

ASSEMBLY, No. 5298

STATE OF NEW JERSEY

221st LEGISLATURE

INTRODUCED FEBRUARY 10, 2025

Sponsored by:

Assemblyman GREGORY E. MYHRE

District 9 (Ocean)

Assemblyman BRIAN E. RUMPF

District 9 (Ocean)

Co-Sponsored by:

**Assemblymen Scharfenberger, Kanitra, Clifton, Sauickie,
Assemblywoman Fantasia, Assemblymen Inganamort, Guardian,
Assemblywoman Flynn, Assemblymen Auth, S.Kean, Assemblywoman
Swift and Assemblyman McGuckin.**

SYNOPSIS

Requires DEP and New Jersey Infrastructure Bank to provide priority for principal forgiveness on environmental infrastructure project loans to municipalities in coastal areas.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 2/27/2025)

1 AN ACT concerning the financing of environmental infrastructure
2 projects in coastal areas and amending P.L.1985, c.334.

3

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

6

7 1. Section 9 of P.L.1985, c.334 (C.58:11B-9) is amended to
8 read as follows:

9 9. a. (1) The trust may make and contract to make loans to local
10 government units, or to a local government unit on behalf of
11 another local government unit, in accordance with and subject to the
12 provisions of P.L.1985, c.334 (C.58:11B-1 et seq.) or P.L.1997,
13 c.224 (C.58:11B-10.1 et al.) to finance the cost of any wastewater
14 treatment system project or water supply project, which the local
15 government unit may lawfully undertake or acquire and for which
16 the local government unit is authorized by law to borrow money.

17 (2) The trust may make and contract to make loans to public
18 water utilities, or to any other person or local government unit on
19 behalf of a public water utility, in accordance with and subject to
20 the provisions of P.L.1985, c.334 (C.58:11B-1 et seq.) or P.L.1997,
21 c.224 (C.58:11B-10.1 et al.) to finance the cost of any water supply
22 project, which the public water utility may lawfully undertake or
23 acquire.

24 (3) The trust may make and contract to make loans to private
25 persons other than local government units, or to any other person or
26 local government unit on behalf of a private person, in accordance
27 with and subject to the provisions of P.L.1985, c.334 (C.58:11B-1
28 et seq.) or P.L.1997, c.224 (C.58:11B-10.1 et al.) to finance the cost
29 of stormwater management systems.

30 (4) The trust may make and contract to make loans and provide
31 other assistance to a local government unit or consortia thereof to
32 finance the cost of transportation projects, aviation projects, and
33 marine projects pursuant to sections 22 and 34 through 38 of
34 P.L.2016, c.56 (C.58:11B-10.3 through C.58:11B-10.5, C.58:11B-
35 20.2, C.58:11B-22.3, and C.58:11B-22.4), and provided that the
36 federally-funded transportation subaccount is operated in
37 accordance with the provisions of the federal infrastructure bank
38 program.

39 The loans may be made subject to those terms and conditions as
40 the trust shall determine to be consistent with the purposes thereof.
41 Each loan by the trust and the terms and conditions thereof shall be
42 subject to approval by the State Treasurer, and the trust shall make
43 available to the State Treasurer all information, statistical data and
44 reports of independent consultants or experts as the State Treasurer
45 shall deem necessary in order to evaluate the loan. Each loan to a

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 local government unit, public water utility or any other person shall
2 be evidenced by notes, bonds or other obligations thereof issued to
3 the trust. In the case of each local government unit, notes and
4 bonds to be issued to the trust and, if applicable, the State, acting by
5 and through the Department of Environmental Protection, by the
6 local government unit (1) shall be authorized and issued as provided
7 by law for the issuance of notes and bonds by the local government
8 unit, (2) notwithstanding any provisions of the "Local Authorities
9 Fiscal Control Law," P.L.1983, c.313 (C.40A:5A-1 et seq.) to the
10 contrary, shall be approved by the Director of the Division of Local
11 Government Services in the Department of Community Affairs, and
12 (3) notwithstanding the provisions of N.J.S.40A:2-27, N.J.S.40A:2-
13 28 and N.J.S.40A:2-29 or any other provisions of law to the
14 contrary, may be sold at private sale to the trust or the State, as the
15 case may be, at any price, whether or not less than par value, and
16 shall be subject to redemption prior to maturity at any times and at
17 any prices as the trust or the State, as the case may be, and local
18 government units may agree. Each loan to a local government unit,
19 public water utility or any other person and the notes, bonds or
20 other obligations thereby issued shall bear interest at a rate or rates
21 per annum as the trust or the State, as the case may be, and the local
22 government unit, public water utility or any other person, as the
23 case may be, may agree.

