while I would meet with them. I would give the amendments to you and your people, and I would not be in the process. That you were to directly contact staff and to let us know if those amendments were satisfactory. The amendments were here. They have been here for awhile. Your people were supposed to be here on Tuesday to pick up the hard copies of the amendments -- did not come, Mel. That's what I've been told by staff. They were on the phone. They got the information. We thought we did the right thing. If you don't think we did the right thing, I appreciate that. And if you're not going to vote for it, I appreciate that. I will not force you to vote for an amendment that might benefit your county. That's your prerogative.

ASSEMBLYMAN COTTRELL: You're not going to force me anyhow. But let me tell you something-- Let me tell you something. We picked it up Wednesday. I got these amendments Wednesday night with my name on it, and I understand and you told me that the last minute. That was Monday when you told me that.

ASSEMBLYMAN ROONEY: Yes, I said Monday that we would have these prepared for you on Tuesday.

ASSEMBLYMAN COTTRELL: And was going to put my name on it, but my problem was, right along, and I've been trying to tell you was, in

order for someone who represents the landfill-- I appreciate that and I thank you today for working on the landfill. And I'm not-- But don't you think I should be concerned (indiscernible) being an Assemblyman of Ocean County and sitting on the Committee?

ASSEMBLYMAN ROONEY: Mel, I told you. I told you exactly what I said.

ASSEMBLYMAN COTTRELL: No, the deal--

ASSEMBLYMAN ROONEY: I said I am not going to be in the process.

ASSEMBLYMAN COTTRELL: --the deal is-- (remainder of comment indiscernible) The amendments are made up. (comment indiscernible) I represent the people. If I have to be here to fight something, I have to know what my people want. I have resolutions from almost every town -- I'm going to say 90 percent.

Now, if you thought it was important, you could have gotten the amendment down to me if you had them Monday or Tuesday. No, I was told if I want them on Tuesday afternoon, if I want them, come up and get them on a Wednesday morning.

ASSEMBLYMAN ROONEY: That shouldn't have been. You should have been able to have them faxed to you.

ASSEMBLYMAN COTTRELL: Oh, thank you very much. Thank you.

ASSEMBLYMAN ROONEY: No, I believe your people had said they were coming. Now, I don't know why that came about, but they said they

were coming here to discuss it with Algis and to get the-- But they knew what they were over the phone.

Mel, I don't want to belabor the point. It's been introduced by Assemblyman Jones. We'll take a vote on it at this point.

ASSEMBLYMAN COTTRELL: I didn't need to know the last minute, right, Larry? We got the amendments when we came up. That's when we knew about it, Wednesday.

ASSEMBLYMAN BIONDI: You got the amendment when you first came up.

UNIDENTIFIED MEMBER FROM AUDIENCE: Picked the amendment up Tuesday about noon.

ASSEMBLYMAN ROONEY: Okay, then you were here.

UNIDENTIFIED MEMBER FROM AUDIENCE: It was delivered about Wednesday morning because we didn't get it back until Tuesday afternoon.

ASSEMBLYMAN ROONEY: All right, well, that's when we promised that we would have it by, Tuesday, because we've been working on it to try and get it.

At this point, obviously, the Ocean County people are not in favor of this.

So, Assemblyman Jones, it's still your amendment.

ASSEMBLYMAN JONES: I move the amendments.

ASSEMBLYMAN ROONEY: I think maybe we'll call for division, one for Port Authority and one separately. I think we'll start with the Ocean County amendment.

Could we have a roll call on the Ocean County amendment at this point.

MR. MATIOSKA: The first amendment, which is the much larger document, is sponsored by Assemblyman Jones to Assembly committee substitute for A-519, a.k.a. the Ocean County amendment. The roll call will be:

Assemblyman Steele?

ASSEMBLYMAN STEELE: Yes.

MR. MATIOSKA: Assemblyman Jones?

ASSEMBLYMAN JONES: Yes.

MR. MATIOSKA: Assemblywoman Myers?

ASSEMBLYWOMAN MYERS: On the Ocean County amendments?

MR. MATIOSKA: Yes.

ASSEMBLYWOMAN MYERS: Yes. I have a comment. Would you like me to make it now?

