

ASSEMBLY, No. 1493

STATE OF NEW JERSEY 218th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2018 SESSION

Sponsored by:

Assemblyman JOHN J. BURZICHELLI

District 3 (Cumberland, Gloucester and Salem)

SYNOPSIS

Modifies interest rates and accrual of interest on certain unpaid water and sewer utility bills and delinquent municipal taxes, assessments, and other municipal liens and charges.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



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2

1 AN ACT concerning interest rates and the accrual of interest on
2 certain unpaid water and sewer utility bills and delinquent
3 municipal taxes, assessments, and other municipal liens and
4 charges, amending various parts of statutory law and
5 supplementing Title 58 of the Revised Statutes.

6

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

9

10 1. Section 3 of P.L.1946, c.138 (C.40:14A-3) is amended to
11 read as follows:

12 3. As used in **[this act]** P.L.1946, c.138 (C.40:14A-1 et seq.),
13 unless a different meaning clearly appears from the context:

14 (1) "Municipality" shall mean any city of any class, any
15 borough, village, town, township, or any other municipality other
16 than a county or a school district, and except when used in section 4
17 or 21 of **[this act]** P.L.1946, c.138 (C.40:14A-4 or 40:14A-21), any
18 agency thereof or any two or more thereof acting jointly or any joint
19 meeting or other agency of any two or more thereof;

20 (2) "County" shall mean any county of any class;

21 (3) "Governing body" shall mean, in the case of a county, the
22 board of chosen freeholders, or in the case of those counties
23 organized pursuant to the provisions of the "Optional County
24 Charter Law," P.L.1972, c.154 (C.40:41A-1 et seq.), the board of
25 chosen freeholders and the county executive, the county supervisor
26 or the county manager, as appropriate, and, in the case of a
27 municipality, the commission, council, board, or body, by whatever
28 name it may be known, having charge of the finances of the
29 municipality;

30 (4) "Person" shall mean any person, association, corporation,
31 nation, State, or any agency or subdivision thereof, other than a
32 county or municipality of the State or a sewerage authority;

33 (5) "Sewerage or water reclamation authority" shall mean a
34 public body created pursuant to section 4 of **[this act]** P.L.1946,
35 c.138 (C.40:14A-4);

36 (6) Subject to the exceptions provided in section 4 of **[this act]**
37 P.L.1946, c.138 (C.40:14A-4), "district" shall mean the area within
38 the territorial boundaries of the county, or of the municipality or
39 municipalities, which created or joined in the creation of a sewerage
40 authority;

41 (7) "Local unit" shall mean the county, or any municipality,
42 which created or joined in the creation of a sewerage authority;

43 (8) "Sewerage system" shall mean the plants, structures, on-site
44 waste-water systems, and other real and personal property acquired,

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.

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1 constructed, maintained, or operated or to be acquired, constructed,
2 maintained, or operated by a sewerage authority for the purposes of
3 the sewerage authority, including sewers, conduits, pipe lines,
4 mains, pumping and ventilating stations, sewage treatment or
5 disposal systems, plants and works, connections, and outfalls,
6 compensating reservoirs, and other plants, structures, boats,
7 conveyances, and other real and personal property, and rights
8 therein, and appurtenances necessary or useful and convenient for
9 the collection, treatment, purification, or disposal in a sanitary
10 manner of any sewage, liquid or solid wastes, night soil, or
11 industrial wastes;

12 (9) "Cost" shall mean, in addition to the usual connotations
13 thereof, the cost of acquisition or construction of all or any part of a
14 sewerage system and of all or any property, rights, easements,
15 privileges, agreements, and franchises deemed by the sewerage
16 authority to be necessary or useful and convenient therefor or in
17 connection therewith and the cost of retiring the present value of the
18 unfunded accrued liability due and owing by a sewerage authority,
19 as calculated by the system actuary for a date certain upon the
20 request of a sewerage authority, for early retirement incentive
21 benefits granted by the sewerage authority pursuant to P.L.1991,
22 c.230 and P.L.1993, c.181, including interest or discount on bonds,
23 cost of issuance of bonds, engineering and inspection costs and
24 legal expenses, costs of financial, professional, and other estimates
25 and advice, organization, administrative, operating, and other
26 expenses of the sewerage authority prior to and during such
27 acquisition or construction, and all such other expenses as may be
28 necessary or incident to the financing, acquisition, construction, and
29 completion of **[said]** the sewerage system or part thereof and the
30 placing of the same in operation, and also such provision or
31 reserves for working capital, operating, maintenance, or
32 replacement expenses or for payment or security of principal of or
33 interest on bonds during or after such acquisition or construction as
34 the sewerage authority may determine, and also reimbursements to
35 the sewerage authority or any county, municipality, or other person
36 of any moneys theretofore expended for the purposes of the
37 sewerage authority or to any county or municipality of any moneys
38 theretofore expended for in connection with sanitation facilities;

39 (10) "Real property" shall mean lands both within and without
40 the State, and improvements thereof or thereon, or any rights or
41 interests therein;

42 (11) "Construct" and "construction" shall connote and include
43 acts of construction, reconstruction, replacement, extension,
44 improvement, and betterment of a sewerage system;

45 (12) "Industrial wastes" shall mean liquid or other wastes
46 resulting from any processes of industry, manufacture, trade, or
47 business or from the development of any natural resource;

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1 (13) "Sewage" shall mean the water-carried wastes created in and
2 carried, or to be carried, away from, or to be processed by on-site
3 wastewater systems, residences, hotels, apartments, schools,
4 hospitals, industrial establishments, or any other public or private
5 building, together with such surface or ground water and industrial
6 wastes as may be present;

7 (14) "On-site wastewater system" means any of several works,
8 facilities, septic tanks, or other devices, used to collect, treat,
9 reclaim, or dispose of wastewater or sewage on or adjacent to the
10 property on which the wastewater or sewage is produced, or to
11 convey such wastewater or sewage from **[said]** that property to
12 such facilities as the authority may establish for its disposal;

13 (15) "Pollution" means the condition of water resulting from the
14 introduction therein of substances of a kind and in quantities
15 rendering it detrimental or immediately or potentially dangerous to
16 the public health, or unfit for public or commercial use;

17 (16) "Ordinance" means a written act of the governing body of a
18 municipality adopted and otherwise approved and published in the
19 manner or mode of procedure prescribed for ordinances tending to
20 obligate such municipality pecuniarily;

21 (17) "Resolution" means a written act of the governing body of a
22 local unit adopted and otherwise approved in the manner or mode of
23 procedure prescribed for resolutions tending to obligate such local
24 unit pecuniarily;

25 (18) "Bonds" shall mean bonds or other obligations issued
26 pursuant to **[this act]** P.L.1946, c.138 (C.40:14A-1 et seq.); [and]

27 (19) "Compensating reservoir" shall mean the structures,
28 facilities, and appurtenances for the impounding, transportation, and
29 release of water for the replenishment in periods of drought or at
30 other necessary times of all or a part of waters in or bordering the
31 State diverted into a sewer, sewage treatment, or sewage disposal
32 system operated by the sewerage authority; and

33 (20) "Prevailing municipal bond yield" means the average
34 estimated yield that would be offered on 20-year general obligation
35 bonds with a composite rating of approximately "A" as reflected by
36 the Bond Buyer 20-Bond Municipal Bond Index during the first
37 week of the last month of the calendar year immediately preceding
38 the calendar year in which the service charge was due; provided
39 however, that, if the sewerage authority determines that the average
40 estimated yield decreases by more than one percentage point from
41 the yield previously determined, the sewerage authority shall
42 redetermine the prevailing municipal bond yield to be that average
43 estimated yield for subsequent calendar quarters of the calendar
44 year in which service charges become due.

