

[First Reprint]

**ASSEMBLY, No. 5407**

**STATE OF NEW JERSEY**  
**219th LEGISLATURE**

INTRODUCED MARCH 1, 2021

**Sponsored by:**

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**District 38 (Bergen and Passaic)**

**Co-Sponsored by:**

**Assemblywomen Vainieri Huttle, Timberlake, Senators Rice, Stack, Turner, Ruiz and Pou**

**SYNOPSIS**

Removes restrictions on special assessments and bond issuances for replacement of residential lead service lines; revises budgetary requirements for operators of certain water systems.

**CURRENT VERSION OF TEXT**

As reported by the Assembly Special Committee on Infrastructure and Natural Resources Committee on March 15, 2021, with amendments.

**(Sponsorship Updated As Of: 6/21/2021)**

1 AN ACT concerning the financing and operation of water systems,  
2 supplementing Title 40A of the New Jersey Statutes, <sup>1</sup>and<sup>1</sup>  
3 amending various parts of the statutory law<sup>1</sup>, and repealing  
4 section 5 of P.L.2017, c.133<sup>1</sup>.  
5

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

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

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

13 (1) "Municipality" shall mean any city of any class, any  
14 borough, village, town, township, or any other municipality other  
15 than a county or a school district, and except when used in section  
16 4, 5, 6, 11, 12, 13, 42 or 45 of **[this act]** P.L.1957, c.183  
17 (C.40:14B-4, C.40:14B-5, C.40:14B-6, C.40:14B-11, C.40:14B-12,  
18 C.40:14B-13, C.40:14B-42, or C.40:14B-45) , any agency thereof  
19 or any two or more thereof acting jointly or any joint meeting or  
20 other agency of any two or more thereof;

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

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

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

34 (5) "Municipal authority," "authority," or "water reclamation  
35 authority" shall mean a public body created or organized pursuant  
36 to section 4, 5 or 6 of **[this act]** P.L.1957, c.183 (C.40:14B-4,  
37 C.40:14B-5, or C.40:14B-6) and shall include a municipal utilities  
38 authority created by one or more municipalities and a county  
39 utilities authority created by a county;

40 (6) Subject to the exceptions provided in section 10, 11 or 12 of  
41 **[this act]** P.L.1957, c.183 (C.40:14B-10, C.40:14B-11, or  
42 C.40:14B-12) , "district" shall mean the area within the territorial  
43 boundaries of the county, or of the municipality or municipalities,  
44 which created or joined in or caused the creation or organization of  
45 a municipal authority;

**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.

Matter enclosed in superscript numerals has been adopted as follows:

<sup>1</sup>Assembly ANR committee amendments adopted March 15, 2021.

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

4 (8) "Water system" shall mean the plants, structures and other  
5 real and personal property acquired, constructed or operated or to be  
6 acquired, constructed or operated by a municipal authority or by  
7 any person to whom a municipal authority has extended credit for  
8 this purpose for the purposes of the municipal authority, including  
9 reservoirs, basins, dams, canals, aqueducts, standpipes, conduits,  
10 pipelines, mains, pumping stations, water distribution systems,  
11 compensating reservoirs, waterworks or sources of water supply,  
12 wells, purification or filtration plants or other plants and works,  
13 connections, rights of flowage or division, and other plants,  
14 structures, boats, conveyances, and other real and personal property,  
15 and rights therein, and appurtenances necessary or useful and  
16 convenient for the accumulation, supply and redistribution of water.

17 The term "water system" shall include the replacement of service  
18 connections to a publicly-owned water system, from the distribution  
19 main onto privately-owned real property and into a privately-owned  
20 structure, when used in reference to a project undertaken for the  
21 purpose of replacing **【lead-contaminated】 residential <sup>1</sup>, commercial,**  
22 **and institutional<sup>1</sup> lead service **【connections】 lines,** regardless of  
23 possible private service connection ownership **【**, so long as the  
24 project is (a) an environmental infrastructure project, as defined  
25 under section 3 of P.L.1985, c.334 (C.58:11B-3), and (b) funded  
26 either by loans from the New Jersey Infrastructure Bank, created  
27 pursuant to section 4 of P.L.1985, c.334 (C.58:11B-4), or by loans  
28 issued through the Department of Environmental Protection**】**;**

29 (9) "Sewerage system" shall mean the plants, structures, on-site  
30 wastewater systems and other real and personal property acquired,  
31 constructed or operated or to be acquired, constructed, maintained  
32 or operated by a municipal authority or by any person to whom a  
33 municipal authority has extended credit for this purpose for the  
34 purposes of the municipal authority, including sewers, conduits,  
35 pipelines, mains, pumping and ventilating stations, sewage  
36 treatment or disposal systems, plants and works, connections,  
37 outfalls, compensating reservoirs, and other plants, structures,  
38 boats, conveyances, and other real and personal property, and rights  
39 therein, and appurtenances necessary or useful and convenient for  
40 the collection, treatment, purification or disposal in a sanitary  
41 manner of any sewage, liquid or solid wastes, night soil or  
42 industrial wastes;

43 (10) "Utility system" shall mean a water system, solid waste  
44 system, sewerage system, or a hydroelectric system or any  
45 combination of such systems, acquired, constructed or operated or  
46 to be acquired, constructed or operated by a municipal authority or  
47 by any person to whom a municipal authority has extended credit  
48 for this purpose;

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

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

32 (13) "Construct" and "construction" shall connote and include  
33 acts of construction, reconstruction, replacement, extension,  
34 improvement and betterment of a utility system;

35 (14) "Industrial wastes" shall mean liquid or other wastes  
36 resulting from any processes of industry, manufacture, trade or  
37 business or from the development of any natural resource, and shall  
38 include any chemical wastes or hazardous wastes;

39 (15) "Sewage" shall mean the water-carried wastes created in  
40 and carried, or to be carried, away from, or to be processed by on-  
41 site wastewater systems, residences, hotels, apartments, schools,  
42 hospitals, industrial establishments, or any other public or private  
43 building, together with such surface or ground water and industrial  
44 wastes and **leacheate** leachate as may be present;

45 (16) "On-site wastewater system" means any of several  
46 facilities, septic tanks or other devices, used to collect, treat,  
47 reclaim, or dispose of wastewater or sewage on or adjacent to the  
48 property on which the wastewater or sewage is produced, or to

1 convey such wastewater or sewage from said property to such  
2 facilities as the authority may establish for its disposal;

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

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

9 (19) "Service charges" shall mean water service charges, solid  
10 waste service charges, sewer service charges, hydroelectric service  
11 charges or any combination of such charges, as said terms are  
12 defined in section 21 or 22 of **【this act】** P.L.1957, c.183 (C.40:14B-  
13 21 or C.40:14B-22) or in section 7 of **【this amendatory and**  
14 **supplementary act】** P.L.1980, c.34 (C.40:14B-21.1) ;

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

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

25 (22) "County sewer authority" shall mean a sanitary sewer  
26 district authority created pursuant to the act entitled "An act relating  
27 to the establishment of sewerage districts in first- and second-class  
28 counties, the creation of Sanitary Sewer District Authorities by the  
29 establishing of such districts, prescribing the powers and duties of  
30 any such authority and of other public bodies in connection with the  
31 construction of sewers and sewage disposal facilities in any such  
32 district, and providing the ways and means for paying the costs of  
33 construction and operation thereof," approved April 23, 1946  
34 (P.L.1946, c.123), or the acts amendatory thereof or supplemental  
35 thereto;

36 (23) "Chemical waste" shall mean a material normally generated  
37 by or used in chemical, petrochemical, plastic, pharmaceutical,  
38 biochemical or microbiological manufacturing processes or  
39 petroleum refining processes, which has been selected for waste  
40 disposal and which is known to hydrolize, ionize or decompose,  
41 which is soluble, burns or oxidizes, or which may react with any of  
42 the waste materials which are introduced into the landfill, or which  
43 is buoyant on water, or which has a viscosity less than that of water  
44 or which produces a foul odor. Chemical waste may be either  
45 hazardous or nonhazardous;

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

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

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

10 (27) "Recycling" shall mean the separation, collection,  
11 processing or recovery of metals, glass, paper, solid waste and other  
12 materials for reuse or for energy production and shall include  
13 resource recovery;

14 (28) "Sludge" shall mean any solid, semisolid, or liquid waste  
15 generated from a municipal, industrial or other sewage treatment  
16 plant, water supply treatment plant, or air pollution control facility,  
17 or any other such waste having similar characteristics and effects;  
18 "sludge" shall not include effluent;

19 (29) "Solid waste" shall mean garbage, refuse, and other  
20 discarded materials resulting from industrial, commercial and  
21 agricultural operations, and from domestic and community  
22 activities, and shall include all other waste materials including  
23 sludge, chemical waste, hazardous wastes and liquids, except for  
24 liquids which are treated in public sewage treatment plants and  
25 except for solid animal and vegetable wastes collected by swine  
26 producers licensed by the State Department of Agriculture to  
27 collect, prepare and feed such wastes to swine on their own farms;

28 (30) "Solid waste system" shall mean and include the plants,  
29 structures and other real and personal property acquired,  
30 constructed or operated or to be acquired, constructed or operated  
31 by an authority or by any person to whom a municipal authority has  
32 extended credit for this purpose pursuant to the provisions of **[this**  
33 **act]** P.L.1957, c.183 (C.40:14B-1 et seq.) , including transfer  
34 stations, incinerators, recycling facilities, including facilities for the  
35 generation, transmission and distribution of energy derived from the  
36 processing of solid waste, sanitary landfill facilities or other  
37 property or plants for the collection, recycling or disposal of solid  
38 waste and all vehicles, equipment and other real and personal  
39 property and rights thereon and appurtenances necessary or useful  
40 and convenient for the collection, recycling, or disposal of solid  
41 waste in a sanitary manner;

42 (31) "Hydroelectric system" shall mean the plants, structures  
43 and other real and personal property acquired, constructed or  
44 operated or to be acquired, constructed or operated by an authority  
45 pursuant to the provisions of **[this act]** P.L.1957, c.183 (C.40:14B-  
46 1 et seq.) , including all that which is necessary or useful and  
47 convenient for the generation, transmission and sale of  
48 hydroelectric power at wholesale;

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

3 (33) "Sale of hydroelectric power at wholesale" shall mean any  
4 sale of hydroelectric power to any person for purposes of resale of  
5 such power;

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

10 (35) "Alternative electrical energy system" shall mean any  
11 system which uses alternative electrical energy to provide all or a  
12 portion of the electricity for the heating, cooling, or general  
13 electrical energy needs of a building;

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

18 (37) "Pilot county utilities authority" shall mean a county  
19 utilities authority in a county designated as a pilot county; **<sup>1</sup>[and]<sup>1</sup>**

20 (38) "Lead service line" means a water supply connection that is  
21 made of, or lined with, **<sup>1</sup>[materials]** a material<sup>1</sup> consisting of lead  
22 <sup>1</sup>, <sup>1</sup> and **<sup>1</sup>[that]** which<sup>1</sup> connects a water main to a building inlet. A  
23 lead pigtail, lead gooseneck, or other lead fitting shall be considered  
24 to be a lead service line, regardless of the **<sup>1</sup>[other materials in]**  
25 composition of<sup>1</sup> the service line <sup>1</sup>or other portions of piping to  
26 which such piece is attached<sup>1</sup> . A galvanized service line shall be  
27 considered <sup>1</sup>to be<sup>1</sup> a lead service line. A lead service line may be  
28 owned by the **<sup>1</sup>[supplier of]** public community<sup>1</sup> water <sup>1</sup>system<sup>1</sup>, a  
29 property owner, or both.