ASSEMBLYMAN ROONEY: Yes, please.

ASSEMBLYWOMAN MYERS: I'm going to vote for this amendment even though I have questions about it and believe that it needs at least further refinement, but it is-- The Chairman has asked me to support this package with certain conditions and with certain amendments, and I have agreed because he feels very strongly that it is time for this Committee to take some action and move this package to the next step. So I just want to comment at the outset that I am not committing my vote to future consideration of this package or any related package on this subject. I do not

necessarily approve of everything that I'm going to vote yes on. And with that, I vote yes.

ASSEMBLYMAN ROONEY: Thank you very much, Assemblywoman.

MR. MATIOSKA: Assemblyman Chatzidakis?

ASSEMBLYMAN CHATZIDAKIS: A simple no.

MR. MATIOSKA: Assemblyman Cottrell?

ASSEMBLYMAN COTTRELL: I'm voting no on this. I don't believe in a temporary fix or not knowing where I'm going. We have no answers on these amendments. Isn't it enough that we're going to pay double tax regardless without (indiscernible) guarantee or not anything back. There's no guarantee in this amendment.

ASSEMBLYMAN ROONEY: We'll record you as a no.

ASSEMBLYMAN COTTRELL: A very high no. (laughter)

MR. MATIOSKA: An emphatic no from Assemblyman Cottrell. Assemblyman Biondi?

ASSEMBLYMAN BIONDI: I now understand my colleague's assessment at the beginning of the meeting, saying we were very quick studies over here. But I'm not that quick that I can just get the amendment now, read it, and formulate an opinion on it. But even if I did, I would vote no.

ASSEMBLYMAN ROONEY: And I'll vote yes.

So the amendment passes.

The second amendment will be the Port Authority amendment.

Roll call, please.

MR. MATIOSKA: Amendment number two, roll call.

Assemblyman Steele?

ASSEMBLYMAN STEELE: Yes.

MR. MATIOSKA: Assemblyman Jones?

ASSEMBLYMAN JONES: Yes.

MR. MATIOSKA: Assemblyman Chatzidakis?

ASSEMBLYMAN CHATZIDAKIS: Yes.

MR. MATIOSKA: Assemblyman Cottrell?

ASSEMBLYMAN COTTRELL: Yes.

MR. MATIOSKA: Assemblywoman Myers?

ASSEMBLYWOMAN MYERS: Yes.

MR. MATIOSKA: Assemblyman Biondi?

ASSEMBLYMAN BIONDI: I'll abstain. While I feel that if you're going to bail out the counties, you certainly should include the Port Authority, but I just don't support the entire package.

ASSEMBLYWOMAN MYERS: Since you didn't need my vote on that, I can change that to a no. (laughter)

ASSEMBLYMAN ROONEY: Too late, it's already recorded.

MR. MATIOSKA: Assemblyman Rooney?

ASSEMBLYMAN ROONEY: Yes.

But I still believe they should sell the facility.

Now we're going to go through three alternatives. And the first alternative on A-519 is with a 6 percent tax that would be generating approximately \$84 million in revenue from the tax, and then it will be -- the balance of it a maximum of up to \$50 million from the budget.

So I'll take a roll call on that, please.

MR. MATIOSKA: A roll call on the Assembly committee substitute for A-519, which is the same bill as last Committee Meeting the 7th of May, which proposes a 6 percent assessment of solid waste collection, municipalities municipal service, and solid waste disposal facilities in this state.

Roll call.

Assemblyman Steele?

ASSEMBLYMAN STEELE: No.

MR. MATIOSKA: Assemblyman Jones.

ASSEMBLYMAN JONES: No.

MR. MATIOSKA: Assemblyman Chatzidakis?

ASSEMBLYMAN CHATZIDAKIS: No.

MR. MATIOSKA: Assemblyman Cottrell?

ASSEMBLYMAN COTTRELL: No.

MR. MATIOSKA: Assemblywoman Myers?

ASSEMBLYWOMAN MYERS: No.

MR. MATIOSKA: Assemblyman Biondi?

ASSEMBLYMAN BIONDI: No.

MR. MATIOSKA: Assemblyman Rooney?