45 (cf: P.L.2002, c.42, s.4)

46

47 2. Section 21 of P.L.1946, c.138 (C.40:14A-21) is amended to
48 read as follows:

1 21. (a) In the event that a service charge of any sewerage
2 authority with regard to any parcel of real property shall not be paid
3 as and when due and remains unpaid for 30 days following the date
4 for the payment thereof, interest shall accrue and be due to the
5 sewerage authority on the unpaid balance at **【the】** a rate **【of 1 1/2**
6 **% per month】** equal to the prevailing municipal bond yield assessed
7 for each month or fraction thereof, compounded annually at the end
8 of each year, from the date the service charge was originally due
9 until **【such】** the date the service charge, and the interest thereon,
10 shall be fully paid to the sewerage authority.

11 (b) In the event that a service charge of any sewerage authority
12 with regard to any parcel of real property owned by any person
13 other than the State or an agency or subdivision thereof shall not be
14 paid as and when due, the unpaid balance thereof and all interest
15 accruing thereon shall be a lien on such parcel. Such lien shall be
16 superior and paramount to the interest in such parcel of any owner,
17 lessee, tenant, mortgagee, or other person except the lien of
18 municipal taxes and shall be on a parity with and deemed equal to
19 the lien on such parcel of the municipality where such parcel is
20 situate for taxes thereon due in the same year and not paid when
21 due. Such lien shall not bind or affect a subsequent bona fide
22 purchaser of such parcel for a valuable consideration without actual
23 notice of such lien, unless the sewerage authority shall have filed in
24 the office of the collector or other officer of **【said】** that
25 municipality charged with the duty of enforcing municipal liens on
26 real property a statement showing the amount and due date of such
27 unpaid balance and identifying such parcel, which identification
28 may be sufficiently made by reference to the assessment map of
29 **【said】** that municipality. The information shown in such statement
30 shall be included in any certificate with respect to **【said】** that parcel
31 thereafter made by the official of **【said】** that municipality vested
32 with the power to make official certificates of searches for
33 municipal liens. Whenever such service charge and any subsequent
34 service charge with regard to such parcel and all interest accrued
35 thereon shall have been fully paid to the sewerage authority, such
36 statement shall be promptly withdrawn or cancelled by the
37 sewerage authority.

38 (c) In the event that a service charge of any sewerage authority
39 with regard to any parcel of real property shall not be paid as and
40 when due, the sewerage authority may, in its discretion, enter upon
41 such parcel and cause the connection thereof leading directly or
42 indirectly to the sewerage system to be cut and shut off until such
43 service charge and any subsequent service charge with regard to
44 such parcel and all interest accrued thereon shall be fully paid to the
45 sewerage authority.

46 (d) In the event that a service charge of any sewerage authority
47 with regard to any parcel of real property shall not be paid as and

1 when due, the sewerage authority may, in accordance with section
2 **【twenty-six】 26** of **【this act】 P.L.1946, c.138 (C.40:14A-26)**, cause
3 the supply of water to such parcel to be stopped or restricted until
4 such service charge and any subsequent service charge with regard
5 to such parcel and all interest accrued thereon shall be fully paid to
6 the sewerage authority. If for any **【any】** reason such supply of
7 water shall not be promptly stopped or restricted as required by
8 section **【twenty-six】 26** of **【this act】 P.L.1946, c.138 (C.40:14A-**
9 **26)**, the sewerage authority may itself shut off or restrict such
10 supply and, for that purpose, may enter on any lands, waters, or
11 premises of any county, municipality, or other person. The supply
12 of water to such parcel shall, notwithstanding the provisions of this
13 subsection, be restored or increased if the **【State】** Department of
14 Health, upon application of the local board of health or health
15 officer of the municipality where such parcel is situate, shall after
16 public hearing find and shall certify to the sewerage authority that
17 the continuance of such stopping or restriction of the supply of
18 water endangers the health of the public in such municipality.

19 (e) The collector or other officer of every municipality charged
20 by law with the duty of enforcing municipal liens on real property
21 shall enforce, with and as any other municipal lien on real property
22 in such municipality, all service charges and the lien thereof shown
23 in any statement filed with him by any sewerage authority pursuant
24 to subsection (b) of this section, and shall pay over to the sewerage
25 authority the sums or a pro rata share of the sums realized upon
26 such enforcement or upon liquidation of any property acquired by
27 the municipality by virtue of such enforcement.

28 (f) In the event that any service charge of a sewerage authority
29 shall not be paid as and when due, the unpaid balance thereof and
30 all interest accrued thereon, together with attorney's fees and costs,
31 may be recovered by the sewerage authority in a civil action, and
32 any lien on real property for such service charge and interest
33 accrued thereon may be foreclosed or otherwise enforced by the
34 sewerage authority by action or suit in equity as for the foreclosure
35 of a mortgage on such real property.

36 (g) All rights and remedies granted by **【this act】 P.L.1946,**
37 **c.138 (C.40:14A-1 et seq.)** for the collection and enforcement of
38 service charges shall be cumulative and concurrent.

39 (cf: P.L.1981, c.530, s.1)

40

41 3. Section 3 of P.L.1957, c.183 (C.40:14B-3) is amended to
42 read as follows:

43 3. As used in **【this act】 P.L.1957, c.183 (C.40:14B-1 et seq.)**,
44 unless a different meaning clearly appears from the context:

45 (1) "Municipality" shall mean any city of any class, any
46 borough, village, town, township, or any other municipality other
47 than a county or a school district, and except when used in section

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1 4, 5, 6, 11, 12, 13, 42 or 45 of **【this act】** P.L.1957, c.183
2 (C.40:14B-4, 40:14B-5, 40:14B-6, 40:14B-11, 40:14B-12, 40:14B-
3 13, 40:14B-42, or 40:14B-45), any agency thereof or any two or
4 more thereof acting jointly or any joint meeting or other agency of
5 any two or more thereof;

6 (2) "County" shall mean any county of any class;

7 (3) "Governing body" shall mean, in the case of a county, the
8 board of chosen freeholders, or in the case of those counties
9 organized pursuant to the provisions of the "Optional County
10 Charter Law," P.L.1972, c.154 (C.40:41A-1 et seq.), the board of
11 chosen freeholders and the county executive, the county supervisor
12 or the county manager, as appropriate, and, in the case of a
13 municipality, the commission, council, board, or body, by whatever
14 name it may be known, having charge of the finances of the
15 municipality;

16 (4) "Person" shall mean any person, association, corporation,
17 nation, state, or any agency or subdivision thereof, other than a
18 county or municipality of the State or a municipal authority;

19 (5) "Municipal authority," "authority," or "water reclamation
20 authority" shall mean a public body created or organized pursuant
21 to section 4, 5, or 6 of **【this act】** P.L.1957, c.183 (C.40:14B-4,
22 40:14B-5, or 40:14B-6) and shall include a municipal utilities
23 authority created by one or more municipalities and a county
24 utilities authority created by a county;

25 (6) Subject to the exceptions provided in section 10, 11, or 12 of
26 **【this act】** P.L.1957, c.183 (C.40:14B-10, 40:14B-11, or 40:14B-
27 12), "district" shall mean the area within the territorial boundaries
28 of the county, or of the municipality or municipalities, which
29 created or joined in or caused the creation or organization of a
30 municipal authority;

31 (7) "Local unit" shall mean the county, or any municipality,
32 which created or joined in or caused the creation or organization of
33 a municipal authority;

