

# SENATE, No. 848

## STATE OF NEW JERSEY 217th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2016 SESSION

**Sponsored by:**

**Senator BRIAN P. STACK**

**District 33 (Hudson)**

**Senator STEVEN V. OROHO**

**District 24 (Morris, Sussex and Warren)**

**Co-Sponsored by:**

**Senator Beck**

**SYNOPSIS**

Requires certain State oversight of budgets of regional sewerage authorities.

**CURRENT VERSION OF TEXT**

Introduced Pending Technical Review by Legislative Counsel.



1 AN ACT concerning the budgets of regional sewerage authorities  
2 and amending and supplementing P.L.1946, c.138.

3

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

6

7 1. (New section) a. Notwithstanding the provisions of any other  
8 law to the contrary, the budget of every regional sewerage authority  
9 created pursuant to the provisions of P.L.1946, c.138 (C.40:14A-1 et  
10 seq.) shall be subject to the following provisions:

11 (1) (a) The percentage of growth in the fee-funded appropriations  
12 in the annual budget of a regional sewerage authority shall not exceed  
13 two percent per year; and the amount billed to customers of the  
14 authority, or the amount billed to a local unit for its proportional share  
15 of the authority's expenses, as the case may be, shall not exceed that  
16 amount billed in the previous budget year to each customer or local  
17 unit, as the case may be, by more than two percent for a similar  
18 amount of use or service of the sewerage system.

19 (b) A regional sewerage authority may add to the allowable  
20 growth in fee-funded appropriations in any one of the next three  
21 succeeding years, the amount of the difference between the maximum  
22 allowable increase in fee-funded appropriations for the current budget  
23 year pursuant to subparagraph (a) of this paragraph and the actual  
24 amount of fee-funded appropriations for the current budget year.

25 (2) The percentage of growth in the fee-funded appropriations in  
26 the annual budget of a regional sewerage authority shall be determined  
27 without consideration of any amounts appropriated by the authority  
28 for:

29 (a) capital expenditures, including payment of principal or interest  
30 on bonds authorized or issued pursuant to the "sewerage authorities  
31 law," P.L.1946, c.138 (C.40:14A-1 et seq.);

32 (b) increases in pension contributions and accrued liability for  
33 pension contributions in excess of two percent over those expenditures  
34 for the previous budget year ;

35 (c) increases in health care costs equal to that portion of the actual  
36 increase in total health costs for the budget year that is in excess of two  
37 percent of total health care costs in the previous budget year, but is not  
38 in excess of the product of the total health care costs in the prior year  
39 and the average percentage increase of the State Health Benefits  
40 Program, P.L.1961, c.49 (C.52:14-17.25 et seq.), as annually  
41 determined by the Division of Pensions and Benefits in the  
42 Department of the Treasury;

43 (d) increases in energy cost expenditures in excess of two percent  
44 over those expenditures for the previous budget year;

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

**Matter underlined thus is new matter.**

1 (e) extraordinary costs that are directly related to an emergency;  
2 and

3 (f) expenditures for the cost of services mandated by any order of  
4 court, by any federal or State statute, or by administrative rule,  
5 directive, order, or other legally binding device issued by a State  
6 agency which identified the cost as a mandated expenditure on  
7 certification to the Local Finance Board by the State agency.

8 (3) Notwithstanding the limitations imposed by paragraph (1) of  
9 this section, a regional sewerage authority may apply to the Local  
10 Finance Board for a waiver to increase its rents, rates, fees, and  
11 charges to levels sufficient to compensate for loss of revenues due to  
12 reductions in the use or service of the sewerage system.

13 As used this section, "emergency" shall mean any purpose which  
14 is not foreseen at the time of the adoption of the annual budget, or for  
15 which adequate provision was not made therein, to meet a pressing  
16 need for public expenditure to protect or promote the public health,  
17 safety, morals, or welfare.

18 b. After the budget of a regional sewerage authority has been  
19 approved by the members of the regional sewerage authority, the  
20 budget shall be forwarded to the Director of the Division of Local  
21 Government Services for review and approval.

22 The director shall review the budget to ensure that the budget  
23 conforms with the requirements of subsection a. of this section and the  
24 "Local Authorities Fiscal Control Law," P.L.1983, c.313 (C.40A:5A-1  
25 et seq.), and that the budgeted expenditures are reasonable in cost and  
26 necessary for the performance of the regional sewerage authority.

27 If the director determines that the budget meets the requirements of  
28 this subsection, the director shall approve the budget. If the director  
29 does not approve the budget, the director shall return the budget to the  
30 members of the regional sewerage authority with written information  
31 concerning the reasons for the disapproval of the budget.

32 To the extent that the provisions of subsection a. of this section  
33 conflict with the provisions of the "Local Authorities Fiscal Control  
34 Law," P.L.1983, c.313 (C.40A:5A-1 et seq.), subsection a. of this  
35 section shall take precedence.

36  
37 2. Section 35 of P.L.1946, c.138 (C.40:14A-35) is amended to  
38 read as follows:

39 35. **【This act】** Except as provided in section 1 of P.L. \_\_\_\_\_,  
40 c. (C. ) (pending before the Legislature as this bill), P.L.1946,  
41 c.138 , (C.40:14A-1 et seq.) shall be construed liberally to effectuate  
42 the legislative intent and as complete and independent authority for the  
43 performance of each and every act and thing herein authorized, and a  
44 sewerage authority shall not be subject to regulation as to its service  
45 charges or as to any other matter whatsoever by any officer, board,  
46 agency, commission or other office of the State.  
47 (cf: P.L.1946, c.138, s.35)



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1 authority is approved by the members of the authority, the budget  
2 must be forwarded to the Director of the Division of Local  
3 Government Services for review and approval. The bill requires the  
4 director to review the budget to ensure that budgeted expenditures  
5 for the authority meet the requirements of the bill, and the “Local  
6 Authorities Fiscal Control Law,” P.L.1983, c.313 (C.40A:5A-1 et  
7 seq.), are reasonable in cost and necessary for the performance of  
8 the authority. If the director does not approve the budget, the bill  
9 provides for the director to return the budget to the authority’s  
10 members with written information concerning the reasons for  
11 disapproval.

12 The bill takes effect immediately and is applicable to the next  
13 budget year following enactment.