ASSEMBLYMAN ROONEY: I'll vote yes, since it was my original bill and-- (laughter)

ASSEMBLYWOMAN MYERS: John, what about my amendments?

ASSEMBLYMAN ROONEY: Yeah, your amendments-- You'll be included.

MR. MATIOSKA: They'll be taken up separately.

ASSEMBLYMAN ROONEY: We'll get the bill, then we'll do that one separately.

The second version will be for the 3 percent tax which is virtually the McNamara approach, which raises, obviously, half of that, which would be approximately 43 million or anywhere up to 50 million and then having 50 percent of it come out of the General Fund.

So I'll call for a roll call on that.

Yes, you may pass out the bills.

MR. MATIOSKA: The second alternative is essentially the bill which was just voted down with only a 3 percent assessment and would follow a bit more of the language of Senator McNamara, but it has all of the other provisions which are in the standard A-519.

ASSEMBLYMAN ROONEY: So we have a roll call, please.

MR. MATIOSKA: Roll call on the 3 percent assessment alternative to the Assembly committee substitute for A-519.

Assemblyman Steele?

ASSEMBLYMAN STEELE: No.

MR. MATIOSKA: Assemblyman Jones?

ASSEMBLYMAN JONES: No.

MR. MATIOSKA: Assemblyman Chatzidakis?

ASSEMBLYMAN CHATZIDAKIS: No.

MR. MATIOSKA: Assemblyman Cottrell?

ASSEMBLYMAN COTTRELL: No.

MR. MATIOSKA: Assemblywoman Myers?

ASSEMBLYWOMAN MYERS: No.

MR. MATIOSKA: Assemblyman Biondi?

ASSEMBLYMAN BIONDI: No.

MR. MATIOSKA: Assemblyman Rooney?

ASSEMBLYMAN ROONEY: I'll vote yes again.

The third alternative is taking 100 percent of the amount from the General Fund from -- and it will go to the Appropriation Committee to make that commitment. It will probably be approximately \$100 million.

So at this point, I will request a roll call again.

ASSEMBLYWOMAN MYERS: When are we doing my amendments?

ASSEMBLYMAN ROONEY: Right after the bill is passed, then we'll get to--

Oh, I'm sorry. We have to do the amendment first. The amendment first. I'm sorry. We have to do Connie Myers's amendments which are -- yes, they're in the package. Yes. Basically, what Assemblywoman Myers is doing is taking the contingency--

All right. Why don't we have Assemblywoman Myers explain her amendment. Connie?

ASSEMBLYWOMAN MYERS: Amendment to-- Do you want to do each bill?

ASSEMBLYMAN ROONEY: Just do the amendments on A-519.

ASSEMBLYWOMAN MYERS: Assembly Bill No. 519? I've got A-515.

ASSEMBLYMAN ROONEY: Why don't we have Algis do A-519.

ASSEMBLYWOMAN MYERS: Okay.

ASSEMBLYMAN ROONEY: This will be utilizing money from the contingency fund reducing or--

ASSEMBLYWOMAN MYERS: No, that's A-515.

ASSEMBLYMAN ROONEY: Oh, okay, you're right. That's A-515.

MR. MATIOSKA: Assemblywoman Myers has several amendments to Assembly committee substitute for A-519. First, she specifies that the monies in the Debt Retirement Fund can be used solely for subsidizing debt service payments to counties, public authorities, and qualified vendors. The remaining amendments pertain to the assessment which was just voted down, so essentially that would be all that you take out of that bill.

ASSEMBLYWOMAN MYERS: That's what I said. I think the amendments you want me to go over are in A-515.

ASSEMBLYMAN ROONEY: Okay. That's why-- We're not on A-515. We're on A-519.

ASSEMBLYWOMAN MYERS: Oh.

ASSEMBLYMAN ROONEY: So whatever amendments here pertain to A-519--

MR. MATIOSKA: Essentially what I've read -- just the first ones--

ASSEMBLYMAN ROONEY: Do I have a motion? Do I have a motion?

ASSEMBLYMAN STEELE: Which one are we on now?

ASSEMBLYMAN ROONEY: Let's do a roll call. We've been doing-- This is the amendments to--

MR. MATIOSKA: These are the Myers amendments to A-519, which essentially say now that all of the monies in the fund can be used solely for the debt relief, and so forth, not for extraneous.