30 (cf: P.L.2018, c.114, s.1)

31

32 2. Section 20 of P.L.1957, c.183 (C.40:14B-20) is amended to  
33 read as follows:

34 20. Every municipal authority shall be a public body politic and  
35 corporate constituting a political subdivision of the State  
36 established as an instrumentality exercising public and essential  
37 governmental functions to provide for the public health and welfare  
38 and shall have perpetual succession and have the following powers:

39 (1) To adopt and have a common seal and to alter the same at  
40 pleasure;

41 (2) To sue and be sued;

42 (3) In the name of the municipal authority and on its behalf, to  
43 acquire, hold, use and dispose of its service charges and other  
44 revenues and other moneys;

45 (4) In the name of the municipal authority but for the local unit  
46 or units, to acquire, rent, hold, lease as lessor, use and dispose of  
47 other personal property for the purposes of the municipal authority;

1 (5) In the name of the municipal authority but for the local unit  
2 or units and subject to the limitations of **【this act】** P.L.1957, c.183  
3 (C.40:14B-1 et seq.) , to acquire by purchase, gift, condemnation or  
4 otherwise, or lease as lessee, real property and easements therein,  
5 necessary or useful and convenient for the purposes of the  
6 municipal authority, and subject to mortgages, deeds of trust or  
7 other liens, or otherwise, and to hold, lease as lessor, and to use the  
8 same, and to dispose of property so acquired no longer necessary  
9 for the purposes of the municipal authority;

10 (6) To produce, develop, purchase, accumulate, distribute and  
11 sell water and water services, facilities and products within or  
12 without the district, provided that no water shall be sold at retail in  
13 any municipality or county without the district unless the governing  
14 body of such municipality or county shall have adopted a resolution  
15 requesting the municipal authority to sell water at retail in such  
16 municipality or county, and the board of public utility  
17 commissioners shall have approved such resolution as necessary  
18 and proper for the public convenience;

19 (7) To provide for and secure the payment of any bonds and the  
20 rights of the holders thereof, and to purchase, hold and dispose of  
21 any bonds;

22 (8) To accept gifts or grants of real or personal property, money,  
23 material, labor or supplies for the purposes of the municipal or  
24 county authority, and to make and perform such agreements and  
25 contracts as may be necessary or convenient in connection with the  
26 procuring, acceptance or disposition of such gifts or grants;

27 (9) To enter on any lands, waters or premises for the purpose of  
28 making surveys, borings, soundings and examinations for the  
29 purposes of the municipal authority, and whenever the operation of  
30 a septic tank or other component of an on-site wastewater system  
31 shall result in the creation of pollution or contamination source on  
32 private property such that under the provisions of R.S.26:3-49, a  
33 local board of health would have the authority to notify the owner  
34 and require said owner to abate the same, representatives of an  
35 authority shall have the power to enter, at all reasonable times, any  
36 premises on which such pollution or contamination source shall  
37 exist, for the purpose of inspecting, rehabilitating, securing samples  
38 of any discharges, improving, repairing, replacing, or upgrading  
39 such septic tank or other component of an on-site wastewater  
40 system;

41 (10) To establish an inspection program to be performed at least  
42 once every three years on all on-site wastewater systems installed  
43 within the district which inspection program shall contain the  
44 following minimum notice provisions: (i) not less than 30 days  
45 prior to the date of the inspection of any on-site wastewater system  
46 as described herein, the authority shall notify the owner and  
47 resident of the property that the inspection will occur; and (ii) not  
48 less than 60 days prior to the date of the performance of any work



1 other than an inspection, the municipal authority shall provide  
2 notice to the owner and resident of the property in which the work  
3 will be performed. The notice to be provided to such owner and  
4 resident under this subsection shall include a description of the  
5 deficiency which necessitates the work and the proposed remedial  
6 action, and the proposed date for beginning and duration of the  
7 contemplated remedial action;

8 (11) To prepare and file in the office of the municipal authority  
9 records of all inspections, rehabilitation, maintenance, and work,  
10 performed with respect to on-site wastewater disposal systems;

11 (12) To make and enforce bylaws or rules and regulations for  
12 the management and regulation of its business and affairs and for  
13 the use, maintenance and operation of the utility system and any  
14 other of its properties, and to amend the same;

15 (13) To do and perform any acts and things authorized by **[this**  
16 **act]** P.L.1957, c.183 (C.40:14B-1 et seq.) under, through , or by  
17 means of its own officers, agents and employees, or by contracts  
18 with any person;

19 (14) To enter into any and all contracts, execute any and all  
20 instruments, and do and perform any and all acts or things  
21 necessary, convenient or desirable for the purposes of the municipal  
22 authority or to carry out any power expressly given in **[this act]**  
23 P.L.1957, c.183 (C.40:14B-1 et seq.) subject to the "Local Public  
24 Contracts Law," P.L.1971, c.198 (C.40A:11-1 et seq.);

25 (15) To extend credit or make loans to any person for the  
26 planning, designing, acquiring, constructing, reconstructing,  
27 improving, equipping, furnishing, and operating by that person of  
28 any part of a solid waste system, sewage treatment system,  
29 wastewater treatment or collection system for the provision of  
30 services and facilities within or without the district, which in the  
31 case of a solid waste system shall be in a manner consistent with the  
32 "Solid Waste Management Act," P.L.1970, c.39 (C.13:1E-1 et seq.)  
33 and in conformance with the solid waste management plans adopted  
34 by the solid waste management districts created therein. The  
35 credits or loans may be secured by loan and security agreements,  
36 mortgages, leases and any other instruments, upon such terms as the  
37 authority shall deem reasonable, including provision for the  
38 establishment and maintenance of reserve and insurance funds, and  
39 to require the inclusion in any mortgage, lease, contract, loan and  
40 security agreement or other instrument, provisions for the  
41 construction, use, operation and maintenance and financing of that  
42 part of the aforementioned systems as the authority may deem  
43 necessary or desirable;

44 (16) Upon the request of a customer: (i) to offer the customer  
45 the ability to receive or access, in electronic format, any periodic  
46 bill for service sent by the municipal authority to its customers and  
47 any additional information sent by the municipal authority to its  
48 customers as required by law, provided that any notice of

1 disconnection, discontinuance or termination of service shall be  
2 sent to a customer in written form at the customer's legal mailing  
3 address in addition to being sent or being made available in  
4 electronic format; and (ii) to provide the customer the option of  
5 paying any such periodic bill via electronic means;

6 (17) In the case of an authority that is a pilot county utilities  
7 authority, to fund improvements to county infrastructure pursuant to  
8 the provisions of subsection b. of section 40 of P.L.1957, c.183  
9 (C.40:14B-40); and

10 (18) To **construct or reconstruct and** finance the replacement  
11 of service connections to a publicly-owned water system, from the  
12 distribution main onto privately-owned real property and into the  
13 privately-owned structure, for the purpose of replacing residential<sup>1</sup>,  
14 commercial, and institutional<sup>1</sup> lead **contaminated** service  
15 **connections** lines, regardless of possible private service  
16 connection ownership **],** so long as the project is (a) undertaken as  
17 an environmental infrastructure project, as defined under section 3  
18 of P.L.1985, c.334 (C.58:11B-3), and (b) funded either by loans  
19 from the New Jersey Infrastructure Bank, created pursuant to  
20 section 4 of P.L.1985, c.334 (C.58:11B-4), or by loans issued  
21 through the Department of Environmental Protection**].**

22 (cf: P.L.2018, c.114, s.2)

23

24 3. R.S.40:56-1 is amended to read as follows:

25 R.S.40:56-1. A local improvement is one, the cost of which, or a  
26 portion thereof, may be assessed upon the lands in the vicinity  
27 thereof benefited thereby.

28 Any municipality may undertake any of the following works as a  
29 local improvement; and the governing body thereof may make,  
30 amend, repeal and enforce ordinances for carrying into effect all  
31 powers granted in this section:

32 a. The laying out, opening or establishing of a new street,  
33 alley, or other public highway, or portion thereof.

34 b. The widening, straightening, extension, alteration or  
35 changing in any manner of the location of a street, alley or other  
36 public highway, or portion thereof.

37 c. The grading or alteration of the grade of a street, alley or  
38 other public highway, or portion thereof.

39 d. The paving, repaving, or otherwise improving or  
40 reimproving a street, alley or other public highway, or portion  
41 thereof.

42 e. The curbing or recurbing, guttering or reguttering of a  
43 sidewalk in, upon, or along a street, alley or other public highway,  
44 or portion thereof.

45 f. The construction, reconstruction, improvement and  
46 reimprovement of bridges and viaducts.