34 (8) "Water system" shall mean the plants, structures, and other
35 real and personal property acquired, constructed, or operated or to
36 be acquired, constructed, or operated by a municipal authority or by
37 any person to whom a municipal authority has extended credit for
38 this purpose for the purposes of the municipal authority, including
39 reservoirs, basins, dams, canals, aqueducts, standpipes, conduits,
40 pipelines, mains, pumping stations, water distribution systems,
41 compensating reservoirs, waterworks or sources of water supply,
42 wells, purification or filtration plants or other plants and works,
43 connections, rights of flowage or division, and other plants,
44 structures, boats, conveyances, and other real and personal property,
45 and rights therein, and appurtenances necessary or useful and
46 convenient for the accumulation, supply, and redistribution of
47 water;

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1 (9) "Sewerage system" shall mean the plants, structures, on-site
2 wastewater systems, and other real and personal property acquired,
3 constructed, or operated or to be acquired, constructed, maintained,
4 or operated by a municipal authority or by any person to whom a
5 municipal authority has extended credit for this purpose for the
6 purposes of the municipal authority, including sewers, conduits,
7 pipelines, mains, pumping and ventilating stations, sewage
8 treatment or disposal systems, plants and works, connections,
9 outfalls, compensating reservoirs, and other plants, structures,
10 boats, conveyances, and other real and personal property, and rights
11 therein, and appurtenances necessary or useful and convenient for
12 the collection, treatment, purification, or disposal in a sanitary
13 manner of any sewage, liquid or solid wastes, night soil, or
14 industrial wastes;

15 (10) "Utility system" shall mean a water system, solid waste
16 system, sewerage system, or a hydroelectric system or any
17 combination of such systems, acquired, constructed, or operated or
18 to be acquired, constructed, or operated by a municipal authority or
19 by any person to whom a municipal authority has extended credit
20 for this purpose;

21 (11) "Cost" shall mean, in addition to the usual connotations
22 thereof, the cost of acquisition or construction of all or any part of a
23 utility system and of all or any property, rights, easements,
24 privileges, agreements, and franchises deemed by the municipal
25 authority to be necessary or useful and convenient therefor or in
26 connection therewith and the cost of retiring the present value of the
27 unfunded accrued liability due and owing by a municipal authority,
28 as calculated by the system actuary for a date certain upon the
29 request of a municipal authority, for early retirement incentive
30 benefits granted by the municipal authority pursuant to P.L.1991,
31 c.230 and P.L.1993, c.181, including interest or discount on bonds,
32 cost of issuance of bonds, engineering and inspection costs and
33 legal expenses, cost of financial, professional and other estimates
34 and advice, organization, administrative, operating, and other
35 expenses of the municipal authority prior to and during such
36 acquisition or construction, and all such other expenses as may be
37 necessary or incident to the financing, acquisition, construction and
38 completion of **[said]** the utility system or part thereof and the
39 placing of the same in operation, and also such provision or
40 reserves for working capital, operating, maintenance, or
41 replacement expenses or for payment or security of principal of or
42 interest on bonds during or after such acquisition or construction as
43 the municipal authority may determine, and also reimbursements to
44 the municipal authority or any county, municipality, or other person
45 of any moneys theretofore expended for the purposes of the
46 municipal authority or to any county or municipality of any moneys
47 theretofore expended for or in connection with water supply, solid
48 waste, water distribution, sanitation, or hydroelectric facilities;

1 (12) "Real property" shall mean lands both within or without the
2 State, and improvements thereof or thereon, or any rights or
3 interests therein;

4 (13) "Construct" and "construction" shall connote and include
5 acts of construction, reconstruction, replacement, extension,
6 improvement, and betterment of a utility system;

7 (14) "Industrial wastes" shall mean liquid or other wastes
8 resulting from any processes of industry, manufacture, trade,
9 business or from the development of any natural resource, and shall
10 include any chemical wastes or hazardous wastes;

11 (15) "Sewage" shall mean the water-carried wastes created in and
12 carried, or to be carried, away from, or to be processed by on-site
13 wastewater systems, residences, hotels, apartments, schools,
14 hospitals, industrial establishments, or any other public or private
15 building, together with such surface or ground water and industrial
16 wastes and leachate as may be present;

17 (16) "On-site wastewater system" means any of several facilities,
18 septic tanks or other devices, used to collect, treat, reclaim, or
19 dispose of wastewater or sewage on or adjacent to the property on
20 which the wastewater or sewage is produced, or to convey such
21 wastewater or sewage from **[said]** that property to such facilities as
22 the authority may establish for its disposal;

23 (17) "Pollution" means the condition of water resulting from the
24 introduction therein of substances of a kind and in quantities
25 rendering it detrimental or immediately or potentially dangerous to
26 the public health, or unfit for public or commercial use;

27 (18) "Bonds" shall mean bonds or other obligations issued
28 pursuant to **[this act]** P.L.1957, c.183 (C.40:14B-1 et seq.);

29 (19) "Service charges" shall mean water service charges, solid
30 waste service charges, sewer service charges, hydroelectric service
31 charges or any combination of such charges, as **[said]** those terms
32 are defined in section 21 or 22 of **[this act]** P.L.1957, c.183
33 (C.40:14B-21 or 40:14B-22) or in section 7 of this **[amendatory and**
34 **supplementary act]** P.L.1980, c.34 (C.40:14B-21.1);

35 (20) "Compensating reservoir" shall mean the structures,
36 facilities, and appurtenances for the impounding, transportation, and
37 release of water for the replenishment in periods of drought or at
38 other necessary times of all or a part of waters in or bordering the
39 State diverted into a utility system operated by a municipal
40 authority;

41 (21) "Sewage or water reclamation authority" shall mean a public
42 body created pursuant to the "sewerage authorities law," P.L.1946,
43 c.138 (C.40:14A-1 et seq.) or the acts amendatory thereof or
44 supplemental thereto;

45 (22) "County sewer authority" shall mean a sanitary sewer
46 district authority created pursuant to the act entitled "An act relating
47 to the establishment of sewerage districts in first- and second-class

1 counties, the creation of Sanitary Sewer District Authorities by the
2 establishing of such districts, prescribing the powers and duties of
3 any such authority and of other public bodies in connection with the
4 construction of sewers and sewage disposal facilities in any such
5 district, and providing the ways and means for paying the costs of
6 construction and operation thereof," approved April 23, 1946
7 (P.L.1946, c.123), or the acts amendatory thereof or supplemental
8 thereto;

9 (23) "Chemical waste" shall mean a material normally generated
10 by or used in chemical, petrochemical, plastic, pharmaceutical,
11 biochemical, or microbiological manufacturing processes or
12 petroleum refining processes, which has been selected for waste
13 disposal and which is known to hydrolyze, ionize, or decompose,
14 which is soluble, burns, or oxidizes, or which may react with any of
15 the waste materials which are introduced into the landfill, or which
16 is buoyant on water, or which has a viscosity less than that of water
17 or which produces a foul odor. Chemical waste may be either
18 hazardous or nonhazardous;

19 (24) "Effluent" shall mean liquids which are treated in and
20 discharged by sewage treatment plants;

21 (25) "Hazardous wastes" shall mean any waste or combination
22 of waste which poses a present or potential threat to human health,
23 living organisms, or the environment. "Hazardous waste" shall
24 include, but not be limited to, waste material that is toxic, corrosive,
25 irritating, sensitizing, radioactive, biologically infectious, explosive,
26 or flammable;

27 (26) "Leachate" shall mean a liquid that has been in contact with
28 solid waste and contains dissolved or suspended materials from that
29 solid waste;