ASSEMBLYMAN STEELE: Assembly Bill No. 515?

ASSEMBLYMAN ROONEY: No, A-519.

MR. MATIOSKA: Assembly Bill No. 519.

ASSEMBLYMAN ROONEY: Can only be used for debt relief. Cannot be used for new debt, new projects or any -- must be used for the stranded debt. That really tightens up the language of the bill.

So let's have a roll call.

MR. MATIOSKA: Roll call on the proposed amendments by Assemblywoman Myers to the ACS for A-519.

Assemblyman Steele?

ASSEMBLYMAN STEELE: Yes.

MR. MATIOSKA: Assemblyman Jones?

ASSEMBLYMAN JONES: Yes.

MR. MATIOSKA: Assemblyman Chatzidakis?

ASSEMBLYMAN CHATZIDAKIS: Yes.

MR. MATIOSKA: Assemblyman Cottrell?

ASSEMBLYMAN COTTRELL: I'm not going to vote for A-519, why vote for the amendments. No. Unbelievable.

MR. MATIOSKA: An emphatic no.

Assemblywoman Myers?

ASSEMBLYWOMAN MYERS: Yes.

MR. MATIOSKA: Assemblyman Biondi?

ASSEMBLYMAN BIONDI: I share my colleague's thinking. No.

MR. MATIOSKA: That's another no.

ASSEMBLYMAN ROONEY: And I vote yes.

MR. MATIOSKA: Assemblyman Rooney?

ASSEMBLYMAN ROONEY: Yes.

All right. Now, we get to A-519, as amended. This version of A-519 will be 100 percent appropriation from -- 100 percent funding from the Appropriations Committee and from the budget.

So let's have a roll call on A-519, as amended now, with all the amendments aforementioned. Roll call, please.

MR. MATIOSKA: Roll call on Assembly committee substitute for A-519 which would require all of the monies in the fund to come from the General Fund appropriation with the aforementioned amendments, which there are now four of them.

Roll call.

Assemblyman Steele?

ASSEMBLYMAN STEELE: Mr. Chairman, when you first started, you said it would be bipartisan. You was right. My vote is yes. (laughter)

ASSEMBLYMAN ROONEY: Thank you.

MR. MATIOSKA: Assemblyman Jones?

ASSEMBLYMAN JONES: No. I'm just kidding. (laughter and applause) Yes.

MR. MATIOSKA: It's a humorous yes.

Assemblyman Chatzidakis?

ASSEMBLYMAN CHATZIDAKIS: It's still a tax, no.

MR. MATIOSKA: Assemblyman Cottrell?

ASSEMBLYMAN COTTRELL: No.

MR. MATIOSKA: Assemblywoman Myers?

ASSEMBLYWOMAN MYERS: Well, I'm sorry, but I have a question. On Page 10, Assemblyman Rooney agreed to two amendments to the language you passed out, but nobody's else is aware of that language. So isn't it proper to at least tell people we're inserting language that way?

ASSEMBLYMAN ROONEY: This was the substitute. This is a substitute, though, Connie.

ASSEMBLYWOMAN MYERS: Right. And you agreed to two amendments that substitute about a half hour ago.

ASSEMBLYMAN ROONEY: They're not in here?

ASSEMBLYWOMAN MYERS: No.

ASSEMBLYMAN ROONEY: Oh, I'm sorry.

ASSEMBLYWOMAN MYERS: I showed them to you in writing.

ASSEMBLYMAN ROONEY: I thought you had given-- That's absolutely-- Okay. Let's do the amendments then. I thought you had given them to Algis. I'm sorry. I apologize.

MR. MATIOSKA: There are two slight changes of language from the substitute we just handed out, which on Page 10, Section 9, was pertaining to tying in the audits with monies in the debt, and so forth. And also, it's not \$100 million. It's no more than. In other words, that is the upper limit of the appropriations. So with those amendments added--

ASSEMBLYWOMAN MYERS: I vote yes.

ASSEMBLYMAN ROONEY: Okay, good.

Why don't we redo the votes based on the rereading of those amendments -- the change of the substitute. It is a substitute. It can be amended without--

MR. MATIOSKA: In fact, all of these amendments are going to be integrated within one document, which will be the committee substitute.