24 b. The trust is authorized to guarantee or contract to guarantee
25 the payment of all or any portion of the principal and interest on
26 bonds, notes or other obligations issued by a local government unit,
27 public water utility, or other person, to finance, as applicable, the
28 cost of any wastewater treatment system project, water supply
29 project, transportation project, aviation project, or marine project,
30 or redevelopment project that includes, as a portion thereof, any
31 wastewater treatment system project, water supply project,
32 transportation project, aviation project, marine project, or hazard
33 mitigation and resilience project as defined in section 2 of
34 P.L.2023, c.63 (C.58:11B-20.4), which the local government unit,
35 public water utility, or other person may lawfully undertake or
36 acquire and for which the local government unit is authorized by
37 law to borrow money, and the guarantee shall constitute an
38 obligation of the trust, and shall be in furtherance of the corporate
39 purposes of the trust, for the purposes of P.L.1985, c.334
40 (C.58:11B-1 et seq.), P.L.1997, c.224 (C.58:11B-10.1 et al.), or
41 sections 22 and 34 through 38 of P.L.2016, c.56 (C.58:11B-10.3
42 through C.58:11B-10.5, C.58:11B-20.2, C.58:11B-22.3, and
43 C.58:11B-22.4). Each guarantee by the trust and the terms and
44 conditions thereof shall be subject to approval by the State
45 Treasurer, and the trust shall make available to the State Treasurer
46 all information, statistical data and reports of independent
47 consultants or experts as the State Treasurer shall deem necessary in
48 order to evaluate the guarantee.

1 c. The trust shall not make or contract to make any loans or
2 guarantees to local government units, public water utilities or any
3 other person, or otherwise incur any additional indebtedness, on or
4 after June 30, 2053.

5 d. Notwithstanding any provision of P.L.1985, c.334
6 (C.58:11B-1 et seq.) or P.L.1997, c.224 (C.58:11B-10.1 et al.) to
7 the contrary, the trust may receive funds from any source including,
8 without limitation, any funds drawn by the trust from a revolving
9 line of credit or other similar financial vehicle that may be procured
10 by the trust, either through a competitive or negotiated process,
11 pursuant to section 5 of P.L.1985, c.334 (C.58:11B-5), for deposit
12 into the Interim Environmental Financing Program Fund or the trust
13 may issue its bonds, notes or other obligations, including
14 commercial paper issued through a competitive or negotiated
15 process, in any principal amounts, in either case, as in the judgment
16 of the trust shall be necessary to provide sufficient funds to finance
17 or refinance short-term or temporary loans to local government
18 units, public water utilities or private persons for any wastewater
19 treatment system projects included on the Department of
20 Environmental Protection project priority list and eligible for
21 approval pursuant to section 20 of P.L.1985, c.334 (C.58:11B-20)
22 or water supply projects included on the Department of
23 Environmental Protection project priority list and eligible for
24 approval pursuant to section 24 of P.L.1997, c.224 (C.58:11B-20.1),
25 as applicable, without regard to any other provisions of P.L.1985,
26 c.334 (C.58:11B-1 et seq.) or P.L.1997, c.224 (C.58:11B-10.1 et
27 al.), including, without limitation, any administrative or legislative
28 approvals.

29 The trust shall create and establish a special fund to be known as
30 the "Interim Environmental Financing Program Fund" for the short-
31 term or temporary loan financing or refinancing program to be
32 known as the "Interim Environmental Financing Program." The
33 monies in the fund shall be used for short-term or temporary loans
34 for clean water and drinking water projects pursuant to the New
35 Jersey Environmental Infrastructure Financing Program.

36 Except as provided in section 1 of P.L.2013, c.93 (C.58:11B-
37 9.5), any short-term or temporary loans made by the trust pursuant
38 to this subsection may only be made in advance of the anticipated
39 loans the trust may make and contract to make under the provisions
40 of subsection a. of this section from any source of funds anticipated
41 to be received by the trust. Any such short-term or temporary loan
42 made pursuant to the Interim Environmental Financing Program
43 shall mature no later than the last day of the third succeeding fiscal
44 year following the closing date on which the short-term or
45 temporary loan was made by the trust to the project sponsor; except
46 a planning, design, and construction loan shall mature no later than
47 the last day of the fifth succeeding fiscal year following the closing
48 date of the planning, design, and construction loan or the last day of