30 (27) "Recycling" shall mean the separation, collection,
31 processing, or recovery of metals, glass, paper, solid waste, and
32 other materials for reuse or for energy production and shall include
33 resource recovery;

34 (28) "Sludge" shall mean any solid, semisolid, or liquid waste
35 generated from a municipal, industrial, or other sewage treatment
36 plant, water supply treatment plant, or air pollution control facility,
37 or any other such waste having similar characteristics and effects
38 "sludge" . "Sludge" shall not include effluent;

39 (29) "Solid waste" shall mean garbage, refuse, and other
40 discarded materials resulting from industrial, commercial, and
41 agricultural operations, and from domestic and community
42 activities, and shall include all other waste materials including
43 sludge, chemical waste, hazardous wastes and liquids, except for
44 liquids which are treated in public sewage treatment plants and
45 except for solid animal and vegetable wastes collected by swine
46 producers licensed by the [State] Department of Agriculture to
47 collect, prepare, and feed such wastes to swine on their own farms;

1 (30) "Solid waste system" shall mean and include the plants,
2 structures, and other real and personal property acquired,
3 constructed, or operated or to be acquired, constructed, or operated
4 by an authority or by any person to whom a municipal authority has
5 extended credit for this purpose pursuant to the provisions of **[this**
6 **act]** P.L.1957, c.183 (C.40:14B-1 et seq.), including transfer
7 stations, incinerators, recycling facilities, including facilities for the
8 generation, transmission, and distribution of energy derived from
9 the processing of solid waste, sanitary landfill facilities, or other
10 property or plants for the collection, recycling, or disposal of solid
11 waste and all vehicles, equipment, and other real and personal
12 property and rights thereon and appurtenances necessary or useful
13 and convenient for the collection, recycling, or disposal of solid
14 waste in a sanitary manner;

15 (31) "Hydroelectric system" shall mean the plants, structures,
16 and other real and personal property acquired, constructed, or
17 operated or to be acquired, constructed or operated by an authority
18 pursuant to the provisions of **[this act]** P.L.1957, c.183 (C.40:14B-
19 1 et seq.), including all that which is necessary or useful and
20 convenient for the generation, transmission, and sale of
21 hydroelectric power at wholesale;

22 (32) "Hydroelectric power" shall mean the production of electric
23 current by the energy of moving water;

24 (33) "Sale of hydroelectric power at wholesale" shall mean any
25 sale of hydroelectric power to any person for purposes of resale of
26 such power;

27 (34) "Alternative electrical energy" shall mean electrical energy
28 produced from solar, photovoltaic, wind, geothermal, or biomass
29 technologies, provided that in the case of biomass technology, the
30 biomass is cultivated and harvested in a sustainable manner;

31 (35) "Alternative electrical energy system" shall mean any
32 system which uses alternative electrical energy to provide all or a
33 portion of the electricity for the heating, cooling, or general
34 electrical energy needs of a building;

35 (36) "Pilot county" shall mean a county of the second class
36 having a population between 280,000 and 290,000, a population
37 between 510,000 and 520,000, and a population between 530,000
38 and 540,000 according to the 2010 federal decennial census; **[and]**

39 (37) "Pilot county utilities authority" shall mean a county
40 utilities authority in a county designated as a pilot county; and

41 (38) "Prevailing municipal bond yield" means the average
42 estimated yield that would be offered on 20-year general obligation
43 bonds with a composite rating of approximately "A" as reflected by
44 the Bond Buyer 20-Bond Municipal Bond Index during the first
45 week of the last month of the calendar year immediately preceding
46 the calendar year in which the service charge was due; provided
47 however, that, if the municipal authority determines that the
48 average estimated yield decreases by more than one percentage

1 point from the yield previously determined, the municipal authority
2 shall redetermine the prevailing municipal bond yield to be that
3 average estimated yield for subsequent calendar quarters of the
4 calendar year in which service charges become due.

5 (cf: P.L.2013, c.190, s.3)

6

7 4. Section 41 of P.L.1957, c.183 (C.40:14B-41) is amended to
8 read as follows:

9 41. In the event that a service charge of any municipal authority
10 with regard to any parcel of real property shall not be paid as and
11 when due and remains unpaid for 30 days following the date for the
12 payment thereof, interest shall accrue and be due to the municipal
13 authority on the unpaid balance at **【the】** a rate **【of 1 1/2% per**
14 **month】** equal to the prevailing municipal bond yield assessed for
15 each month or fraction thereof, compounded annually at the end of
16 each year, from the date the service charge was originally due until
17 **【such】** the date the service charge, and the interest thereon, shall be
18 fully paid to the municipal authority.

19 (cf: P.L.1981, c.530, s.2)

20

21 5. Section 1 of P.L.1952, c.324 (C.40:62-83.1) is amended to
22 read as follows:

23 1. Any municipality which, pursuant to law, furnishes a supply
24 of water and sewerage service to the inhabitants of another
25 municipality, may, if prompt payment of any water or sewer rent, or
26 charges for work done or materials furnished for such services, is
27 not made by any such inhabitant when due, discontinue the service
28 so furnished to any such inhabitant in arrears until such arrears with
29 interest and penalties, as may be charged and assessed in
30 accordance with R.S.54:4-67, shall be fully paid.

31 (cf: P.L.1952, c.324, s.1)

32

33 6. R.S.40:62-107 is amended to read as follows:

34 40:62-107. The governing body of any municipality owning its
35 water and sewer systems and operating the same as one utility may
36 fix a combination water and sewer rental, and in case prompt
37 payment of **【said】** that combined rent is not made according to the
38 regulations adopted by 【said】 that governing body cause 【said】
39 water to be shut off from such houses, tenements, buildings,
40 or other premises so supplied and not to turn the same on again until
41 all arrears, with interest and penalties, as may be charged and
42 assessed in accordance with R.S.54:4-67, shall be fully paid.

43 (cf: R.S.40:62-107)

44

45 7. R.S.40:62-107.6 is amended to read:

46 40:62-107.6. a. After any municipality shall have purchased a
47 water distribution system pursuant to **【sections 40:62-107.4】**

1 R.S.40:62-107.4 and **【40:62-107.5 of this title】** R.S.40:62-107.5,
2 the governing body of the municipality shall be authorized to
3 operate the water distribution system as nearly as may be as a part
4 of its own system, and any schedule of rates, rents, charges, and
5 penalties which the governing body shall thereafter fix shall be
6 applicable to water users within both municipalities, and in the
7 collection of all rates, rents, charges, and penalties, as may be
8 charged and assessed in accordance with R.S.54:4-67, the
9 municipality shall have all the rights and remedies that may apply
10 to private water companies supplying water to municipalities of this
11 State.

12 b. The governing body of a municipality that has purchased a
13 water distribution system shall establish a rate structure that
14 provides for uniform rates, rentals, or other service charges for
15 water supply service and fire protection systems.

16 The governing body shall not impose standby fees or charges for
17 any fire protection system to a residential customer served by a
18 water service line of two inches or less in diameter.

19 Nothing in this section shall preclude the governing body of a
20 municipality that has purchased a water distribution system from
21 requiring separate dedicated service lines for fire protection. The
22 governing body of a municipality that has purchased a water
23 distribution system may require that fire service lines be metered.
24 Nothing in this section shall alter the liability for maintenance and
25 repair of service lines which exists on the effective date of
26 P.L.2003, c.278.