ASSEMBLYMAN ROONEY: Why don't we have the roll call again. Let's have the roll call again, please, just for formality sake.

MR. MATIOSKA: Assemblyman Steele?

ASSEMBLYMAN STEELE: Yes.

MR. MATIOSKA: Assemblyman Jones?

ASSEMBLYMAN JONES: Yes.

MR. MATIOSKA: Assemblywoman Myers?

ASSEMBLYWOMAN MYERS: Yes.

MR. MATIOSKA: Assemblyman Cottrell?

ASSEMBLYMAN ROONEY: You're still a no, Mel. We're doing the roll call over again because of the change on the substitute. You're still a no, right?

ASSEMBLYMAN COTTRELL: No.

MR. MATIOSKA: Assemblyman Chatzidakis?

ASSEMBLYMAN CHATZIDAKIS: No.

MR. MATIOSKA: Assemblyman Biondi, for the first time?

ASSEMBLYMAN BIONDI: Explanation: I still think we've got the cart before the horse, and we've not truly established the stranded debt. We have not eliminated counsel fees for the bonding. And I just--

Mr. Chairman, nothing but respect for your tenacity on this, but I just can't support it now. We're saying it's coming out of General Fund and it's not a tax. Well, that's money coming out of the General Fund -- could have went for open space, farmland preservation, could have went for anything. So it's money coming out of General Fund going to a blank check to bail out all of the remaining debt on incinerations. And just-- No.

ASSEMBLYMAN ROONEY: It's not only incineration. It's all forms of solid waste and debt.

MR. MATIOSKA: Assemblyman Biondi votes no.  
Assemblyman Rooney?

ASSEMBLYMAN ROONEY: Yes.

Okay. We moved that on to the Appropriations Committee.

The next bill will be A-516, which will be the -- basically, the municipalities being in charge of solid waste. Do we have any amendments on that bill, A-516?

MR. MATIOSKA: Assembly Bill No. 516, you said?

ASSEMBLYMAN ROONEY: Yes, A-516 is the -- putting municipalities in charge and-- In the Ocean County-- Again this is in A-516 -- is a portion of this for Ocean County that will be addressed as an amendment.

ASSEMBLYMAN JONES: Mr. Chairman, I'm going to move the amendment, and the Committee Aide is going to read it into the record.

MR. MATIOSKA: There's a proposed amendment to the committee substitute for A-516 by Assemblyman Jones, and the amendment would authorize a qualified vendor who is the owner of a private landfill and a franchise holder to negotiate contracts or agreements for disposal of

municipal solid waste without public bidding or advertising. These amendments would in effect level the playing field and/or in effect identical in their effect to interlocal agreements between counties or public authorities, municipalities, and so forth, without public bidding or advertising.

ASSEMBLYMAN ROONEY: Okay, so why don't we do a roll call. Roll call, please.

MR. MATIOSKA: Okay. Committee substitute for A-516 with an amendment -- roll call.

Assemblyman Steele?

ASSEMBLYMAN STEELE: Yes.

MR. MATIOSKA: Assemblyman Jones?

ASSEMBLYMAN JONES: Yes.

MR. MATIOSKA: Assemblyman Chatzidakis?

ASSEMBLYMAN CHATZIDAKIS: No.

MR. MATIOSKA: Assemblyman Cottrell?

ASSEMBLYMAN COTTRELL: I got a comment. I'm going to vote on this amendment because it's important that the landfill has a franchise. I'll still will vote no on the bill.

ASSEMBLYMAN ROONEY: This is the amended bill.

ASSEMBLYMAN COTTRELL: I want to vote yes on the amendment, but no on the bill.

ASSEMBLYMAN ROONEY: It's a substitute.

MR. MATIOSKA: Can't do that.

ASSEMBLYMAN ROONEY: Can't do it. It's a substitute.

ASSEMBLYMAN COTTRELL: Well, I vote no then.

ASSEMBLYMAN ROONEY: Okay, vote no. That's easy.

MR. MATIOSKA: Assemblywoman Myers?

ASSEMBLYWOMAN MYERS: Yes.

MR. MATIOSKA: Assemblyman Biondi?