1 the third succeeding fiscal year following the date of construction
2 certification following the closing date of the planning, design, and
3 construction loan, whichever is sooner, provided that, in either case,
4 project planning or engineering design activities shall not exceed
5 two years from the closing date of the planning, design, and
6 construction loan; and except a short-term or temporary loan made
7 pursuant to this subsection for environmental planning and
8 engineering design costs associated with long-term control plans for
9 combined sewer overflow projects shall mature no later than the last
10 day of the 10th succeeding fiscal year following the closing date on
11 which the short-term or temporary loan was made by the trust to the
12 project sponsor; and except a short-term or temporary loan made
13 pursuant to this subsection which has been submitted as part of an
14 application for funding pursuant to the "Water Infrastructure
15 Finance and Innovation Act of 2014" (WIFIA), 33 U.S.C. s.3901 et
16 seq., as amended and supplemented, shall mature not later than the
17 funding draw period allowed by this federal act. Any short-term or
18 temporary loan or planning, design and construction loan made by
19 the trust pursuant to this subsection may mature in a shorter period
20 of time as may be necessary to align with construction completion.
21 With respect to any short-term or temporary loan or planning,
22 design, and construction loan made by the trust pursuant to this
23 subsection, the trust may authorize one short-term supplemental
24 loan for residual project expenses thereof upon receipt by the trust
25 from the Department of Environmental Protection of a certification
26 that states that the time required by the project sponsor to complete
27 construction of the project exceeds the maximum maturity date of
28 the project sponsor's outstanding short-term or temporary loan or
29 planning, design, and construction loan. Any such short-term
30 supplemental loan shall not exceed in duration the last day of the
31 third succeeding fiscal year following the loan closing of the
32 supplemental loan. The trust may make short-term or temporary
33 loans pursuant to the Interim Environmental Financing Program to
34 any one or more of the project sponsors, for the respective projects
35 thereof, identified in the interim financing project priority list to be
36 known as the "Interim Environmental Financing Program Project
37 Priority List" in the form provided to the Legislature by the
38 Commissioner of Environmental Protection.

39 The Interim Environmental Financing Program Project Priority
40 List, including any revision thereof or supplement thereto, shall be
41 submitted to the Legislature pursuant to section 2 of P.L.1991,
42 c.164 (C.52:14-19.1) at least once in each fiscal year as provided in
43 section 20 of P.L.1985, c.334 (C.58:11B-20) and section 24 of
44 P.L.1997, c.224 (C.58:11B-20.1). The Secretary and the Clerk shall
45 cause the date of submission to be entered upon the Senate Journal
46 and the Minutes of the General Assembly, respectively. The trust
47 may revise or supplement the Interim Environmental Financing
48 Program Project Priority List no more than four times during the

1 fiscal year and shall submit the revised list to the Legislature when
2 the revisions are made. Any environmental infrastructure project or
3 the project sponsor thereof not identified in the Interim
4 Environmental Financing Program Project Priority List shall not be
5 eligible for a short-term or temporary loan from the Interim
6 Environmental Financing Program Fund. The trust may issue short-
7 term or temporary loans pursuant to this subsection only if a project
8 is listed on an Interim Environmental Financing Program Project
9 Priority List that has been submitted to the Legislature. No funds
10 may be disbursed pursuant to this section for environmental
11 infrastructure project activities prior to a determination and
12 certification, in writing, from the Department of Environmental
13 Protection, that the project activities satisfy the provisions of
14 P.L.1985, c.334 (C.58:11B-1 et seq.).

15 e. Notwithstanding any provisions of the "Local Bond Law"
16 (N.J.S.40A:2-1 et seq.), the "sewerage authorities law," P.L.1946,
17 c.138 (C.40:14A-1 et seq.), or the "municipal and county utilities
18 authorities law," P.L.1957, c.183 (C.40:14B-1 et seq.) to the
19 contrary, short-term or temporary loans made by the trust pursuant
20 to section 9 of P.L.1985, c.334 (C.58:11B-9) or section 1 of
21 P.L.2013, c.93 (C.58:11B-9.5), and the obligations issued by project
22 sponsors to evidence such loans, may, at the discretion of the trust
23 and upon application by the project sponsor, bear interest at a
24 variable rate determined pursuant to a methodology as may be
25 established by the trust from time to time.