27 (cf: P.L.2003, c.278, s.3)

28

29 8. R.S.40:62-141 is amended to read as follows:

30 40:62-141. The owner of any house, tenement, building, or lot
31 shall be liable for the payment of the price or rent as fixed by the
32 commission for the use of water by such owner or by the occupier,
33 and for the installation, purchase price, repair, and testing of any
34 water meter or water meters, water service, water services,
35 connections, appliances or parts, and renewals thereof furnished or
36 made by the commission, in, upon, or connecting with such house,
37 tenement, building, or lot and the interest and penalties as may be
38 charged and assessed in accordance with R.S.54:4-67.

39 The price or rent so fixed, and the other costs, expenses, interest
40 and penalties, as may be charged and assessed in accordance with
41 R.S.54:4-67, shall be a lien upon such house, tenement, building, or
42 lot until the same shall be paid and satisfied, and shall be
43 enforceable by an action at law in any **【competent】** court of
44 competent jurisdiction.

45 The commission shall notify the officers or board having charge
46 of the collection of taxes in each municipality in which the
47 commission shall supply water to any of the inhabitants of such
48 municipality, that the commission is supplying water to such

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1 inhabitants, and requesting **【said】** those officials or board to notify
2 all persons applying for a certificate showing municipal or other
3 liens against property in such municipality, that the applicant must
4 apply to the commission to ascertain the amount of water rents or
5 other charges due to the commission, which are by law made a lien
6 upon the premises covered by the certificate.

7 The commission may require payment in advance for the use or
8 rent of water furnished by it and for any work to be done or
9 materials to be furnished.

10 (cf: R.S.40:62-141)

11

12 9. R.S.40:62-142 is amended to read as follows:

13 40:62-142. In case prompt payment of any water rent or rents, or
14 for work done or materials furnished, is not made when due, the
15 water may be shut off from such real estate, and shall not be again
16 supplied thereto until the arrears with interest and penalties, as may
17 be charged and assessed in accordance with R.S.54:4-67, shall be
18 fully paid.

19 (cf: R.S.40:62-142)

20

21 10. N.J.S.40A:26A-3 is amended to read as follows:

22 40A:26A-3. As used in **【this act】** N.J.S.40A:26A-1 et seq.:

23 "Bonds" means bond anticipation notes or bonds issued in
24 accordance with the "Local Bond Law," N.J.S.40A:2-1 et seq.

25 "Cost" as applied to sewerage facilities or extensions or additions
26 thereto, means the cost of acquisition or the construction including
27 improvement, reconstruction, extension₂ or enlargement, the cost of
28 all lands, property, rights₂ and easements acquired. The cost of
29 demolition or removal of any buildings or structures thereon,
30 financing charges, interest on bonds issued to finance sewerage
31 facilities prior to and during construction, the cost of plans and
32 specifications, surveys or estimates of costs and revenues, the cost
33 of engineering, legal services, and any other expenses necessary or
34 incident to determining the feasibility of construction,
35 administrative₂ and other expenses as may be necessary or incident
36 to the construction or acquisition of sewerage facilities and the
37 financing thereof.

38 "Local unit" means a county or municipality.

39 “Prevailing municipal bond yield” means the average estimated
40 yield that would be offered on 20-year general obligation bonds
41 with a composite rating of approximately “A” as reflected by the
42 Bond Buyer 20-Bond Municipal Bond Index during the first week
43 of the last month of the calendar year immediately preceding the
44 calendar year in which the payment was due; provided however,
45 that, if the governing body of the local unit or each participating
46 local unit determines that the average estimated yield decreases by
47 more than one percentage point from the yield previously
48 determined, the governing body of the local unit or each

1 participating local unit shall redetermine the prevailing municipal
2 bond yield to be that average estimated yield for subsequent
3 calendar quarters of the calendar year in which payments become
4 due.

5 "Sewerage facilities" means the plants, structures, or other real
6 and personal property acquired, constructed, or operated, or to be
7 financed, acquired, constructed, or operated, or any parts thereof,
8 used for the storage, collection, reduction, reclamation, disposal,
9 separation, or other treatment of wastewater or sewage sludge or for
10 the final disposal of residues resulting from the treatment of
11 wastewater, including, but not limited to, pumping and ventilating
12 stations, treatment plants and works, connections, outfall servers,
13 interceptors, trunk lines, and other appurtenances necessary for their
14 use or operation.

15 (cf: N.J.S.40A:26A-3)

16

17 11. N.J.S.40A:26A-12 is amended to read as follows:

18 40A:26A-12. Rates, rentals, connection fees, or other charges
19 levied in accordance with N.J.S.40A:26A-10 and 40A:26A-11, shall
20 be a first lien or charge against the property benefited therefrom. If
21 any part of the amount due and payable in rates, rentals, connection
22 fees, or other charges remain unpaid for 30 days following the date
23 for the payment thereof, interest upon the amount unpaid shall
24 accrue and be due at [a] the rate [of] prescribed for interest on
25 payments required to be **[determined]** made in accordance with
26 N.J.S.40A:26A-17. The governing body or bodies of the local unit
27 or units may authorize payment of delinquent assessments on an
28 installment basis in accordance with R.S.54:5-19. Liens levied in
29 accordance with this section shall be enforceable in the manner
30 provided for real property tax liens in chapter 5 of Title 54 of the
31 Revised Statutes.

32 Nothing in this section shall be construed to limit the right of a
33 local unit or local units to discontinue service of any property for
34 the failure to pay any amount owing within 30 days after the date
35 the amount is due and payable, if written notice of the proposed
36 discontinuance of service and of the reasons therefor has been
37 given, within at least 10 days prior to the date of discontinuance, to
38 the owner of record of the property. In the event that notice is
39 provided by mail, the notice requirements shall be satisfied if the
40 mailing is made to the last known address of the owner of record
41 and is postmarked at least 10 days prior to the date of
42 discontinuance.

43 (cf: N.J.S.40A:26A-12)

44

45 12. N.J.S.40A:26A-17 is amended to read as follows:

46 40A:26A-17. The chief fiscal officer of another government
47 having entered into a contract pursuant to **[this act]**
48 N.J.S.40A:26A-1 et seq., shall cause to be paid to the local unit the

1 amounts of money at the times stipulated in the contract and
2 certified by the local unit. The power and obligation to make
3 payments in accordance with the terms of the contract shall be
4 unlimited, and the sums necessary therefor shall be included in the
5 annual budget of the other government, which shall be irrevocably
6 and unconditionally obligated to levy ad valorem taxes on all
7 taxable property therein, without limits as to the rate or amount, to
8 the extent necessary to make payments in full as due. ~~Any~~ If any
9 part of a payment ~~that~~ remains unpaid for 30 days following the
10 date payment is due, ~~shall be assessed at~~ interest ~~charge~~ upon
11 the amount unpaid shall accrue and be due at a rate ~~of interest at~~
12 ~~least~~ equal to the ~~monthly index for the immediately preceding~~
13 ~~month for 20 year tax exempt bond yields as compiled by the Bond~~
14 ~~Buyer or any similar index agreed to by the parties~~ prevailing
15 municipal bond yield assessed for each month or fraction thereof,
16 compounded annually at the end of each year, from the date
17 payment was originally due until the date payment is made.

18 (cf: N.J.S.40A:26A-17)

19

20 13. N.J.S.40A:31-3 is amended to read as follows:

21 40A:31-3. As used in this act:

22 a. "Bonds" means bond anticipation notes or bonds issued in
23 accordance with the "Local Bond Law," N.J.S.40A:2-1 et seq.