ASSEMBLYMAN BIONDI: We're on A-516, is that correct?

ASSEMBLYMAN ROONEY: That's correct.

MR. MATIOSKA: Yes, we are, as amended.

ASSEMBLYMAN BIONDI: No.

ASSEMBLYMAN ROONEY: I thought you were going to vote for this.

ASSEMBLYMAN BIONDI: No, I wasn't. You keep saying, "I thought you were going to vote. I thought you were going to vote." I was never voting.

ASSEMBLYMAN ROONEY: I thought -- you told me you were. Okay. I vote yes.

MR. MATIOSKA: Assemblyman Rooney?

ASSEMBLYMAN ROONEY: I vote yes.

ASSEMBLYMAN BIONDI: You're getting away from the Open Public Contract law, and I support the Open Public Contract law, and I represent a district that not one municipality in my district provides collection through the taxes -- only one, Somerville. Everybody else is private, including myself has a private contract.

ASSEMBLYMAN ROONEY: It allows that by the way, the bill does.

ASSEMBLYMAN BIONDI: I know.

ASSEMBLYMAN ROONEY: Assembly Bill No. 515 is basically rewriting the Solid Waste Management Act, and there is an amendment to that that Assemblywoman Myers has proposed. That amendment does away with the contingency tax. It takes \$27 million from the -- that fund, applies it to the debt reduction process and--

What else? This will be as amended, also, right?

MR. MATIOSKA: There are two sets of amendments again. So we have amendments proposed by Assemblyman Jones and Assemblywoman Myers.

ASSEMBLYMAN JONES: Mr. Chairman, I'll move the amendments, and the Committee Aide will read them into the record.

ASSEMBLYMAN ROONEY: Thank you, Assemblyman Jones.

MR. MATIOSKA: The amendments to the ACS for A-515 proposed by Assemblyman Jones would amend the Solid Waste Management Act to emphasize the district plan should continue to recognize privately owned and operated landfills, especially those that have a franchise. Second is restore the definition of franchise in the McEnroe Act; and third, this amendment would repeal the solid waste services tax on landfills.

ASSEMBLYMAN ROONEY: The other amendment?

MR. MATIOSKA: The other amendment is offered by Assemblywoman Myers. Her amendments would provide for the expiration of the contingency tax. The solid waste services tax, by the way, is \$1.15 per ton. The contingency tax is \$0.50 per ton. Both of those taxes would be repealed by these amendments. Assemblywoman Myers's amendments would also abolish the program, the Sanitary Landfill Contingency Fund Program,

and would transfer what the remaining balance, which we checked this morning is \$26,716,000, in the Sanitary Landfill Facility Contingency Fund -- would be transferred into the State's Solid Waste Facility Debt Retirement Fund to assist in debt relief, so that the amendments would do that, as well.

ASSEMBLYMAN ROONEY: This will be A-515, as amended.

Vote on that.

Roll call, please.

ASSEMBLYMAN COTTRELL: Can I have a question on the amendment?

ASSEMBLYMAN ROONEY: Sure.

ASSEMBLYMAN COTTRELL: Is that the amendment would take the money that's supposed come back to the people who recycle to buy equipment with?

ASSEMBLYMAN ROONEY: The one is a contingency fund. The contingency fund has not been -- yes, that's 50 cents, and it's pain and suffering.

ASSEMBLYMAN COTTRELL: I'm asking a simple question. The answer I want if that is the money that was left on the recycle to buy equipment at these landfills?

ASSEMBLYMAN ROONEY: That true?

MR. MATIOSKA: Serves as taxes -- \$1.15 per ton tax on sanitary landfill facilities. It would be repealed under this bill.

ASSEMBLYMAN COTTRELL: Now we're going to use that money for closure, right?

MR. MATIOSKA: No closure monies are affected one way or the other by these amendments.

ASSEMBLYMAN ROONEY: None.

MR. MATIOSKA: You're just saving \$1.65 per ton by your having two taxes repealed.

ASSEMBLYMAN ROONEY: That's the contingency fund, the solid waste services.

ASSEMBLYWOMAN MYERS: Do you want me to--

ASSEMBLYMAN COTTRELL: We put money in that. We didn't get anything back out of it, according to what I heard.

