

SENATE, No. 2307

STATE OF NEW JERSEY

221st LEGISLATURE

INTRODUCED JANUARY 25, 2024

Sponsored by:

Senator JAMES BEACH

District 6 (Burlington and Camden)

SYNOPSIS

Reduces allowed diversion of funds from stormwater, water, and sewer purposes to municipal and county budgets; requires municipalities and counties to notify Division of Local Government Services of diversions.

CURRENT VERSION OF TEXT

As introduced.



S2307 BEACH

2

1 AN ACT concerning the diversion of funds from stormwater, water,
2 and sewer purposes, and amending P.L.1983, c.111 and
3 P.L.2004, c.87.

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

7
8 1. Section 5 of P.L.1983, c.111 (C.40A:4-35.1) is amended to
9 read as follows:

10 5. a. To the extent there is available surplus revenue collected
11 by a municipality pursuant to chapter 62 of Title 40 of the Revised
12 Statutes for supplying a utility service which is regulated by the
13 Board of Public Utilities pursuant to subsection d. of N.J.S.40A:31-
14 23, or to the extent there is available surplus revenue collected by a
15 county or municipality from a stormwater utility established
16 pursuant to P.L.2019, c.42 (C.40A:26B-1 et al.), an amount not to
17 exceed **[five]** three percent of the annual costs of operation of the
18 utility may be transferred annually from the accounts of the
19 municipal utility or county utility, as appropriate, and included in
20 the local budget pursuant to N.J.S.40A:4-35.

21 b. A municipality or county that transfers surplus revenue
22 pursuant to subsection a. of this section shall provide written notice
23 of the transfer, including the amount transferred, to the Division of
24 Local Government Services in the Department of Community
25 Affairs.

26 (cf: P.L.2019, c.42, s.20)

27
28 2. Section 1 of P.L.2004, c.87 (C.40A:5A-12.1) is amended to
29 read as follows:

30 1. **[To]** a. Except as provided in subsection b of this section,
31 to the extent there is available an undesignated fund balance or
32 unreserved retained earnings held by an authority that is subject to
33 the provisions of the “Local Authorities Fiscal Control Law,”
34 P.L.1983, c.313 (C.40A:5A-1 et seq.), excluding a fire district, a
35 regional authority or a housing authority, an amount in that
36 undesignated fund balance or unreserved retained earnings, not to
37 exceed **[5 %]** five percent of the annual costs of operation of the
38 authority may be appropriated for use in the local budget of the
39 municipality or county that created the authority unless otherwise
40 restricted by bond covenants.

41 b. Undesignated funds or unreserved retained earnings held by
42 a sewerage authority established pursuant to P.L.1946, c.138,
43 (C40:14A-1 et seq.), an authority operating a stormwater utility
44 pursuant to P.L.2019, c.42 (C.40A:26B-1 et al.), or an 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.

S2307 BEACH

1 operating a water system or sewerage system pursuant to P.L.1957,
2 c.183 (C.40:14B-1 et seq.) may be appropriated for use by the
3 municipality or county that created the authority in an amount not
4 to exceed three percent of the annual costs of operation of the
5 authority.

6 c. A municipality or county that appropriates undesignated
7 funds or unreserved retained earnings pursuant to subsection b. of
8 this section shall provide written notice of the appropriation,
9 including the amount appropriated, to the Division of Local
10 Government Services in the Department of Community Affairs.

11 (cf: P.L.2004, c.87, s.1)

12

13 3. This act shall take effect immediately.

14

15

16

STATEMENT

17

18 This bill would reduce the amount of funds that counties and
19 municipalities may divert from stormwater, water, and sewer
20 utilities and authorities to county and municipal budgets.

21 Under current law, municipalities may transfer available surplus
22 revenue that was collected to fund a utility to other expenditures
23 made by the municipality, in an amount up to five percent of the
24 utility's annual operating costs. This bill would reduce the allowed
25 transfer for stormwater, water, and sewer utilities to three percent of
26 the utility's annual operating costs. Similarly, current law allows
27 counties and municipalities to appropriate undesignated funds and
28 unreserved retained earnings held by an authority that was created
29 by the county or municipality, in an amount up to five percent of
30 the authority's annual operating costs. This bill would reduce the
31 allowed appropriation for water and sewer purposes to three percent
32 of the authority's annual operating costs.

33 This bill would also require counties and municipalities to notify
34 the Division of Local Government Services in the Department of
35 Community Affairs whenever the county or municipality: (1)
36 transfers funds from a stormwater, water, or sewer utility, or (2)
37 appropriates funds from a water or sewer authority.