24 b. "Cost" as applied to water supply facilities or extensions or
25 additions thereto, means the cost of acquisition or the construction,
26 including improvement, reconstruction, extension, or enlargement,
27 the cost of all labor materials, machinery, and equipment, the cost
28 of all lands, property, rights, and easements acquired, the cost of
29 demolition or removal of any buildings or structures thereon,
30 financing charges, interest on bonds issued to finance water supply
31 facilities prior to and during construction, the cost of plans and
32 specifications, surveys or estimates of costs and revenues, the cost
33 of engineering, legal services, and any other expenses necessary or
34 incident to determining the feasibility of construction,
35 administrative expenses and such other expenses as may be
36 necessary or incident to the construction or acquisition of water
37 supply facilities, and the financing thereof.

38 c. "Local unit" means a county or municipality.

39 d. "Prevailing municipal bond yield" means the average
40 estimated yield that would be offered on 20-year general obligation
41 bonds with a composite rating of approximately "A" as reflected by
42 the Bond Buyer 20-Bond Municipal Bond Index during the first
43 week of the last month of the calendar year immediately preceding
44 the calendar year in which the payment was due; provided however,
45 that, if the governing body of the local unit or each participating
46 local unit determines that the average estimated yield decreases by
47 more than one percentage point from the yield previously

1 determined, the governing body of the local unit or each
2 participating local unit shall redetermine the prevailing municipal
3 bond yield to be that average estimated yield for subsequent
4 calendar quarters of the calendar year in which payments become
5 due.

6 **【d.】** e. "Water supply facilities" means the plants, structures,
7 or other real and personal property acquired, constructed or
8 operated, or to be financed, acquired, constructed or operated, or
9 any parts thereof, including reservoirs, basins, dams, canals,
10 aqueducts, standpipes, conduits, pipelines, mains, pumping stations,
11 water distribution systems, compensating reservoirs, waterworks, or
12 sources of water supply, well, purification or filtration plants, or
13 other plants or works, connections, rights of flowage or diversion,
14 and other plants, structures, boats, conveyances and other real and
15 personal property, or rights therein, and appurtenances necessary or
16 useful for the accumulation, supply, or distribution of water.

17 (cf: N.J.S.40A:31-3)

18

19 14. N.J.S.40A:31-12 is amended to read as follows:

20 40A:31-12. Rates, rentals, connection fees, or other charges
21 levied in accordance with N.J.S.40A:31-10 and 40A:31-11, shall be
22 a first lien or charge against the property benefited therefrom. If
23 any part of the amount due and payable in rates, rentals, connection
24 fees, or other charges remains unpaid for 30 days following the date
25 for the payment thereof, interest upon the amount unpaid shall
26 accrue and be due at [a] the rate [of] prescribed for interest on
27 payments required to be **【determined】** made in accordance with
28 N.J.S.40A:31-17. The governing body or bodies of the local unit or
29 units may authorize payment of delinquent assessments on an
30 installment basis in accordance with R.S.54:5-19. Liens levied in
31 accordance with this section shall be enforceable in the manner
32 provided for real property tax liens in chapter 5 of Title 54 of the
33 Revised Statutes.

34 Nothing in this section shall be construed to limit the right of a
35 local unit or local units to discontinue service to any property for
36 the failure to pay any amount owing within 30 days after the date
37 the amount is due and payable, if written notice of the proposed
38 discontinuance of service and of the reasons therefor has been
39 given, within at least 10 days prior to the date of discontinuance, to
40 the owner of record of the property. In the event that notice is
41 provided by mail, the notice requirements shall be satisfied if the
42 mailing is made to the last known address of the owner of record
43 and is postmarked at least 10 days prior to the date of
44 discontinuance.

45 (cf: N.J.S.40A:31-12)

1 15. N.J.S.40A:31-17 is amended to read as follows:

2 40A:31-17. The chief fiscal officer of another government
3 having entered into a contract pursuant to **【this act】** N.J.S.40A:31-1
4 et seq., shall cause to be paid to the local unit such amounts of
5 money at such times as shall be stipulated in the contract and
6 certified by the local unit. The power and obligation to make
7 payments in accordance with the terms of the contract shall be
8 unlimited, and the sums necessary therefor shall be included in the
9 annual budget of the other government, which shall be irrevocably
10 and unconditionally obligated to levy ad valorem taxes on all
11 taxable property therein, without limits as to rate or amount, to the
12 extent necessary to make payments in full as due. **【Any】** If any
13 part of a payment that remains unpaid for 30 days following the
14 date payment is due, 【shall be assessed an】 interest 【charge】 upon
15 the amount unpaid shall accrue and be due at a rate **【of interest at**
16 **least】** equal to the **【monthly index for the immediately preceding**
17 **month for 20 year tax exempt bond yields as compiled by the Bond**
18 **Buyer or any similar index agreed to by the parties】** prevailing
19 municipal bond yield assessed for each month or fraction thereof,
20 compounded annually at the end of each year, from the date
21 payment was originally due until the date payment is made.

22 (cf: N.J.S.40A:31-17)

23

24 16. N.J.S.40A:31-20 is amended to read as follows:

25 40A:31-20. A private water company or industry which shall
26 have entered into a contract with a local unit or local units pursuant
27 to **【this act】** N.J.S.40A:31-1 et seq., shall pay at such time as may
28 be provided in the contract, the sum of money certified to it on or
29 before the date provided for payment in the contract. Any sum of
30 money so certified by the local unit or units shall be a lien in favor
31 of the local unit or units on and against the property of the private
32 water company or industry. If the sum of money or any part thereof
33 is not paid on or before the contract payment date, **【the unpaid**
34 **amount shall bear】** interest shall accrue and be due on the unpaid
35 amount at the rate **【to be determined】** prescribed for interest on
36 payments required to be made in accordance with 【the provisions
37 of】 N.J.S.40A:31-17, until payment is complete and, the local unit
38 or local units shall make and record, in the same manner as
39 conveyances of interest in real property are recorded, a certificate
40 setting forth the facts and giving notice of the existence and amount
41 of the lien remaining unsatisfied. The lien shall have priority over
42 all other liens theretofore or thereafter attaching, except those for
43 federal, State, and local taxes.

44 (cf: N.J.S.40A:31-20)

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1 17. R.S.54:4-67 is amended to read as follows:

2 54:4-67. a. The governing body of each municipality may by
3 resolution fix the rate of discount to be allowed for the payment of
4 taxes or assessments previous to the date on which they would
5 become delinquent. The rate so fixed shall not exceed 6% per
6 annum, shall be allowed only in case of payment on or before the
7 thirtieth day previous to the date on which the taxes or assessments
8 would become delinquent. No such discount shall apply to the
9 purchaser of a total property tax levy pursuant to section 16 of
10 P.L.1997, c.99 (C.54:5-113.5). The governing body may also fix
11 the rate of interest to be charged for the nonpayment of taxes,
12 assessments, or other municipal liens or charges, unless otherwise
13 provided by law, on or before the date when they would become
14 delinquent, and **【may】 shall** provide that no interest shall be
15 charged if payment of any installment is made within the tenth
16 calendar day following the date upon which the same became
17 payable. The rate so fixed shall not exceed **【8% per annum on the**
18 **first \$1,500.00 of the delinquency and 18% per annum on any**
19 **amount in excess of \$1,500.00, to be calculated】 three percentage**
20 **points above the prime rate, and shall be assessed for each month or**
21 **fraction thereof, based upon a 360 day calendar year,** from the date
22 the tax was payable until the date that actual payment to the tax
23 collector is made.

24 b. In any year when the governing body changes the rate of
25 interest to be charged for delinquent taxes, assessments, or other
26 municipal charges, or to be charged for the end of the year penalty,
27 the governing body, after adoption of a resolution changing the rate
28 of interest, shall provide a notice to all taxpayers, prior to the date
29 taxes are next due or with the tax bill, stating the new rate or rates
30 to be charged and the date that the new rate or rates take effect.
31 The notice may be separate from the tax bill. No change in the rate
32 of interest or the end of year penalty shall take effect until the
33 required notice has been provided in accordance with this
34 subsection.