26 Further, notwithstanding any provisions of the "Local Bond
27 Law" (N.J.S.40A:2-1 et seq.), the "sewerage authorities law,"
28 P.L.1946, c.138 (C.40:14A-1 et seq.), or the "municipal and county
29 utilities authorities law," P.L.1957, c.183 (C.40:14B-1 et seq.) to
30 the contrary, any short-term or temporary loans made by the trust
31 pursuant to section 9 of P.L.1985, c.334 (C.58:11B-9) or section 1
32 of P.L.2013, c.93 (C.58:11B-9.5), and any notes or other
33 obligations issued by project sponsors to evidence such short-term
34 or temporary loans, as such loans, notes, or other obligations may
35 be refinanced or extended, as provided in subsections d. and g. of
36 this section and section 1 of P.L.2013, c.93 (C.58:11B-9.5), except
37 for loans for environmental planning and engineering design costs
38 associated with long-term control plans for combined sewer
39 overflow projects as provided in subsection d. of this section, shall
40 mature no later than the maturity date as established pursuant to
41 subsections d. and g. of this section and section 1 of P.L.2013, c.93
42 (C.58:11B-9.5), without payment by project sponsors of any portion
43 of the principal thereof prior to maturity.

44 f. Any balances remaining in the Emergency Loan Fund
45 established pursuant to section 4 of P.L.2007, c.138 (C.58:11B-9.1),
46 the Planning and Design Fund established pursuant to section 1 of
47 P.L.2009, c.59 (C.58:11B-9.2), the Onsite Wastewater Disposal
48 Loan Fund established pursuant to section 5 of P.L.2009, c.103

1 (C.58:11B-9.3), the Supplemental Loan Fund established pursuant
2 to section 2 of P.L.2011, c.94 (C.58:11B-9.4), and the Equipment
3 Loan Fund established pursuant to section 1 of P.L.2014, c.28
4 (C.58:11B-9.6) after the date of enactment of P.L.2016, c.30 shall
5 be transferred to the Interim Environmental Financing Program
6 Fund, and any loan repayments to the trust of principal and interest
7 or premium on loans made from those funds shall be credited to the
8 Interim Environmental Financing Program Fund.

9 g. The trust shall create and establish a special fund to be
10 known as the "Interim Transportation Financing Program Fund" for
11 the short-term or temporary loan financing or refinancing program
12 to be known as the "Interim Transportation Financing Program."

13 Notwithstanding any provision of P.L.1985, c.334 (C.58:11B-1
14 et seq.) or P.L.1997, c.224 (C.58:11B-10.1 et al.) to the contrary,
15 the trust may receive funds from any source including, without
16 limitation, any funds drawn by the trust from a revolving line of
17 credit or other similar financial vehicle that may be procured by the
18 trust, either through a competitive or negotiated process, pursuant to
19 section 5 of P.L.1985, c.334 (C.58:11B-5), for deposit into the
20 Interim Transportation Financing Program Fund or the trust may
21 issue its bonds, notes or other obligations in any principal amounts,
22 in either case, as in the judgment of the trust shall be necessary to
23 provide sufficient funds to finance or refinance short-term or
24 temporary loans to local government units or private persons for
25 any transportation project, aviation project, or marine project
26 included on the Department of Transportation Interim
27 Transportation Financing Program Project Priority List for the
28 ensuing fiscal year and eligible for approval pursuant to sections 22
29 and 34 through 38 of P.L.2016, c.56 (C.58:11B-10.3 through
30 C.58:11B-10.5, C.58:11B-20.2, C.58:11B-22.3, and C.58:11B-
31 22.4), without regard to any other provisions of P.L.1985, c.334
32 (C.58:11B-1 et seq.), P.L.1997, c.224 (C.58:11B-10.1 et al.), or
33 sections 22 and 34 through 38 of P.L.2016, c.56 (C.58:11B-10.3
34 through C.58:11B-10.5, C.58:11B-20.2, C.58:11B-22.3, and
35 C.58:11B-22.4), including, without limitation, any administrative or
36 legislative approvals.