- 1 g. The construction, reconstruction, improvement,  
2 reimprovement or relocation of a public walk or driveway on any  
3 beach, or along the ocean or any river or other waterway.
- 4 h. The improvement or reimprovement of any beach or water  
5 front, and the providing of suitable protection to prevent damage to  
6 lands or property by the ocean or other waters, including the filing  
7 in and grading necessary for the protection of such improvements.
- 8 i. The construction, reconstruction, enlargement or extension  
9 of a sewer or drain in, under or along a street, alley or public  
10 highway, or portion thereof, or in, under or along any public or  
11 private lands; the construction, reconstruction, enlargement or  
12 extension of a system of sewerage or drainage or both combined;  
13 the construction, reconstruction, enlargement or extension of a  
14 system of drainage of the marshes and wet lowlands within the  
15 municipality; the construction, reconstruction, enlargement or  
16 alteration of a system of works for the sanitary disposal of sewage  
17 or drainage.
- 18 j. (1) The installation of service connections to a system of  
19 water, gas, light, heat or power works owned by a municipality or  
20 otherwise, including all such works as may be necessary for  
21 supplying water, gas, light, heat or power to real estate for whose  
22 benefit such services are provided. This authorization includes, but  
23 shall not be limited to, the installation of service connections to a  
24 publicly-owned water system, from the distribution main onto  
25 privately-owned real property and into the privately-owned  
26 structure, for the purpose of replacing **【lead-contaminated】**  
27 residential<sup>1</sup>, commercial, and institutional<sup>1</sup> lead service  
28 **【connections】** lines, regardless of possible private service  
29 connection ownership **【**, so long as the project is (a) undertaken as  
30 an environmental infrastructure project, as defined under section 3  
31 of P.L.1985, c.334 (C.58:11B-3), and (b) funded either by loans  
32 from the New Jersey Infrastructure Bank, created pursuant to  
33 section 4 of P.L.1985, c.334 (C.58:11B-4), or by loans issued  
34 through the Department of Environmental Protection**】**;
- 35 (2) The installation of service connections including the laying,  
36 construction or placing of mains, conduits or cables in, under or  
37 along a street, alley or other public highway or portion thereof.
- 38 k. The construction, reconstruction, enlargement or extension  
39 of any water main or other works for the distribution of water  
40 supplied by the State or any of its political subdivisions, or any  
41 public agency of any of the same.
- 42 l. The installation of such lighting standards, appliances and  
43 appurtenances as may be required for the brilliant illumination of  
44 the streets in those parts of the municipality where the governing  
45 body of the municipality may deem it necessary or proper to  
46 establish what is commonly called a "white way."

1 m. The widening, deepening or improvement of any stream,  
2 creek, river or other waterway.

3 n. The removal of obstructions in, and the constructing,  
4 reconstructing, enlarging or extending of any waterway, of  
5 enclosing walls, or of a pipe or conduit or any brook or  
6 watercourse, or part of same.

7 o. The defining of the location and the establishment of widths,  
8 grades and elevations of any stream, creek, river or other waterway,  
9 and the preventing of encroachments upon the same.

10 p. The reclaiming, filling and improving and bulkheading and  
11 filling in lands lying under tidal or other water, in whole or in part,  
12 within the municipality; the reclaiming or filling or bulkheading  
13 and filling those lands or lands adjacent to such reclaimed or filled  
14 lands; to dredge channels or improve harbor approaches in the  
15 waters abounding the lands to be reclaimed, filled and improved, or  
16 bulkheaded and filled; provided, the approval of the **【Planning and**  
17 **Development Council of the Division of Planning and Development**  
18 **in the Department of Conservation and Economic Development of**  
19 **the State of New Jersey】 Tidelands Resource Council established**  
20 **pursuant to section 10 of P.L.1948, c.448 (C.13:1B-10) , and when**  
21 **necessary, the permission of the **【Federal】 federal** authorities in**  
22 **charge of the district port in which the improvements are proposed**  
23 **to be made, to improve and dredge channels and construct and**  
24 **improve the harbor approaches to those lands, shall be first had and**  
25 **obtained.**

26 The governing body may enter into agreements with the **【Federal**  
27 **Government】 federal government** for reimbursement to the  
28 municipality for all or a portion of the cost of dredging channels or  
29 improving harbor approaches in waters under the jurisdiction of the  
30 **【Federal Government】 federal government .**

31 If any portion of the amount assessed against the lands within the  
32 municipality for the improvement shall be reimbursed to the  
33 municipality by the **【Federal Government】 federal government** after  
34 the assessment has been made, then a credit shall be made on each  
35 assessment levied in proportion to the amount so received from the  
36 **【Federal Government】 federal government ; provided, the amount**  
37 **received by the municipality from the **【Federal Government】****  
38 **federal government shall be in excess of the amount fixed in the**  
39 **assessment to be borne by the municipality at large.**

40 If any portion of the land included within lands benefited or  
41 improved by any work done in connection with the reclaiming,  
42 filling or bulkheading and filling shall be riparian lands or lands  
43 under water, for which the riparian grant has not theretofore been  
44 made by the State, the municipal board or body authorized to make  
45 assessments for improvements in accordance with this subtitle may  
46 include in any such assessment a prospective assessment against the  
47 riparian lands or lands under water, and a copy of such prospective

1 assessment shall be filed with the **【Planning and Development**  
2 **Council of the Division of Planning and Development in the**  
3 **Department of Conservation and Economic Development of the**  
4 **State of New Jersey】 Tidelands Resource Council** and shall be a  
5 part of the records of that council. Upon the sale or grant by the  
6 State of the riparian rights to any such lands for which a prospective  
7 assessment has been filed with the council, the amount of such  
8 prospective assessment together with interest at the rate of five **【per**  
9 **centum (5%) per annum】 percent annually** from the time of the  
10 confirmation of the assessment for the improvement shall be  
11 included by **【said Planning and Development Council】 the**  
12 **Tidelands Resource Council** in the purchase price fixed for such  
13 lands and made a part of the payment for the grant, and the amount  
14 of the assessment with interest, when paid, shall be turned over by  
15 **【said Planning and Development Council】 the Tidelands Resource**  
16 **Council** to the municipality making the assessment. Such  
17 prospective assessment shall also be included in the general  
18 assessment for and against any such riparian lands or lands under  
19 water for which an annual rental or fee is being charged or collected  
20 by **【said Planning and Development Council】 the Tidelands**  
21 **Resource Council** under any agreement by which the fee of any  
22 such riparian lands is passed, and when the fee does so pass by  
23 grant from the State the prospective assessment shall become  
24 immediately due and payable, together with interest thereon at the  
25 rate of five **【per centum (5%) per annum】 percent annually** from  
26 the time of the confirmation of the assessment for the improvement  
27 and the assessment shall become a lien upon those lands until paid  
28 and shall be collectible as other liens for public improvements in  
29 the municipality. Should **【said Planning and Development**  
30 **Council】 the Tidelands Resource Council** lease for a term of years  
31 any such riparian lands or lands under water, included within lands  
32 benefited or improved by any work done in connection with the  
33 reclaiming, filling or bulkheading and filling, it shall include in the  
34 annual rental to be charged therefor one-tenth of the amount of the  
35 prospective assessment for each year of the term not exceeding ten  
36 years until the prospective assessment and the interest thereon at the  
37 rate of five **【per centum (5%) per annum】 percent annually** from  
38 the time of confirmation of the assessment for the improvement,  
39 shall be paid. If the lease shall be for a period less than ten years,  
40 such provision shall be contained in any and all extensions and  
41 renewals thereof, or in any new leases until the full prospective  
42 assessment with such interest shall have been paid. Nothing  
43 contained in this subparagraph shall apply to lands owned by a  
44 company whose rates are subject to regulation by the Board of  
45 Public **【Utility Commissioners】 Utilities**.

46 Whenever convenient more than one of the works provided for in  
47 this section may be carried on as one improvement. Any

1 municipality may undertake any or all of the works mentioned in  
2 this section as a general improvement to be paid for by general  
3 taxation, and any municipality may provide for the maintenance,  
4 repair and operation of any or all of said works by taxation whether  
5 the same are undertaken as local or general improvements.

6 (cf: P.L.2018, c.114, s.3)

7

8 4. R.S.40:56-35 is amended to read as follows:

9 40:56-35. The governing body may by resolution provide that  
10 the owner of any real estate upon which any assessments for any  
11 improvement shall have been made may pay such assessments in  
12 such equal yearly or quarterly installments, not exceeding ten years  
13 in duration, except as hereinafter provided, with legal interest  
14 thereon, and at such time in each year as the governing body shall  
15 determine, but any person assessed may pay the whole of any  
16 assessment, or any balance of installments, with accrued interest  
17 thereon, at one time. If any such installment shall remain unpaid  
18 for 30 days after the time when the same shall have become due,  
19 either:

20 a. the whole assessment or balance due thereon shall become  
21 and be immediately due, shall draw interest at the rate imposed  
22 upon the arrearage of taxes in such municipality and be collected in  
23 the same manner as is provided by this subtitle for other past due  
24 assessments; or

25 b. the governing body may, by resolution, permit any person  
26 who is delinquent in the payment of such an installment to pay only  
27 the amount of the delinquent payment and any interest on the  
28 delinquent payment that has accrued from the date that the  
29 installment was due and payable until the date that payment of the  
30 delinquent installment is made. After the delinquent installment is  
31 satisfied, the person assessed shall be reinstated on a regular  
32 installment payment schedule.

33 Whenever any owner shall be given the privilege of paying any  
34 assessment in installments such assessment shall remain a lien upon  
35 the land described therein until the same with all installments and  
36 accrued interest thereon shall be paid, and no proceedings to collect  
37 or enforce the same need be taken until default shall be made in the  
38 payment of any installment as hereinbefore in this subtitle provided.

39 In any municipality which is constructing a local improvement  
40 with funds secured from the **【Federal Government】** federal  
41 government , through the public works administration, under the  
42 terms of the national recovery act, the governing body may provide  
43 that the assessments may be payable in yearly or quarterly  
44 installments, with legal interest thereon, over a period of years up to  
45 but in no event exceeding the term of years for which the funds  
46 therefor are borrowed from the Federal Government, and at such  
47 time in each year as the governing body shall determine. The

1 governing body may fix the yearly installments in such amounts as  
2 in its opinion are equitable and just.

3 In any municipality in which the local improvement is being  
4 financed by the sale of bonds, the governing body may provide that  
5 the assessments may be payable in yearly or quarterly installments,  
6 with legal interest thereon, over a period of years up to but in no  
7 event exceeding the period of years for which the bonds were  
8 issued, or for 20 years, whichever shall be less, and at such time in  
9 each year as the governing body shall determine. In the case of  
10 assessments for the replacement of service connections to a  
11 publicly-owned water system, from the distribution main onto  
12 privately-owned real property and into a privately-owned structure,  
13 when used in reference to a project undertaken for the purpose of  
14 replacing residential<sup>1</sup>, commercial, and institutional<sup>1</sup> lead service  
15 lines, regardless of possible private service connection ownership,  
16 the period of years may be greater than 20 years but shall not  
17 exceed 30 years. The governing body may fix the yearly  
18 installments in such amounts as in its opinion are equitable and just.  
19 (cf: P.L.1997, c.5, s.1)

20

21 5. N.J.S.40A:2-22 is amended to read as follows:

22 40A:2-22. The governing body of the local unit shall determine  
23 the period of usefulness of any purpose according to its reasonable  
24 life computed from the date of the bonds, which period shall not be  
25 greater than the following:

26 a. Buildings and structures.