35 c. In municipalities that have sold their property tax levy
36 pursuant to section 16 of P.L.1997, c.99 (C.54:5-113.5), the rate of
37 interest to be charged for the nonpayment of taxes, assessments, or
38 other municipal liens or charges shall be the same interest or
39 delinquency rate or rates otherwise charged by the municipality, to
40 be calculated from the date the tax was payable until the date of
41 actual payment to the tax collector. The purchaser of the total
42 property tax levy shall be paid only those amounts attributable to
43 properties included in the total property tax levy purchase and
44 actually collected by the tax collector and which amounts shall not
45 include any delinquent interest collected by the municipal tax
46 collector prior to the time that the total property tax levy purchaser
47 makes the levy payment to the municipality.

1 "Delinquency" means the sum of all taxes and municipal charges
2 due on a given parcel of property covering any number of quarters
3 or years. The property shall remain delinquent, as defined herein,
4 until such time as all unpaid taxes, including subsequent taxes and
5 liens, together with interest thereon shall have been fully paid and
6 satisfied. The delinquency shall remain notwithstanding the
7 issuance of a certificate of sale pursuant to R.S.54:5-32 and
8 R.S.54:5-46, the payment of delinquent tax by the purchaser of the
9 total property tax levy pursuant to section 16 of P.L.1997, c.99
10 (C.54:5-113.5) and for the purposes of satisfying the requirements
11 for filing any tax appeal with the county board of taxation or the
12 State tax court. The governing body may also fix a penalty to be
13 charged to a taxpayer with a delinquency in excess of \$10,000 who
14 fails to pay that delinquency as billed, prior to the end of the fiscal
15 year. If any fiscal year delinquency in excess of \$10,000 is paid by
16 the holder of an outstanding tax sale certificate or a total property
17 tax levy purchaser, the holder or purchaser, as appropriate, shall be
18 entitled to receive the amount of the penalty as part of the amount
19 required to redeem such certificate of sale providing the payment is
20 made by the tax lien holder or tax levy purchaser prior to the end of
21 the fiscal year. If the holder of the outstanding tax sale certificate
22 or the levy purchaser, as appropriate, does not make the payment in
23 full prior to the end of the fiscal year, then the holder or purchaser
24 shall be entitled to a pro rata share of the delinquency penalty upon
25 redemption, and the balance of the penalty shall inure to the benefit
26 of the municipality. The penalty so fixed shall not exceed 6% of
27 the amount of the delinquency with respect to each most recent
28 fiscal year only.

29 "Prime rate" means "prime rate" as that term is defined by
30 R.S.54:48-2 and as is determined and redetermined by Director of
31 the Division of Taxation in the Department of the Treasury for
32 purposes of setting and assessing interest due and required to be
33 paid in connection with a delinquent or deficient payment of a State
34 tax pursuant to R.S.54:49-3 or R.S.54:49-6, respectively.
35 (cf: P.L.1997, c.99, s.4)

36
37 18. Section 3 of P.L.1981, c.293 (C.58:1B-3) is amended to read
38 as follows:

39 3. As used in this act:

40 a. "Authority" means the New Jersey Water Supply Authority
41 created by **[this act]** P.L.1981, c.293 (C.58:1B-1 et seq.);

42 b. "Bonds" means bonds, notes, or other obligations issued or
43 authorized pursuant to **[this act]** P.L.1981, c.293 (C.58:1B-1 et
44 seq.);

45 c. "Compensating reservoir" means the structures, facilities,
46 and appurtenances for the impounding, transportation, and release
47 of water for the replenishment in periods of drought or at other

1 necessary times of all or a part of waters in or bordering the State
2 diverted into a project;

3 d. "Cost" as applied to a project means the cost of acquisition
4 and construction thereof, the cost of acquisition of lands, rights-of-
5 way, property rights, easements, and interests required by the
6 authority for acquisition and construction, the cost of demolishing
7 or removing any buildings or structures on land so acquired,
8 including the cost of acquiring any lands to which buildings or
9 structures may be moved, the cost of acquiring or constructing and
10 equipping an office of the authority, the cost of machinery,
11 furnishings, and equipment, financing expenses, reserves, interest
12 prior to and during construction and for no more than **[6]** six
13 months after completion of construction, engineering, expenses of
14 research and development with respect to any project, legal
15 expenses, plans, specifications, surveys, estimates of cost and
16 revenues, working capital, other expenses necessary or incident to
17 determining the feasibility or practicability of acquiring or
18 constructing a project, administrative expense, and such other
19 expense as may be necessary or incident to the acquisition or
20 construction of the project;

21 e. "Construct" and "construction" means and includes acts of
22 construction, reconstruction, replacement, extension, improvement,
23 and betterment of a project;

24 f. "Department" means the Department of Environmental
25 Protection;

26 g. "Governmental agency" means any municipality, county, or
27 any agency thereof, the State Government and any instrumentality
28 or subdivision thereof;

29 h. "Prevailing municipal bond yield" means the average
30 estimated yield that would be offered on 20-year general obligation
31 bonds with a composite rating of approximately "A" as reflected by
32 the Bond Buyer 20-Bond Municipal Bond Index during the first
33 week of the last month of the calendar year immediately preceding
34 the calendar year in which the rent, fee, or charge was due;
35 provided however, that, if the authority determines that the average
36 estimated yield decreases by more than one percentage point from
37 the yield previously determined, the authority shall redetermine the
38 prevailing municipal bond yield to be that average estimated yield
39 for subsequent calendar quarters of the calendar year in which rents,
40 fees, or charges become due.

41 **[h.]** i. "Project" means a water system or any part thereof;

42 **[i.]** j. "Real property" means lands both within or without the
43 State, and improvements thereof or thereon, or any rights or
44 interests therein;

45 **[j.]** k. "Revenue" means all rents, fees, and charges for water
46 sold from, or for the use and services of any project of the authority
47 and payments in respect of any loans or advances made to

1 governmental agencies pursuant to **【this act】** P.L.1981, c.293
2 (C.58:1B-1 et seq.);

3 **【k.】** l. "Service charges" means water service charges
4 established or collected by the authority pursuant to **【this act】**
5 P.L.1981, c.293 (C.58:1B-1 et seq.);

6 **【l.】** m. "Water system" means the plants, structures, and other
7 real and personal property financed, acquired, constructed, or
8 operated or to be financed, acquired, constructed, or operated by the
9 authority under **【this act】** P.L.1981, c.293 (C.58:1B-1 et seq.) or
10 additions and improvements thereto, including reservoirs, basins,
11 dams, canals, aqueducts, standpipes, conduits, pipelines, mains,
12 pumping stations, water transmission systems, compensating
13 reservoirs, waterworks or sources of water supply, wells,
14 purification or filtration plants or other plants, equipment and
15 works, connections, rights of flowage or diversion, and other plants,
16 structures, boats, conveyances, and other real and personal property
17 and rights therein, and appurtenances necessary or useful and
18 convenient for the accumulation, supply, treatment, or transmission
19 of water.

20 (cf: P.L.1981, c.293, s.3)

21

22 19. (New section) The rents, fees, and charges required to be
23 paid to the authority in accordance with P.L.1981, c.293 (C.58:1B-1
24 et seq.) for water sold from, or for the use of services of, a water
25 system project shall be due and required to be paid within 30 days
26 of the billing date. If any rent, fee, or charge required to be paid to
27 the authority in accordance with P.L.1981, c.293 (C.58:1B-1 et
28 seq.) for water sold from, or for the use of services of, a water
29 system project is not paid within 30 days of the billing date, interest
30 shall accrue and be due on the unpaid amount at a rate equal to the
31 prevailing municipal bond yield assessed for each month or fraction
32 thereof, compounded annually at the end of each year, from the date
33 the bill is originally payable until the actual date of payment.