ASSEMBLYMAN ROONEY: You're not getting anything back, I don't think--

ASSEMBLYMAN COTTRELL: No.

ASSEMBLYMAN ROONEY: --out of those.

ASSEMBLYMAN COTTRELL: Why? Why does--

ASSEMBLYMAN ROONEY: Connie?

ASSEMBLYWOMAN MYERS: If I may clarify, Mr. Chairman, this is a fund that has not been used for the original purpose for many, many years. Originally, it was established to cover pain and suffering claims by people who had claims because of environmental damage. There have been no such claims, and what's been happening is the administration has been using this fund for other purposes for the last five or ten years. So we identified this as another source of money that was originally dedicated to solid waste purposes that ought to be used to pay down this outstanding stranded debt. It has nothing to do with the landfill closure fee or the recycling.

ASSEMBLYMAN COTTRELL: All right. Where was this money when they closed the (indiscernible) landfill? Where was this money in? We got nothing. The only thing that saved the township that I was in (indiscernible) we sued the insurance company, and we got the insurance company to pay off the people who lived around the landfill.

ASSEMBLYMAN ROONEY: The contingency fund or, which one are we talking-- The contingency fund right now, there was a decision, I think, several years ago that said that, basically, nobody could claim anything from that fund. The money is sitting there. Both administrations, the present and the past, bipartisan, have raided that fund for money from the -- to put into the budget. It has not been touched within several years because several years ago there was a decision that it -- you weren't eligible, it would not pay off any contingency. It had to go to a different liability. You've got environmental insurance now that are covered by the JIPS (phonetic spelling), etc. So that fund has been sitting there, and it's, basically, money that could be used to pay down the debt.

Connie found it. She said let's use this to put in to this fund, so we don't have to take as much out of the General Fund.

ASSEMBLYMAN COTTRELL: Then tell me why we're paying it. We couldn't use it, then why--

ASSEMBLYMAN ROONEY: Because it's in effect that it -- you'll be paying it until we repeal it. We're repealing it by this bill. That's what we're doing. We're repealing two taxes. We're lowering taxes, lowering fees in your landfills. Now, you should vote for that.

ASSEMBLYMAN COTTRELL: Who put the money in that? Did you put any money in it -- your county?

ASSEMBLYWOMAN MYERS: Warren did.

ASSEMBLYMAN COTTRELL: Then your county put it in?

ASSEMBLYWOMAN MYERS: Warren. Yes.

ASSEMBLYMAN COTTRELL: Not all counties though?

ASSEMBLYWOMAN MYERS: No, landfills.

ASSEMBLYMAN COTTRELL: No. We're paying for something somebody else took all the time.

ASSEMBLYMAN ROONEY: But you're still going to get relief by not having to pay the \$1.65 in this tax from now on. You're going to get a direct reduction in your rate at the landfill by \$1.65.

ASSEMBLYMAN BIONDI: But it's going to stranded debt.

ASSEMBLYMAN ROONEY: Well, it's still going--

ASSEMBLYMAN BIONDI: Excuse me, I'm saying "no," and I'm hearing "yes," and I'm hearing, "I don't know."

ASSEMBLYMAN ROONEY: The previous \$27 million was going into the General Fund. It was being raided by both administrations. It did not go anywhere else. They grabbed this money because they knew that nothing else could come out of it. I'm getting a "yes" from the landfills, so again you may--

Let's vote on the bill.

ASSEMBLYMAN BIONDI: Well, this is the beauty of having amendments at the eleventh hour.

ASSEMBLYMAN ROONEY: These amendments have been here for months.

ASSEMBLYMAN CHATZIDAKIS: Let me just say something. I hope we all realize what we're voting here today because we've had a very hasty process here today. We voted today-- The Chairman said this is supposed to be about property tax relief. It's not going to happen, but I just hope everybody realizes -- that we all realize -- what we voted here today because things-- This maybe a Rube Goldberg machine. It may not come out the way we think it's going to come out.

ASSEMBLYMAN ROONEY: Larry, you're going to be here a long time. I've been here a long time, also, and I think a few years from now we're going to sit down and we're going to say, "Gee, you know, it really was about property tax relief." And I will say on the record, and we're being transcribed today, that you and I will come -- and you'll buy me dinner in a couple of years and say that, "John, you were right." And I'm going to enjoy it.