27 1. Bridges, including retaining walls and approaches, or  
28 permanent structures of brick, stone, concrete or metal, or similar  
29 durable construction, 30 years.

30 2. Buildings, including the original furnishings and equipment  
31 therefor:

32 Class A: A building, of which all walls, floors, partitions, stairs  
33 and roof are wholly of incombustible material, except the window  
34 frames, doors, top flooring and wooden handrails on the stairs, 40  
35 years;

36 Class B: A building, the outer walls of which are wholly of  
37 incombustible material, except the window frames and doors, 30  
38 years;

39 Class C: A building which does not meet the requirements of  
40 Class A or Class B, 20 years.

41 3. Buildings or structures acquired substantially reconstructed  
42 or additions thereto, one-half the period fixed in this subsection for  
43 such buildings or structures.

44 4. Additional furnishings, five years.

45 b. Marine improvements.

46 1. Harbor improvements, docks or marine terminals, 40 years.

47 2. Dikes, bulkheads, jetties or similar devices of stone,  
48 concrete or metal, 15 years; of wood or partly of wood, 10 years.

- 1 c. Additional equipment and machinery.
- 2 1. Additional or replacement equipment and machinery, 15
- 3 years.
- 4 2. Voting machines, 15 years.
- 5 3. Information technology and telecommunications equipment,
- 6 7 years, except that for items with a unit cost of less than \$5,000, 5
- 7 years.
- 8 d. Real property.
- 9 1. Acquisition for any public purpose of lands or riparian
- 10 rights, or both, and the original dredging, grading, draining or
- 11 planting thereof, 40 years.
- 12 2. Improvement of airport, cemetery, golf course, park,
- 13 playground, 15 years.
- 14 3. Stadia of concrete or other incombustible materials, 20
- 15 years.
- 16 e. Streets or thoroughfares.
- 17 1. Elimination of grade crossings, 35 years.
- 18 2. Streets or roads:
- 19 Class A: Rigid pavement. A pavement of not less than eight
- 20 inches of cement concrete or a six-inch cement concrete base with
- 21 not less than three-inch bituminous concrete surface course, or
- 22 equivalent wearing surface, 20 years.
- 23 Flexible pavement. A pavement not less than 10 inches in depth
- 24 consisting of five-inch macadam base, three-inch modified
- 25 penetration macadam and three-inch bituminous concrete surface
- 26 course or other pavements of equivalent strength, in accordance
- 27 with the findings of the American Association of State Highway
- 28 Officials (AASHO) Road Test, 20 years.
- 29 Class B: Mixed surface-treated road. An eight-inch surface of
- 30 gravel, stone or other selected material under partial control mixed
- 31 with cement or lime and fly ash, six inches in compacted thickness
- 32 with bituminous surface treatment and cover, 10 years.
- 33 Bituminous penetration road. A five-inch gravel or stone base
- 34 course and a three-inch course bound with a bituminous or
- 35 equivalent binder, 10 years.
- 36 Class C: Mixed bituminous road. An eight-inch surface of
- 37 gravel, stone, or other selected material under partial control mixed
- 38 with bituminous material one inch or more in compacted thickness,
- 39 five years.
- 40 Penetration macadam road. A road of sand, gravel or water-
- 41 bound macadam, or surfacing with penetration macadam, five years.
- 42 3. Sidewalks, curbs and gutters of stone, concrete or brick, 10
- 43 years.
- 44 The period of usefulness in this subsection shall apply to
- 45 construction and reconstruction of streets and thoroughfares.
- 46 f. Utilities and municipal systems.
- 47 1. Sewerage system, whether sanitary or storm water, water
- 48 supply or distribution system, 40 years.



- 1       2. Electric light, power or gas systems, garbage, refuse or ashes  
2 incinerator or disposal plant, 25 years.
- 3       3. Communication and signal systems, 10 years.
- 4       4. **【House】** Service connections to publicly-owned gas, water  
5 or sewerage systems from the service main in the street to the curb  
6 or property lines where not part of original installation, five years.
- 7       5. **【House】** Service connections to publicly-owned water  
8 systems, from the distribution main onto privately-owned real  
9 property and into the privately-owned structure, for the purpose of  
10 replacing **【**lead-contaminated house connections, so long as the  
11 project is (a) undertaken as an environmental infrastructure project,  
12 as defined under section 3 of P.L.1985, c.334 (C.58:11B-3), and (b)  
13 funded either by loans from the New Jersey Infrastructure Bank,  
14 created pursuant to section 4 of P.L.1985, c.334 (C.58:11B-4), or by  
15 loans issued through the Department of Environmental Protection**】**  
16 residential<sup>1</sup>, commercial, and institutional<sup>1</sup> lead service lines, 30  
17 years.
- 18       g. Vehicles and apparatus.
  - 19       1. Fire engines, apparatus and equipment, when purchased  
20 new, but not fire equipment purchased separately, 10 years.
  - 21       2. Automotive vehicles, including original apparatus and  
22 equipment (other than passenger cars and station wagons), when  
23 purchased new, five years.
  - 24       3. Major repairs, reconditioning or overhaul of fire engines and  
25 apparatus, ambulances, rescue vehicles, and similar public safety  
26 vehicles (other than passenger cars and station wagons) which may  
27 reasonably be expected to extend for at least five years the period of  
28 usefulness thereof, five years.
- 29       h. The closure of a sanitary landfill facility utilized, owned or  
30 operated by a county or municipality, 15 years; provided that the  
31 closure has been approved by the Board of Public Utilities and the  
32 Department of Environmental Protection. For the purposes of this  
33 subsection "closure" means all activities associated with the design,  
34 purchase or construction of all measures required by the  
35 Department of Environmental Protection, pursuant to law, in order  
36 to prevent, minimize or monitor pollution or health hazards  
37 resulting from sanitary landfill facilities subsequent to the  
38 termination of operations at any portion thereof, including, but not  
39 necessarily limited to, the costs of the placement of earthen or  
40 vegetative cover, and the installation of methane gas vents or  
41 monitors and leachate monitoring wells or collection systems at the  
42 site of any sanitary landfill facility.
- 43       i. (Deleted by amendment, P.L.2007, c.62.)
- 44       j. The prefunding of a claims account for environmental  
45 liability claims by an environmental impairment liability insurance  
46 pool pursuant to P.L.1993, c.269 (C.40A:10-38.1 et al.), 20 years.  
47 (cf: P.L.2018, c.114, s.4)

1       6. (New section) a. A local unit shall be required to conduct a  
2 periodic study of the adequacy and reasonableness of the rates, fees,  
3 rents, and charges for <sup>1</sup>**each** a<sup>1</sup> water <sup>1</sup>**utility** system<sup>1</sup> that the  
4 local unit owns or operates through a utility<sup>1</sup>. The Local Finance  
5 Board in the Department of Community Affairs shall adopt,  
6 pursuant to the "Administrative Procedure Act," P.L.1968, c.410  
7 (C.52:14B-1 et seq.), the procedures, requirements, and frequency  
8 of the study. Each completed study shall be submitted to the  
9 Director of the Division of Local Government Services in the  
10 Department of Community Affairs along with the annual budget of  
11 the local unit.

12       b. The director may summon appropriate officials of the local  
13 unit to a hearing before the Local Finance Board if the director  
14 determines that the rates, fees, rents, or charges for a water <sup>1</sup>system  
15 that the local unit owns or operates through a<sup>1</sup> utility may not be  
16 adequate or reasonable as determined by the study conducted  
17 pursuant to subsection a. of this section, or if the local unit fails to  
18 conduct a study pursuant to subsection a. of this section. The Local  
19 Finance Board may require the production of papers, documents,  
20 witnesses, or information and may take or cause to be made an audit  
21 or investigation of the circumstances with respect to which the  
22 hearing was called. After the hearing, the Local Finance Board  
23 shall have the power to order the local unit to adjust the <sup>1</sup>utility's  
24 water system-related<sup>1</sup> rents, rates, fees, or charges <sup>1</sup>**of a water**  
25 **utility**<sup>1</sup>, or take such other action as the Local Finance Board  
26 deems appropriate to ensure the integrity of the utility's water  
27 infrastructure, and this order shall be valid and enforceable  
28 notwithstanding any provision of R.S.48:2-1 et seq. to the contrary.

29

30       7. N.J.S.40A:4-43 is amended to read as follows:

31       40A:4-43. The governing body may and shall, when directed by  
32 the local government board, prepare, approve and adopt a budget  
33 for the expenditure of public funds for capital purposes to give  
34 effect to general improvement programs.

35       A capital budget shall be a plan for the expenditure of public  
36 funds for capital purposes, showing as income the revenues, special  
37 assessments, free surplus, and down payment appropriations to be  
38 applied to the cost of a capital project or projects, expenses of  
39 issuance of obligations, engineering supervision, contracts and any  
40 other related expenditures. The capital budget for a local unit that  
41 is required to prepare an asset management plan pursuant to section  
42 7 of the "Water Quality Accountability Act," P.L.2017, c.133  
43 (C.58:31-7) or that holds a permit pursuant to the "Water Pollution  
44 Control Act," P.L.1977, c.74 (C.58:10A-1 et seq.) shall identify the  
45 infrastructure improvements to be undertaken in accordance with  
46 the local unit's asset management plan or pursuant to any rule or  
47 regulation pertaining to asset management adopted by the

1 Commissioner of Environmental Protection pursuant to P.L.1977,  
2 c.74 (C.58:10A-1 et seq.), as applicable, and their cost.  
3 (cf: N.J.S.40A:4-43)

4  
5 8. N.J.S.40A:4-44 is amended to read as follows:

6 40A:4-44. The local government board shall adopt, and may  
7 from time to time amend, reasonable rules and regulations for  
8 capital budgets. Regulations may classify the type of budget  
9 required, according to the size of the local unit, the nature of the  
10 capital projects or any other reasonable basis of distinction, and  
11 shall require a statement of capital undertakings underway or  
12 projected for a period not greater than over the next ensuing 6 years  
13 as a general improvement program. The statement of capital  
14 undertakings for local unit that is required to prepare an asset  
15 management plan pursuant to section 7 of the "Water Quality  
16 Accountability Act," P.L.2017, c.133 (C.58:31-7) or that holds a  
17 permit pursuant to the "Water Pollution Control Act," P.L.1977,  
18 c.74 (C.58:10A-1 et seq.) shall identify the infrastructure  
19 improvements to be undertaken in accordance with the local unit's  
20 asset management plan or pursuant to any rule or regulation  
21 pertaining to asset management adopted by the Commissioner of  
22 Environmental Protection pursuant to P.L.1977, c.74 (C.58:10A-1  
23 et seq.), as applicable, and their cost.