37 Any short-term or temporary loans made by the trust pursuant to
38 this subsection may only be made in advance of the anticipated
39 loans the trust may make and contract to make under the provisions
40 of subsection a. of this section from any source of funds anticipated
41 to be received by the trust. Any such short-term or temporary loan
42 made pursuant to the Interim Transportation Financing Program
43 shall mature no later than the last day of the third succeeding fiscal
44 year following the closing date on which the short-term or
45 temporary loan was made by the trust to the project sponsor; except
46 a planning, design, and construction loan shall mature no later than
47 the last day of the fifth succeeding fiscal year following the closing
48 date of the planning, design, and construction loan or the last day of

1 the third succeeding fiscal year following the date of construction
2 certification following the closing date of the planning, design, and
3 construction loan, and except a short-term or temporary loan made
4 pursuant to this subsection which has been submitted as part of an
5 application for funding pursuant to the "Transportation
6 Infrastructure Finance and Innovation Act of 1998" (TIFIA), 23
7 U.S.C. s.601 et seq., as amended and supplemented, shall mature
8 not later than the funding draw period allowed by this federal act.
9 Any short-term or temporary loan or planning, design and
10 construction loan made by the trust pursuant to this subsection may
11 mature in a shorter period of time as may be necessary to align with
12 construction completion, whichever is sooner, provided that, in
13 either case, project planning or engineering design activities shall
14 not exceed two years from the closing date of the planning, design,
15 and construction loan. With respect to any short-term or temporary
16 loan or planning, design, and construction loan made by the trust
17 pursuant to this subsection, the trust may authorize one short-term
18 supplemental loan for residual expenses thereof upon receipt by the
19 trust from the Department of Transportation of a certification that
20 states that the time required by the project sponsor to complete
21 construction of the project exceeds the maximum maturity date of
22 the short-term or temporary loan or planning, design, and
23 construction loan. Any such short-term supplemental loan shall not
24 exceed in duration the last day of the third succeeding fiscal year
25 following the loan closing of the short-term supplemental loan. The
26 trust may make short-term or temporary loans pursuant to the
27 Interim Transportation Financing Program to any one or more of the
28 project sponsors, for the respective projects thereof, only if a
29 project is identified in the Department of Transportation Interim
30 Transportation Financing Program Project Priority List to be known
31 as the "Interim Transportation Financing Program Project Priority
32 List" in the form provided to the Legislature by the Commissioner
33 of Transportation.

34 The Interim Transportation Financing Program Project Priority
35 List, including any revision thereof or supplement thereto, shall be
36 submitted to the Secretary of the Senate and the Clerk of the
37 General Assembly on or before July 1 of each year. The Interim
38 Transportation Financing Program Project Priority List shall be
39 submitted to the Legislature pursuant to section 2 of P.L.1991,
40 c.164 (C.52:14-19.1) at least once in each fiscal year. The
41 Secretary and the Clerk shall cause the date of submission to be
42 entered upon the Senate Journal and the Minutes of the General
43 Assembly, respectively. Any transportation infrastructure project or
44 the project sponsor thereof not identified in the Interim
45 Transportation Financing Program Project Priority List shall not be
46 eligible for a short-term or temporary loan from the Interim
47 Transportation Financing Program Fund. The trust may revise or
48 supplement the Interim Transportation Financing Program Project

1 Priority List no more than four times during the fiscal year, and
2 shall submit the revised list to the Legislature when the revisions
3 are made.

4 No funds may be disbursed pursuant to this subsection for
5 transportation project, aviation project, or marine project activities
6 prior to certification in writing, from the trust, that the project
7 activities satisfy the provisions of P.L.1985, c.334 (C.58:11B-1 et
8 seq.), P.L.1997, c.224 (C.58:11B-10.1 et al.), or sections 22 and 34
9 through 38 of P.L.2016, c.56 (C.58:11B-10.3 through C.58:11B-
10 10.5, C.58:11B-20.2, C.58:11B-22.3, and C.58:11B-22.4).
11 Construction activities for a transportation project shall also require
12 written notification of award concurrence from the Department of
13 Transportation prior to fund disbursement.

14 h. The Department of Environmental Protection and the trust
15 shall provide that priority for principal forgiveness shall be given to
16 municipalities in coastal areas, for loans issued pursuant to this
17 section in support of environmental infrastructure projects. As used
18 in this subsection, "coastal area" means the same as the term is
19 defined in section 4 of P.L.1973, c.185 (C.13:19-4).
20 (cf: P.L.2023, c.63, s.14)

21

22 2. This act shall take effect immediately.

23

24

25

STATEMENT

26

27 This bill would requires the Department of Environmental
28 Protection (DEP) and the New Jersey Infrastructure Bank (I-Bank)
29 to provide priority for principal forgiveness on environmental
30 infrastructure project loans to municipalities in coastal areas. The
31 DEP and the I-Bank finance the State's Water Bank program, which
32 provides financing, in the form of low-interest loans, often with a
33 certain amount of principal forgiveness, in support of wastewater
34 and drinking water projects throughout the State.