ASSEMBLYMAN CHATZIDAKIS: Which millennium?

ASSEMBLYMAN ROONEY: The next millennium. It's only two years away. And I think that it's going to be in that period of time we're going to see relief.

Let's have a roll call, please, on the amended bill.

MR. MATIOSKA: Roll call on Assembly committee substitute for A-515 with amendments sponsored by Assemblyman Jones and additional amendments sponsored by Assemblywoman Myers. Roll call.

Assemblyman Steele?

ASSEMBLYMAN STEELE: Yes.

MR. MATIOSKA: Assemblyman Jones?

ASSEMBLYMAN JONES: Yes.

MR. MATIOSKA: Assemblyman Chatzidakis?

ASSEMBLYMAN CHATZIDAKIS: No.

MR. MATIOSKA: Assemblyman Cottrell?

ASSEMBLYMAN COTTRELL: No.

MR. MATIOSKA: Assemblywoman Myers?

ASSEMBLYWOMAN MYERS: Yes.

MR. MATIOSKA: Assemblyman Biondi?

ASSEMBLYMAN BIONDI: Starting to get excited about those  
noes, now, huh? No.

MR. MATIOSKA: Assemblyman Rooney?

ASSEMBLYMAN ROONEY: Yes.

Okay. Assembly Bill No. 517 is next. So A-517 is the rewriting  
of the recycling act, if I remember correctly without looking. I think I should  
know these by heart. Well, let's do a roll call. Do that.

MR. COLNER: Assemblyman Steele?

ASSEMBLYMAN STEELE: Yes.

MR. COLNER: Assemblyman Jones?

ASSEMBLYMAN JONES: Yes.

MR. COLNER: Assemblywoman Myers?

ASSEMBLYMAN ROONEY: This is the recycling act, Connie.

ASSEMBLYWOMAN MYERS: Yes.

MR. COLNER: Assemblyman Cottrell?

ASSEMBLYMAN COTTRELL: No.

MR. COLNER: Assemblyman Chatzidakis?

ASSEMBLYMAN CHATZIDAKIS: No.

MR. COLNER: Assemblyman Biondi?

ASSEMBLYMAN BIONDI: No.

MR. COLNER: Assemblyman Rooney?

ASSEMBLYMAN ROONEY: Yes.

Assembly Bill No. 518 -- and we do have an amendment to A-518.

The DEP cannot award as a franchise to any person engaged in solid waste disposal as stated after November 10, 1997. Assembly Bill No. 518, and again this is an amendment, basically, for the Ocean County Landfill.

ASSEMBLYMAN JONES: Mr. Chairman, I'll move the amendments, and the Committee Aide can read them into the record.

MR. MATIOSKA: The amendments to the Assembly committee substitute for A-518 would restore the definition of franchise and solid waste public utility law, and secondly, prohibit DEP from awarding any new franchises to any person or persons engaged in solid waste disposal in New Jersey after November 10, 1997.

ASSEMBLYMAN ROONEY: And we're going to have a roll call on the vote, as amended.

MR. MATIOSKA: Roll call on the Assembly committee substitute for A-518 with the amendments just described.

Assemblyman Steele?

ASSEMBLYMAN STEELE: Yes.

MR. MATIOSKA: Assemblyman Jones?

ASSEMBLYMAN JONES: Yes.

MR. MATIOSKA: Assemblyman Chatzidakis?

ASSEMBLYMAN CHATZIDAKIS: No.

MR. MATIOSKA: Assemblyman Cottrell?

ASSEMBLYMAN COTTRELL: No.

MR. MATIOSKA: Assemblywoman Myers?

ASSEMBLYWOMAN MYERS: Yes.

MR. MATIOSKA: Assemblyman Biondi?

ASSEMBLYMAN BIONDI: No.

MR. MATIOSKA: Assemblyman Rooney?

ASSEMBLYMAN ROONEY: Yes.

And that concludes the solid waste package.

Thank you, Committee members.

We need signatures. Please don't leave without the signatures.

Thank you for the yes votes and the no votes. It's been an interesting process.

**(MEETING CONCLUDED)**