24 After promulgation of regulations by the local government  
25 board, the governing body shall expend or incur obligations for  
26 capital purposes only after the adoption of a capital budget and in  
27 accordance with such budget except for the preliminary expense of  
28 plans, specifications and estimates.  
29 (cf: N.J.S.40A:4-44)

30  
31 9. N.J.S.40A:4-78 is amended to read as follows:

32 40A:4-78. a. If the director finds that all requirements of law  
33 and of the regulations of the local government board have been met,  
34 **[he]** the director shall approve the budget, otherwise **[he]** the  
35 director shall refuse to approve it.

36 The director, in refusing to approve a budget, shall not substitute  
37 **[his]** the director's discretion with respect to the amount of an  
38 appropriation when such amount is not made mandatory because of  
39 the requirements of law. If a budget fails to incorporate  
40 infrastructure improvements identified in an asset management plan  
41 required pursuant to section 7 of P.L.2017, c.133 (C.58:31-7) or any  
42 rule or regulation pertaining to asset management adopted by the  
43 Commissioner of Environmental Protection pursuant to P.L.1977,  
44 c.74 (C.58:10A-1 et seq.), as applicable, the director may order the  
45 inclusion of the improvements, along with any revenues or  
46 appropriations necessary to fund and effectuate the improvements.  
47 The director may order such other measures as the director deems  
48 necessary to ensure the integrity of the local unit's water

1 infrastructure; however, the director may take into account the local  
2 unit's fiscal circumstances in determining appropriate measures.

3 b. Notwithstanding the provisions of N.J.S.40A:4-10 and  
4 N.J.S.40A:4-76 through 40A:4-79, the Local Finance Board is  
5 authorized to adopt rules, pursuant to the "Administrative Procedure  
6 Act," P.L.1968, c.410 (C.52:14B-1 et seq.), to exempt certain  
7 municipalities from the requirement that the director approve their  
8 annual budgets and to provide instead for a system of local  
9 examination and approval of such budgets by municipal officials,  
10 provided that:

11 (1) the director finds that such municipalities are fiscally sound  
12 and that their fiscal practices are conducted in accordance with law  
13 and sound administrative practice;

14 (2) the director shall examine the budgets of such municipalities  
15 in accordance with the provisions of N.J.S.40A:4-10 and  
16 N.J.S.40A:4-76 through 40A:4-79, at least every third year;

17 (3) the governing body and chief financial officer of each such  
18 municipality shall each file a certification with the director stating  
19 that, with reference to the adopted budget of the municipality, they  
20 have:

21 (a) examined the budget in the manner prescribed under  
22 N.J.S.40A:4-76;

23 (b) determined that the budget complies with the requirements  
24 set forth in N.J.S.40A:4-77; and

25 (c) determined that the budget complies with all other  
26 provisions of law, including, but not limited to, the "Local Budget  
27 Law," N.J.S.40A:4-1 et seq., P.L.1976, c.68 (C.40A:4-45.1 et seq.),  
28 and the regulations of the Local Finance Board;

29 (4) all budget documents required by law or the regulations  
30 adopted by the Local Finance Board shall be filed with the director  
31 on a timely basis;

32 (5) other criteria and responsibilities as established by the  
33 regulations adopted by the Local Finance Board are met.

34 c. The director shall act to require immediate compliance with  
35 the "Local Budget Law," N.J.S.40A:4-1 et seq., if the director finds  
36 that any such exemption impairs the fiscal integrity or solvency of  
37 any such municipality. Any appeal of a governing body's action in  
38 adopting an annual budget shall be made to the director.

39 d. If a municipality has received approval for a special  
40 emergency appropriation pursuant to subsection m. of N.J.S.40A:4-  
41 53, that municipality shall not be eligible for local examination and  
42 approval pursuant to subsection b. of this section until the fiscal  
43 year after the final appropriation is made.

44 (cf: P.L.2020, c.74, s.4)

45

46 10. Section 10 of P.L.1983, c.313 (C.40A:5A-10) is amended to  
47 read as follows:

1       10. a. Each authority shall submit a budget for each fiscal year  
2 to the director prior to its adoption thereof. The budget shall  
3 comply with the terms and provisions of any bond resolutions, and  
4 shall be in such form and detail as to items of revenue, expenditure  
5 and other content as shall be required by law or by rules and  
6 regulations of the Local Finance Board.

7       b. The Local Finance Board shall prescribe by rule or  
8 regulation the procedure for the adoption of budgets by authorities.  
9 The rules and regulations may include or be similar to any  
10 provisions of the "Local Budget Law" (N.J.S.40A:4-1 et seq.) which  
11 the Local Finance Board shall deem to be practicable or necessary,  
12 and may further include any other provisions and requirements  
13 which the Local Finance Board shall deem appropriate or necessary.  
14 The rules and regulations shall provide for approval or disapproval  
15 of a budget within 45 days of the director's receipt thereof.

16       c. The Local Finance Board shall also prescribe by rule or  
17 regulation the procedures and requirements for execution of any  
18 budget after adoption, and for the administration of financial affairs  
19 of authorities. The rules and regulations may include, without  
20 limitation, any provisions of the "Local Budget Law" (N.J.S.40A:4-  
21 1 et seq.), and the "Local Fiscal Affairs Law" (N.J.S.40A:5-1 et  
22 seq.), which the Local Finance Board shall deem to be practicable  
23 and necessary.

24       d. Notwithstanding the provisions of subsection a. of this  
25 section and **【N.J.S.40A:5A-11】** section 11 of P.L.1983, c.313  
26 (C.40A:5A-11) , the Local Finance Board is authorized to adopt  
27 rules and regulations, pursuant to the "Administrative Procedure  
28 Act," P.L.1968, c.410 (C.52:14B-1 et seq.), to exempt certain  
29 authorities from the requirement that the director approve their  
30 annual budgets and to provide instead for a system of local  
31 examination and approval of such budgets by authority officials,  
32 provided that:

33       (1) the director finds that such authorities are fiscally sound and  
34 that their fiscal practices are conducted in accordance with law and  
35 sound administrative practice;

36       (2) the director shall examine the budgets of such authorities in  
37 accordance with the provisions of this section and **【N.J.S.40A:5A-  
38 11】** section 11 of P.L.1983, c.313 (C.40A:5A-11) , at least every  
39 third year;

40       (3) the governing body and chief financial officer of each such  
41 authority shall each file a certification with the director stating that,  
42 with reference to the adopted budget of the authority, they have:

43       (a) examined the budget in the manner prescribed under this  
44 section and **【N.J.S.40A:5A-11】** section 11 of P.L.1983, c.313  
45 (C.40A:5A-11) , and determined that the budget complies with  
46 requirements set forth therein; and

47       (b) determined that the budget complies with all other  
48 provisions of law, including, but not limited to, the "Local

1 Authorities Fiscal Control Law," P.L.1983, c.313 (C.40A:5A-1 et  
2 seq.), and the regulations of the Local Finance Board;

3 (4) all budget documents required by law or the regulations  
4 adopted by the Local Finance Board shall be filed with the director  
5 on a timely basis;

6 (5) other criteria and responsibilities as established by the  
7 regulations adopted by the Local Finance Board are met.

8 The director shall act to require immediate compliance with the  
9 "Local Authorities Fiscal Control Law," P.L.1983, c.313  
10 (C.40A:5A-1 et seq.), if the director finds that any such exemption  
11 impairs the fiscal integrity or solvency of any such authority. Any  
12 appeal of a governing body's action in adopting an annual budget  
13 shall be made to the director.

14 e. The budget for an authority that is required to prepare an  
15 asset management plan pursuant to section 7 of the "Water Quality  
16 Accountability Act," P.L.2017, c.133 (C.58:31-7) or that holds a  
17 permit pursuant to the "Water Pollution Control Act," P.L.1977,  
18 c.74 (C.58:10A-1 et seq.) shall identify the infrastructure  
19 improvements to be undertaken in accordance with the authority's  
20 asset management plan or pursuant to any rule or regulation  
21 pertaining to asset management plans adopted by the Commissioner  
22 of Environmental Protection pursuant to P.L.1977, c.74 (C.58:10A-  
23 1 et seq.), as applicable.

24 (cf: P.L.2015, c.95, s.18)

25

26 11. (New section) a. A <sup>1</sup>**【water】** municipal utilities<sup>1</sup> authority  
27 <sup>1</sup>with a water supply operation<sup>1</sup> shall be required to conduct a  
28 periodic study of the adequacy and reasonableness <sup>1</sup>**【its】** of the<sup>1</sup>  
29 rates, fees, rents, or charges <sup>1</sup>for the operation<sup>1</sup>. The Local Finance  
30 Board in the Department of Community Affairs shall adopt,  
31 pursuant to the "Administrative Procedure Act," P.L.1968, c.410  
32 (C.52:14B-1 et seq.), the procedures, requirements, and frequency  
33 of the study. Each completed study shall be submitted to the  
34 Director of the Division of Local Government Services in the  
35 Department of Community Affairs along with the annual budget of  
36 the authority.

37 b. The director may summon appropriate officials of the  
38 authority to a hearing before the Local Finance Board if the director  
39 determines that the authority's rates, fees, rents, or charges may not  
40 be adequate or reasonable as supported by a study conducted  
41 pursuant to subsection a. of this section, or if the authority fails to  
42 conduct a study pursuant to subsection a. of this section. The Local  
43 Finance Board may require the production of papers, documents,  
44 witnesses, or information and may take or cause to be made an audit  
45 or investigation of the circumstances with respect to which the  
46 hearing was called. After the hearing, the Local Finance Board  
47 shall have the power to order <sup>1</sup>**【a water】** the<sup>1</sup> authority to adjust the

1 rents, rates, fees, or charges <sup>1</sup>**【of the authority】** for its water supply  
2 operation<sup>1</sup>, or take such other action as the Local Finance Board  
3 deems appropriate to ensure the integrity of the water infrastructure  
4 owned by the <sup>1</sup>**【utility】** authority<sup>1</sup>, and this order shall be valid and  
5 enforceable notwithstanding any provision of R.S.48:2-1 et seq. to  
6 the contrary.