34

35 20. This act shall take effect immediately and apply to all
36 charges, rates, rents, fees, and payments and all municipal taxes,
37 assessments, and other municipal liens and charges that become due
38 or otherwise are first required to be paid on or after the first day of
39 the first fiscal year, of the sewerage authority, municipal authority,
40 governing body or bodies of a local unit or unity, municipality, or
41 authority to which the charge, rate, rent, fee, municipal tax,
42 assessment, or other municipal lien or charge is due or otherwise
43 required to be paid, beginning at least 120 days after the date of
44 enactment.

STATEMENT

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This bill modifies the interest rates and provides for the deferral of interest that is permitted to accrue on unpaid water and sewer service bills issued by certain public (i.e. governmental) providers of water and sewer services as well as unpaid municipal taxes, assessments, and other municipal liens and charges.

The bill amends the “sewerage authorities law,” P.L.1946, c.138 (C.40:14A-1 et seq.) and the “municipal and county utilities authorities law,” P.L.1957, c.183 (C.40:14B-1 et seq.) to provide that the interest rate permitted to accrue on unpaid service charges due and required to be paid to a sewerage authority or a municipal authority will be equal to the prevailing municipal bond yield, and will be assessed for each month or fraction thereof, compounded annually at the end of each year, from the date the service charge was due until the date the charge is paid. The current interest rate on unpaid charges is fixed by statute at a rate of 1 1/2 percent per month, and has remained unchanged since January 1982.

The bill amends the “Municipal and County Sewerage Act,” P.L.1991, c.53 (C.40A:26A-1 et seq.) and the “County and Municipal Water Supply Act,” P.L.1989, c.109 (C.40A:31-1 et seq.) to provide that the interest rate permitted to accrue on unpaid rates, rentals, connection fees, or other charges due and required to be paid to a local unit or units operating a county or municipal sewerage facility or a county or municipal water supply will be equal to the prevailing municipal bond yield, and will be assessed for each month or fraction thereof, compounded annually at the end of each year, from the date the payment was due until the date the payment is made. The current interest rate on unpaid rates, rentals, connection fees, or other charges is set by statute at a rate that is at least equal to the monthly index for the immediately preceding month for 20-year tax exempt bond yields as compiled by the “Bond Buyer” or any similar index, and has remained unchanged since the laws were enacted in 1992 and 1989, respectively.

The bill amends a section of the laws concerning real property taxation, R.S.54:4-67, to provide that the interest rate permitted to accrue on unpaid municipal taxes, assessments, and other municipal liens or charges due to the governing body of a municipality will not exceed three percentage points above the prime rate, and will be assessed for each month or fraction thereof, based upon a 360 day calendar year, from the date the tax was payable until the date payment is made. The current interest rate on unpaid municipal taxes, assessments, and other municipal liens or charges is fixed by statute at a rate that cannot exceed 8 percent per annum on the first \$1,500 of the delinquency and that cannot exceed 18 percent per annum on any amount in excess of \$1,500, and has remained unchanged since 1979.

1 The bill amends various sections of the laws concerning
2 municipally owned sewer and water utilities, including section 1 of
3 P.L.1952, c.324 (C.40:62-83.1), R.S.40:62-107, R.S.40:62-107.6,
4 R.S.40:62-141, and R.S.40:62-142, to stipulate the rates of interest
5 and penalties due on rents, rates, and other service charges required
6 to be paid to municipalities or a water or sewerage commission of a
7 municipality. Under the bill, interest and penalties will be charged
8 and assessed as permitted for unpaid municipal taxes, assessments,
9 and other municipal liens or charges in accordance with R.S.54:4-
10 67.

11 The bill supplements the “New Jersey Water Supply Authority
12 Act,” P.L.1981, c.293 (C.58:1B-1 et seq.) to establish that the
13 interest rate permitted to accrue on unpaid rents, fees, and charges
14 required to be paid to the authority for water sold from, or for the
15 use of services of, a water system project will be equal to the
16 prevailing municipal bond yield, and will be assessed for each
17 month or fraction thereof, compounded annually at the end of each
18 year, from the date the bill is originally payable until the actual date
19 of payment. Currently, interest accrues on unpaid rents, fees, and
20 charges at two separate rates set by regulations: the authority
21 charges interest on unpaid payments related to the sale of water
22 from the Raritan Basin System at a rate tied to the interest rate
23 accruing on the authority’s short-term deposits and charges interest
24 on unpaid payments related to the sale of water from the
25 Manasquan Reservoir Water Supply System at a rate that cannot
26 exceed 18 percent per annum.

27 The bill defines “prevailing municipal bond yield” as the average
28 estimated yield that would be offered on 20-year general obligation
29 bonds with a composite rating of approximately “A” as reflected by
30 the “Bond Buyer 20-Bond Municipal Bond Index” during the first
31 week of the last month of the calendar year immediately preceding
32 the calendar year in which the rates, rents, or sewer and water
33 services charges were due or otherwise required to be paid. During
34 the first week of December 2014, the average estimated yield
35 offered on 20-year general obligation bonds with a composite rating
36 of approximately “A” was 3.83 percent; during the first week of
37 December 2015 that yield was 3.57 percent.

38 The bill defines “prime rate” as that term is defined by the State
39 Uniform Tax Procedure Law, R.S.54:48-1 et seq., and as is
40 determined and redetermined by Director of the Division of
41 Taxation in the Department of the Treasury for purposes of setting
42 and assessing interest due and required to be paid in connection
43 with a delinquent or deficient payment of a State tax pursuant to
44 R.S.54:49-3 or R.S.54:49-6, respectively. During the first week of
45 December 2014, the prime rate as determined by the Director of the
46 Division of Taxation for purposes of setting and assessing interest
47 was 3.25 percent; during the first week of December 2015 that rate
48 was 3.25 percent.

1 In addition, the bill amends the “sewerage authorities law,”
2 P.L.1946, c.138 (C.40:14A-1 et seq.) and the “municipal and county
3 utilities authorities law,” P.L.1957, c.183 (C.40:14B-1 et seq.), and
4 supplements the “New Jersey Water Supply Authority Act,”
5 P.L.1981, c.293 (C.58:1B-1 et seq.), to specify the period of time
6 required to elapse before interest accrues on unpaid utility bills
7 issued by those providers of services. The bill requires at least 30
8 days to elapse following the date the payment or charge is
9 originally due before interest on the unpaid balance is permitted to
10 accrue.

11 The bill takes effect immediately and applies to all charges,
12 rates, rents, fees, and payments and all municipal taxes,
13 assessments, and other municipal liens and charges that become due
14 or otherwise are first required to be paid on or after the first day of
15 the first fiscal year, of the sewerage authority, municipal authority,
16 governing body or bodies of a local unit or unity, municipality, or
17 authority to which the charge, rate, rent, fee, municipal tax,
18 assessment, or other municipal lien or charge is due or otherwise
19 required to be paid, beginning at least 120 days after the date of
20 enactment.

21 The purpose of this bill is to provide a more standard, consistent
22 approach to setting and assessing interest rates on unpaid water and
23 sewer service bills issued by certain providers of water and sewer
24 services as well as unpaid municipal taxes, assessments, and other
25 municipal liens and charges that allows interest rates to rise and fall
26 based on prevailing rates in the current marketplace.