7  
8 12. Section 11 of P.L.1983, c.313 (C.40A:5A-11) is amended to  
9 read as follows:

10 11. No authority budget subject to the provisions of subsection  
11 a. of section 10 of P.L.1983, c.313 (C.40A:5A-10) shall be finally  
12 adopted until the director shall have approved same. In granting the  
13 approval, the director shall consider whether or not:

14 a. All estimates of revenue are reasonable, accurate and  
15 correctly stated;

16 b. Items of appropriation are properly set forth;

17 c. In itemization, form and content, the budget will permit the  
18 exercise of the comptroller function within the authority;

19 d. The schedule of rates, fees and charges then in effect will  
20 produce sufficient revenues, together with all other anticipated  
21 revenues, to satisfy all obligations to the holders of bonds of the  
22 authority, to meet operating expenses, capital outlays, debt service  
23 requirements, and to provide for such reserves, all as may be  
24 required by law, regulation or terms of contracts and agreements.

25 The director may require such documentation, records and other  
26 information, and undertake any audit or investigation, as **【he】** the  
27 director may deem necessary in connection with **【his】** the review.

28 If the director finds that all requirements of law and the rules and  
29 regulations of the Local Finance Board have been met, **【he】** the  
30 director shall, within 45 days **【of his】** after receipt of the budget,  
31 approve it; otherwise **【he】** the director shall within that time refuse  
32 to approve it. The director, in refusing to approve the budget, shall  
33 not substitute **【his】** the director's discretion with respect to the  
34 amount of an appropriation when that amount is not made  
35 mandatory by law or regulation. If a budget fails to incorporate  
36 infrastructure improvements identified in an asset management plan  
37 required pursuant to section 7 of P.L.2017, c.133 (C.58:31-7) or any  
38 regulations adopted by the Commissioner of Environmental  
39 Protection pursuant to P.L.1977, c.74 (C.58:10A-1 et seq.)  
40 pertaining to asset management, as applicable, the director may  
41 order the inclusion of the improvements, along with any revenues or  
42 appropriations necessary to fund and effectuate the improvements.  
43 The director may order other measures as the director deems  
44 necessary to ensure the integrity of the authority's water  
45 infrastructure; however, the director may take into account the  
46 authority's fiscal circumstances in determining appropriate  
47 measures.

1 Any decision of the director in the course of budget review under  
2 this section may be appealed to the Local Finance Board in the  
3 manner generally provided by law.

4 (cf: P.L.2015, c.95, s.19)

5  
6 13. (New section) a. Whenever there is available an  
7 undesignated fund balance or unreserved retained earnings held by  
8 a municipal <sup>1</sup>~~["water"] utilities~~<sup>1</sup> authority <sup>1</sup>~~with a water supply~~<sup>1</sup>  
9 ~~operation~~<sup>1</sup> that is being dissolved by a municipality, no more than  
10 five percent of the annual costs of operation of the authority, as set  
11 forth in the final adopted budget of the authority, may be  
12 appropriated therefrom for uses not directly related to drinking  
13 water management, unless the Local Finance Board determines that  
14 the municipality has demonstrated a need for greater than five  
15 percent based on a showing of significant fiscal distress.

16 b. The Local Finance Board may condition its approval for a  
17 municipality's proposal to dissolve a municipal <sup>1</sup>~~["water"] utilities~~<sup>1</sup>  
18 authority on the municipality's proposal to comply with subsection  
19 a. of this section.

20 c. This section shall not apply to a regional authority.

21  
22 14. N.J.S.40A:31-3 is amended to read as follows:

23 40A:31-3. As used in ~~["this act"]~~ the "County and Municipal  
24 Water Supply Act," N.J.S.40A:31-1 et seq. :

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

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

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

42 d. "Water supply facilities" means the plants, structures or  
43 other real and personal property acquired, constructed or operated,  
44 or to be financed, acquired, constructed or operated, or any parts  
45 thereof, including reservoirs, basins, dams, canals, aqueducts,  
46 standpipes, conduits, pipelines, mains, pumping stations, water  
47 distribution systems, compensating reservoirs, waterworks, or  
48 sources of water supply, well, purification or filtration plants, or



1 other plants or works, connections, rights of flowage or diversion,  
2 and other plants, structures, boats, conveyances and other real and  
3 personal property, or rights therein, and appurtenances necessary or  
4 useful for the accumulation, supply or distribution of water.  
5 Source: C.40:14C-3 (P.L.1979, c.451, s.3).

6 The term "water supply facilities" includes the replacement of  
7 service connections to a publicly-owned water system, from the  
8 distribution main onto privately-owned real property and into a  
9 privately-owned structure, when used in reference to a project  
10 undertaken for the purpose of replacing **【lead-contaminated】**  
11 **residential lead service 【connections】 lines**, regardless of possible  
12 private service connection ownership **【**, so long as the project is (1)  
13 an environmental infrastructure project, as defined under section 3  
14 of P.L.1985, c.334 (C.58:11B-3), and (2) funded either by loans  
15 from the New Jersey Infrastructure Bank, created pursuant to  
16 section 4 of P.L.1985, c.334 (C.58:11B-4), or by loans issued  
17 through the Department of Environmental Protection**】**.  
18 (cf: P.L.2018, c.114, s.5)

19

20 15. Section 5 of P.L.1995, c.101 (C.58:26-23) is amended to  
21 read as follows:

22 5. a. A public entity shall publish notice of its intent to enter  
23 into a contract pursuant to P.L.1995, c.101 (C.58:26-19 et al.) in at  
24 least one newspaper of general circulation in the jurisdiction or  
25 service area that will receive water supply services under the terms  
26 of a contract and one newspaper of broad regional circulation, at  
27 least 60 days prior to conducting the public hearing required under  
28 section 6 of P.L.1995, c.101 (C.58:26-24). In addition, a public  
29 entity that intends to enter into a contract with a private firm for the  
30 provision of water supply services shall notify in writing the board,  
31 department and division of its intent.

32 b. The public notice required under subsection a. of this section  
33 shall describe the type of services desired and provide the name,  
34 address and phone number of the person who can provide additional  
35 information and a proposal document to an interested party. The  
36 notice shall specify a deadline, that shall be not less than 30 days  
37 from the date of the publication of the notice for the submission of  
38 proposals by private firms to the public entity. The public entity  
39 may at any time revise the proposal document and each private firm  
40 that received a proposal document shall be provided with the  
41 revised proposal document.

42 c. The public entity shall conduct a review of the proposals  
43 submitted by private firms to determine which proposals meet the  
44 minimum qualifications and standards. The review shall be  
45 conducted in a manner that avoids disclosure of the contents of a  
46 proposal to any private firm submitting a competing proposal. The  
47 public entity may conduct discussions with a private firm  
48 submitting a qualified proposal for the purpose of clarifying the

1 information submitted in the proposal. The public entity may at any  
2 time revise its proposal document after the review of the submitted  
3 proposals if it notifies simultaneously and in writing each private  
4 firm that submitted a proposal of the revision and provides a  
5 uniform time within which a firm may submit a revised proposal for  
6 review.

7 d. A public entity shall select one qualified proposal from  
8 among those submitted. The public entity shall negotiate a contract  
9 with the private firm that submitted the selected proposal. If the  
10 public entity is unable to negotiate a satisfactory contract with the  
11 selected private firm, it may select another qualified proposal from  
12 among those submitted and proceed to negotiate a contract with the  
13 private firm that submitted the proposal. The public entity shall set  
14 forth in writing the reasons for the selection of the qualified  
15 proposal submitted by the private firm with which the public entity  
16 has negotiated a proposed contract and shall make this document  
17 available to the public along with the proposed contract upon  
18 request and during the public hearing conducted pursuant to section  
19 6 of P.L.1995, c.101 (C.58:26-24).

20 e. A contract entered into pursuant to P.L.1995, c.101  
21 (C.58:26-19 et al.) shall include provisions addressing the  
22 following:

23 (1) The charges, rates, fees or formulas to be used to determine  
24 the charges, rates, or fees to be charged by the public entity for the  
25 water supply services to be provided **[.]** ;

26 (2) The allocation of the risks of financing and constructing  
27 planned capital additions or upgrades to existing water supply  
28 facilities **[.]** ;

29 (3) The allocation of the risks of operating and maintaining the  
30 water supply facility **[.]** ;

31 (4) The allocation of the risks associated with circumstances or  
32 occurrences beyond the control of the parties to the contract **[.]** ;

33 (5) The defaulting and termination of the contract **[.]** ;

34 (6) The employment of current employees of the public entity  
35 whose positions or employment will be affected by the terms of the  
36 contract **[.]** ;

37 (7) The private firm's authority and the extent, or the procedures  
38 for the use, of that authority to initiate, negotiate and finalize the  
39 terms for a bulk sale of surplus water. The contract shall either  
40 grant the private firm such authority or specifically state that the  
41 firm is denied that authority. Nothing in P.L.1995, c.101 (C.58:26-  
42 19. et al.) shall be construed to authorize a public entity that enters  
43 into a contract pursuant to P.L.1995, c.101 (C.58:26-19 et al.) to  
44 provide for the bulk sale, lease or transfer of water if the water  
45 being transferred, leased or sold has been supplied to the public  
46 entity either by the New Jersey Water Supply Authority or by the  
47 North Jersey District Water Supply Commission, unless the

1 authority pursuant to P.L.1981, c.293 (C.58:1B-1 et seq.) or the  
2 district pursuant to R.S.58:5-1 et seq., as appropriate, has agreed to  
3 the bulk sale, lease or transfer **[.]** ;

4 (8) The requirements for the provision of a performance bond by  
5 the private firm, if so required by the public entity ; and

6 (9) The allocation of responsibility for compliance with the  
7 provisions of the “Water Quality Accountability Act,” P.L.2017,  
8 c.133 (C.58:31-1 et seq.), if applicable .

9 A contract may contain any other terms and conditions that have  
10 been negotiated by the public entity and the private firm.

11 f. If a dispute over contract compliance, performance or  
12 termination cannot be resolved by the public entity and the private  
13 firm pursuant to the procedures set forth in the contract, either party  
14 to the contract may file with the Superior Court which has  
15 appropriate jurisdiction a request for an order either to terminate the  
16 contract based on the reasons stated in the request or for an order  
17 for other appropriate relief to the dispute. The court may take such  
18 action as it may deem necessary to facilitate the expeditious  
19 resolution of the dispute and an expeditious response to the request,  
20 including ordering the parties to undertake a dispute resolution or  
21 mediation process. The court shall use, as it deems necessary, the  
22 services of a financial expert in the area of water supply service  
23 contracts in its analysis of the contract and the issues before it.  
24 Within 90 days after the filing of a request, the court shall either  
25 grant the request or deny the request. If the request is granted, the  
26 court shall order such appropriate relief measures or remedies as it  
27 deems appropriate and necessary.

28 g. A public entity that has negotiated a contract with a private  
29 firm pursuant to P.L.1995, c.101 (C.58:26-19 et al.) shall obtain the  
30 written opinion of bond counsel as to effect of the contract on the  
31 tax exempt status of existing and future financing instruments  
32 executed by the public entity given the terms of the contract and the  
33 federal laws or regulations concerning this matter.

34 h. If a public entity entering a contract consists of multiple  
35 municipalities, a concession fee or other monetary benefit paid by a  
36 private firm as a result of the contract shall be paid directly to the  
37 municipalities constituting that public entity. Any concession fee or  
38 monetary benefit paid by a private firm to a public entity shall be  
39 used for the purpose of reducing or off-setting property taxes.

40 (cf: P.L.1995, c.101, s.5)

41  
42 16. Section 7 of P.L.1995, c.101 (C.58:26-25) is amended to  
43 read as follows:

44 7. a. Within 60 days of receipt of the application, the board  
45 and division shall approve, or conditionally approve, an application  
46 submitted by a public entity pursuant to subsection f. of section 6 of  
47 P.L.1995, c.101 (C.58:26-24). Within 60 days of receipt of the  
48 hearing report, the department shall provide any comments on the

1 hearing report it deems appropriate to the board, division and public  
2 entity. If the board or division fail to approve or conditionally  
3 approve the application within 60 days after receipt, the application  
4 shall be deemed approved, unless the public entity has agreed to an  
5 extension of the period.

6 b. If either the board or division conditionally approves the  
7 application, the board or division shall state in writing the revision  
8 to the proposed contract that is necessary in order for it to be  
9 approved. If the board or division determines that the required  
10 revision is substantial, the public entity shall hold a public hearing  
11 on the revision and adhere to the provisions of section 6 of  
12 P.L.1995, c.101 (C.58:26-24) in so doing. A substantial revision  
13 shall be a change that results in an increase in the charges, rates or  
14 fees of the private firm or that materially changes other terms and  
15 conditions of the contract. The proposed revision to the contract  
16 shall be submitted to the board, division and department 15 days  
17 prior to the date of the public hearing. If the board or division  
18 determines that the required revision in the conditional approval is  
19 not substantial, the public entity shall submit the proposed revision  
20 to the contract to the board and the division for approval and to the  
21 department for review. The revision shall be approved if found to  
22 be consistent with the conditions set forth in the conditional  
23 approval, or disapproved with a written explanation as to why the  
24 revision is not consistent, within 15 days after the next public  
25 meeting of the board or division.

26 c. In its review of a contract, the board shall apply the  
27 following criteria in determining whether to approve the contract:

28 (1) The private firm entering into the contract has the financial  
29 capacity and technical and administrative experience to ensure  
30 continuity of service over the term of the contract and that the  
31 standards and requirements contained in the application documents  
32 concerning the financial, technical and administrative capacity of  
33 the private firm are necessary and sufficient to protect the public  
34 interest.

35 (2) The terms of the contract are not unreasonable. In  
36 determining whether the terms of the contract are not unreasonable,  
37 the board shall review the fees and charges to be charged or  
38 assessed under the contract to determine that they are reasonable to  
39 the public entity, taking into consideration all of the obligations  
40 undertaken by the private firm and all the benefits obtained by the  
41 public entity. In making this determination, the board shall not use  
42 the traditional rate based rate of return methodology.

43 (3) The franchise customers of a public utility participating in a  
44 contract are protected from the risks of the proposed contract and  
45 that they are not subsidizing the contract. If a private firm is not a  
46 public utility, the board shall ensure that under the terms of the  
47 proposed contract the users of water outside of the jurisdiction or  
48 service area that will receive water supply services under the

1 contract are also protected from the risks of the contract and that  
2 water users outside the jurisdiction or service area are not  
3 subsidizing the contract through increased charges, rates or fees for  
4 the supply of water.

5 (4) The contract contains the provisions required by paragraphs  
6 (1), (2) and (6) of subsection e. of section 5 of P.L.1995, c.101  
7 (C.58:26-23).

8 Upon approval of a contract as proposed or as revised in  
9 response to a conditional approval, the jurisdiction of the board  
10 over the contract shall terminate until or unless the contract is  
11 amended to change the formula or other basis of determining  
12 charges contained therein.

13 d. In its review of a contract, the division shall apply the  
14 following criteria in determining whether to approve the contract:

15 (1) The terms of the proposed contract do not materially impair  
16 the ability of the public entity to punctually pay principal and  
17 interest due on its outstanding indebtedness and to supply other  
18 essential public improvements and services.

19 (2) A concession fee or other monetary benefit paid by a private  
20 firm as a result of the contract is paid directly to the municipalities  
21 constituting that public entity, if a public entity consisting of  
22 multiple municipalities has entered into a contract. Any concession  
23 fee or monetary benefit paid by a private firm to a public entity is  
24 used for the purpose of reducing or off-setting property taxes.

25 (3) The contract contains the provisions required by paragraphs  
26 (3), (4), (5), (7) **[and]** , (8) , and (9) of subsection e. of section 5 of  
27 P.L.1995, c.101 (C.58:26-23).

28 The division shall also review and specifically approve any  
29 contract provision pursuant to which a public entity will or may  
30 execute a financing instrument for the purposes set forth in the  
31 contract.

32 e. The board or division may provide the public entity with any  
33 non-binding comments or advice during or after the review of the  
34 application as the board or division deem appropriate.

35 f. The board or division shall assess and the applicant shall pay  
36 a fee equal to the cost incurred by the board or division for an  
37 analysis of an application by an independent person who has  
38 expertise in the area of water supply services if during the review of  
39 an application the board or division determine that such an analysis  
40 is required and a person with the required expertise is not readily  
41 available from within any executive department of the State  
42 government.

43 g. If the public entity and private firm would like to amend a  
44 contract after approval of an application by the board and division,  
45 the public entity shall submit proposed amendments to the board  
46 and division for approval and to the department for review. At the  
47 next public meeting of the board and of the division after receipt of  
48 proposed amendments, the board and the division shall determine

1 whether the proposed amendments are substantial. If the  
2 amendments are substantial in nature as determined by either the  
3 board or the division, the public entity shall conduct a hearing  
4 pursuant to section 6 of P.L.1995, c.101 (C.58:26-24). Within 60  
5 days of the receipt of proposed amendments that are not determined  
6 to be substantial, or within 60 days of the receipt of an application  
7 for approval of proposed amendments that are determined to be  
8 substantial, the board and division shall approve or conditionally  
9 approve the amendments in accordance with the applicable  
10 procedures established for approval of an original contract pursuant  
11 to this section [7 of P.L.1995, c.101 (C.58:26-19 et al.)] .  
12 (cf: P.L.1995, c.101, s.7)

13

14 <sup>1</sup>[17. Section 2 of P.L.2017, c.133 (C.58:31-2) is amended to  
15 read as follows:

16 2. As used in [this act] P.L.2017, c.133 (C.58:31-1 et seq.) :

17 "Board" means the Board of Public Utilities.

18 "Department" means the Department of Environmental  
19 Protection.

20 "New Jersey Cybersecurity and Communications Integration  
21 Cell" means the New Jersey Cybersecurity and Communications  
22 Integration Cell established pursuant to Executive Order No. 178  
23 (2015) in the New Jersey Office of Homeland Security and  
24 Preparedness, or any successor entity.

25 "Public community water system" means the same as the term is  
26 defined in section 3 of P.L.1977, c.224 (C.58:12A-3).

27 "Water purveyor" means any person that owns a public  
28 community water system with more than 500 service connections.

29 (cf: P.L.2017, c.133, s.2)<sup>1</sup>

30

31 <sup>1</sup>[18. Section 3 of P.L.2017, c.133 (C.58:31-3) is amended to  
32 read as follows:

33 3. a. Each water purveyor shall inspect each valve in its  
34 [public] water system in accordance with the provisions of  
35 subsection b. of this section in order to determine (1) accessibility  
36 of the valve for operational purposes, and (2) the valve's operating  
37 condition. A water purveyor shall repair or replace any valve found  
38 to be broken or otherwise not operational.

39 b. Each water purveyor shall inspect each valve that is 12 or  
40 more inches in diameter [at least] in accordance with industry  
41 standards and no less frequently than once every [two] four years,  
42 and shall inspect all other valves [at least] in accordance with  
43 industry standards and no less frequently than once every [four]  
44 eight years, except that the requirements of this subsection shall not  
45 apply to any service connection valve or customer shut-off valve.  
46 At a minimum, each valve inspection conducted pursuant to this  
47 subsection shall include:

- 1 (1) clearing of the area around the valve to ensure full access to  
2 the valve for operating purposes;
- 3 (2) cleaning out of the valve box;
- 4 (3) dynamic testing of the valve, by opening and then closing  
5 the valve for either of the following number of turns:
- 6 (a) the number of turns recommended by the valve manufacturer  
7 to constitute a credible test; or
- 8 (b) the number of turns which constitutes 15 percent of the total  
9 number of turns necessary to completely open or completely close  
10 the valve; and
- 11 (4) complying with any other criteria as may be required by the  
12 department pursuant to rules and regulations adopted pursuant to  
13 the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et  
14 seq.).
- 15 c. (1) Each water purveyor shall, once a year, test every fire  
16 hydrant in its system in order to determine the hydrant's working  
17 condition.
- 18 (2) Each water purveyor shall formulate and implement a plan  
19 for flushing every fire hydrant in the **public** water system, and  
20 every dead end of a main in the **public** water system. This plan  
21 for flushing may be combined with the periodic testing of fire  
22 hydrants required pursuant to paragraph (1) of this subsection.
- 23 d. Each water purveyor shall keep a record of all inspections,  
24 tests, and flushings conducted pursuant to this section for a period  
25 of at least **six** 10 years.
- 26 e. Each water purveyor that owns, solely or jointly, a fire  
27 hydrant shall mark each hydrant with the initials of its name,  
28 abbreviation of its name, corporate symbol, or other distinguishing  
29 mark or code by which ownership may be readily and definitely  
30 ascertained. Each fire hydrant shall be marked with a number or  
31 symbol, or both, by which the location of the hydrant may be  
32 determined on the water purveyor's office records. The markings  
33 may be made with paint, brand, **or with** a soft metal plate, or by  
34 another method approved by the department, and shall be of such  
35 size and so spaced and maintained as to be easily read.
- 36 f. Each water purveyor shall identify, to the extent possible,  
37 the geographic location of each valve and fire hydrant in its  
38 **public** water system using a global positioning system based on  
39 satellite or other location technology.
- 40 (cf: P.L.2017, c.133, s.3)<sup>1</sup>
- 41
- 42 <sup>1</sup>**19.** Section 4 of P.L.2017, c.133 (C.58:31-4) is amended to  
43 read as follows:
- 44 4. a. Within 120 days after the effective date of **this act**  
45 P.L.2017, c.133 (C.58:31-1 et seq.) , each water purveyor shall  
46 develop a cybersecurity program, in accordance with requirements  
47 established by the board and the New Jersey Cybersecurity and

1 Communications Integration Cell , that defines and implements  
2 organization accountabilities and responsibilities for cyber risk  
3 management activities, and establishes policies, plans, processes,  
4 and procedures for identifying and mitigating cyber risk to its  
5 **【public】** water system. As part of the program, a water purveyor  
6 shall conduct risk assessments and implement appropriate controls  
7 to mitigate identified risks to the **【public】** water system, maintain  
8 situational awareness of cyber threats and vulnerabilities to the  
9 **【public】** water system, and create and exercise incident response  
10 and recovery plans.

11 A copy of the program developed pursuant to this subsection  
12 shall be provided to the New Jersey Cybersecurity and  
13 Communications Integration Cell **【**, established pursuant to  
14 Executive Order No. 178 (2015) in the New Jersey Office of  
15 Homeland Security and Preparedness**】** .

16 b. Within 60 days after developing the program required  
17 pursuant to subsection a. of this section, each water purveyor shall  
18 join the New Jersey Cybersecurity and Communications Integration  
19 Cell **【**, established pursuant to Executive Order No. 178 (2015),**】**  
20 and create a cybersecurity incident reporting process.

21 c. **【**A water purveyor that does not have an internet-connected  
22 control system shall be exempt from the requirements of this  
23 section.**】** (Deleted by amendment, P.L. , c. (C. ) (pending  
24 before the Legislature as this bill))  
25 (cf: P.L.2017, c.133, s.4)**】**<sup>1</sup>  
26

27 <sup>1</sup>**【**20. Section 6 of P.L.2017, c.133 (C.58:31-6) is amended to  
28 read as follows:

29 6. In addition to any other certifications required pursuant to  
30 law, rule, or regulation, the responsible corporate officer of **【the】** a  
31 public community water system with more than 500 service  
32 connections , if privately held, executive director, if an authority, or  
33 mayor or chief executive officer of the municipality, if municipally  
34 owned, as applicable, shall be required to certify in writing each  
35 year to the Department of Environmental Protection and, if  
36 applicable, the Board of Public Utilities that the water purveyor  
37 complies with: all federal and State drinking water regulations,  
38 including water quality sampling, testing, and reporting  
39 requirements; the hydrant and valve requirements set forth in  
40 section 3 of **【this act】** P.L.2017, c.133 (C.58:31-3) ; **【**the notice of  
41 violation mitigation plan requirements set forth in section 5 of this  
42 act, if applicable;**】** and the infrastructure improvement investment  
43 required pursuant to section 7 of **【this act】** P.L.2017, c.133  
44 (C.58:31-7) .

45 (cf: P.L.2017, c.133, s.6)**】**<sup>1</sup>



1       <sup>1</sup>21. Section 7 of P.L.2017, c.133 (C.58:31-7) is amended to  
2 read as follows:

3       7. a. Beginning no later than 18 months after the effective date  
4 of **[this act]** P.L.2017, c.133 (C.58:31-1 et seq.) , **[every water**  
5 **purveyor]** an owner of a public community water system shall  
6 implement an asset management plan designed to inspect, maintain,  
7 repair, and renew its infrastructure consistent with standards  
8 established by the American Water Works Association. The asset  
9 management plan shall include:

10       (1) a water main renewal program designed to achieve a **[150-**  
11 **year]** replacement cycle, **[or other appropriate replacement cycle as**  
12 **determined by a detailed engineering analysis of the asset condition**  
13 **and estimated service lives of the water mains serving the public**  
14 **water system]** the duration of which shall be determined by  
15 dividing the number of miles of water mains in the public  
16 community water system by 100 or another calculation determined  
17 to be appropriate by the department ;

18       (2) a water supply and treatment program designed to inspect,  
19 maintain, repair, renew, and upgrade wells, intakes, pumps, and  
20 treatment facilities in accordance with all federal and State  
21 regulations **[,]** and standards established by the American Water  
22 Works Association [, and any mitigation plan required pursuant to  
23 section 5 of this act **]** ; **[and]**

24       (3) a capital improvement plan identifying the annual cost of  
25 implementing each element of the asset management plan, along  
26 with the sources of funding for each element;

27       (4) a certification of the completeness of the asset management  
28 plan signed by the licensed operator or professional engineer of the  
29 public community water system and: the responsible corporate  
30 officer of the public community water system, if privately held; the  
31 executive director, if an authority; or the mayor or chief executive  
32 officer of the municipality, if municipally owned, as applicable; and

33       (5) any other programs, plans, or provisions as may be required  
34 by the department pursuant to rules and regulations adopted  
35 pursuant to the "Administrative Procedure Act," P.L.1968, c.410  
36 (C.52:14B-1 et seq.).

37       Each **[water purveyor]** owner of a public community water  
38 system shall dedicate adequate funds on an annual basis [to address  
39 and remediate] towards implementing its asset management plan,  
40 including addressing and remediating the highest priority projects  
41 as determined by its asset management plan.

42       **[All asset management plans and system condition reports shall**  
43 **be certified to by the licensed operator or professional engineer of**  
44 **the public water system and the responsible corporate officer of the**  
45 **public water system, if privately held, executive director, if an**  
46 **authority, or mayor or chief executive officer of the municipality, if**  
47 **municipally owned, as applicable. The replacement cycle shall be**

1 determined by dividing the miles of water main located in the  
2 public water system by 150 or other appropriate demonstration set  
3 forth in the certified asset management plan prepared pursuant to  
4 this section.】

5 b. 【At least once every three years, each】 Each water purveyor  
6 shall provide to the department and the board, if applicable, 【a】 an  
7 annual report based on its asset management plan prepared pursuant  
8 to subsection a. of this section identifying the infrastructure  
9 improvements to be undertaken in the 【coming year】 subsequent  
10 three years and the cost of those improvements, as well as  
11 identifying the infrastructure improvements completed in the past  
12 year and the cost of those improvements. If the water purveyor is a  
13 municipality, a county, or an authority subject to the "Local  
14 Authorities Fiscal Control Law" (C.40A:5A-1 et seq.), the report  
15 shall also identify infrastructure improvements to be undertaken  
16 pursuant to the asset management plan in the remaining years of the  
17 water purveyor's capital improvement plan, along with the actual or  
18 estimated cost of such improvements. A municipal water  
19 department or municipal water authority shall also submit the report  
20 required pursuant to this subsection to the Division of Local  
21 Government Services in the Department of Community Affairs.

22 c. The department, the board, and the Department of  
23 Community Affairs shall create a centralized portal allowing for  
24 electronic submittal of the report required pursuant to subsection b.  
25 of this section. The lack of a centralized portal pursuant to this  
26 subsection shall not negate the requirement for a water purveyor to  
27 submit a report pursuant to subsection b. of this section.

28 d. In consultation with the Director of the Division of Local  
29 Government Services in the Department of Community Affairs and  
30 the board, the Commissioner of Environmental Protection shall set a  
31 deadline for submission of the completed annual report; however,  
32 the deadline for submission shall be no later than December 31 for  
33 counties and municipalities with a calendar year budget cycle, June  
34 30 for municipalities with a State fiscal year budget cycle, or, for  
35 authorities subject to the "Local Authorities Fiscal Control Law,"  
36 P.L.1983, c.313 (C.40A:5A-1 et seq.), 15 days prior to the deadline  
37 established by the Division of Local Government Services for an  
38 authority to submit its introduced annual budget. Water purveyors  
39 that are municipalities, counties, or authorities subject to P.L.1983,  
40 c.313 (C.40A:5A-1 et seq.) shall submit the completed annual  
41 report to the Director of the Division of Local Government Services  
42 concurrent with the introduced annual budget for the budget year  
43 next following the date on which the report is required to be  
44 completed.

45 (cf: P.L.2017, c.133, s.7)】<sup>1</sup>

1 <sup>1</sup>**[22. (New section) Any person who violates the provisions of**  
2 **P.L.2017, c.133 (C.58:31-1 et seq.), or any rule or regulation**  
3 **adopted pursuant thereto, shall be subject to the penalties and other**  
4 **remedies set forth in section 10 of P.L.1977, c.224 (C.58:12A-10).**  
5 **No later than 18 months after the effective date of P.L. ,**  
6 **c. (C. ) (pending before the Legislature as this bill), the**  
7 **department shall adopt, pursuant to the “Administrative Procedure**  
8 **Act,” P.L.1968, c.410 (C.52:14B-1 et seq.), a schedule of civil**  
9 **administrative penalties to be applied pursuant to this section for**  
10 **specific violations of P.L.2017, c.133 (C.58:31-1 et seq.).]**<sup>1</sup>

11

12 <sup>1</sup>**[23. Section 5 of P.L.2017, c.133 (C.58:31-5) is repealed.]**<sup>1</sup>

13

14 <sup>1</sup>**[24.]** 17.<sup>1</sup> This act shall take effect immediately.