

P.L. 2005, CHAPTER 173, *approved August 5, 2005*  
Assembly, No. 3048 (*Second Reprint*)

1 **AN ACT** requiring municipal and county sewerage authorities and  
2 utilities authorities to <sup>2</sup>[waive] credit<sup>2</sup> connection fees for certain  
3 catastrophic events <sup>2</sup>under certain circumstances<sup>2</sup>, and amending  
4 and supplementing P.L.1946, c.138 (C.40:14A-1 et seq.) and  
5 P.L.1957, c.183 (C.40:14B-1 et seq.).

6

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

9

10 1. Section 8 of P.L.1946, c.138 (C.40:14A-8) is amended to read  
11 as follows:

12 8. (a) Every sewerage authority is hereby authorized to charge and  
13 collect rents, rates, fees or other charges (in this act sometimes  
14 referred to as "service charges") for direct or indirect connection with,  
15 or the use or services of, the sewerage system. Such service charges  
16 may be charged to and collected from any person contracting for such  
17 connection or use or services or from the owner or occupant, or both  
18 of them, of any real property which directly or indirectly is or has been  
19 connected with the system or from or on which originates or has  
20 originated sewage or other wastes which directly or indirectly have  
21 entered or may enter the sewerage system, and the owner of any such  
22 real property shall be liable for and shall pay such service charges to  
23 the sewerage authority at the time when and the place where such  
24 service charges are due and payable.

25 (b) Rents, rates, fees and charges, which may be payable  
26 periodically, being in the nature of use or service charges, shall as  
27 nearly as the sewerage authority shall deem practicable and equitable  
28 be uniform throughout the district for the same type, class and amount  
29 of use or service of the sewerage system, except as permitted by  
30 section 1 of P.L.1994, c.78 (C.40:14A-8.2), and may be based or  
31 computed either on the consumption of water on or in connection with  
32 the real property, making due allowance for commercial use of water,  
33 or on the number and kind of water outlets on or in connection with  
34 the real property, or on the number and kind of plumbing or sewerage  
35 fixtures or facilities on or in connection with the real property, or on  
36 the number of persons residing or working on or otherwise connected  
37 or identified with the real property, or on the capacity of the  
38 improvements on or connected with the real property, or on any other  
39 factors determining the type, class and amount of use or service of the

**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 AEN committee amendments adopted September 13, 2004.

<sup>2</sup> Assembly floor amendments adopted November 15, 2004.

1 sewerage system, or on any combination of any such factors, and may  
2 give weight to the characteristics of the sewage and other wastes and  
3 any other special matter affecting the cost of treatment and disposal  
4 thereof, including chlorine demand, biochemical oxygen demand,  
5 concentration of solids and chemical composition. In addition to any  
6 such periodic service charges, a separate charge in the nature of a  
7 connection fee or tapping fee, in respect of each connection of any  
8 property with the sewerage system, may be imposed upon the owner  
9 or occupant of the property so connected. Such connection charges  
10 shall be uniform within each class of users, except as provided by  
11 section 2 of P.L. c. (C. \_\_\_\_\_)(now before the Legislature as this  
12 bill), and the amount thereof shall not exceed the actual cost of the  
13 physical connection, if made by the authority, plus an amount  
14 computed in the following manner to represent a fair payment toward  
15 the cost of the system:

16 (1) The amount representing all debt service, including but not  
17 limited to sinking funds, reserve funds, the principal and interest on  
18 bonds, and the amount of any loans and interest thereon, paid by the  
19 sewerage authority to defray the capital cost of developing the system  
20 as of the end of the immediately preceding fiscal year of the authority  
21 shall be added to all capital expenditures made by the authority not  
22 funded by a bond ordinance or debt for the development of the system  
23 as of the end of the immediately preceding fiscal year of the authority.

24 (2) Any gifts, contributions or subsidies to the authority received  
25 from, and not reimbursed or reimbursable to any federal, State, county  
26 or municipal government or agency or any private person, and that  
27 portion of amounts paid to the authority by a public entity under a  
28 service agreement or service contract which is not repaid to the public  
29 entity by the authority, shall then be subtracted.

30 (3) The remainder shall be divided by the total number of service  
31 units served by the authority at the end of the immediately preceding  
32 fiscal year of the authority, and the results shall then be apportioned  
33 to each new connector according to the number of service units  
34 attributed to that connector, to produce the connector's contribution  
35 to the cost of the system. In attributing service units to each  
36 connector, the estimated average daily flow of sewage for the  
37 connector shall be divided by the average daily flow of sewage for the  
38 average single family residence in the authority's district to produce  
39 the number of service units to be attributed.

40 The connection fee shall be recomputed at the end of each fiscal  
41 year of the authority, after a public hearing is held in the manner  
42 prescribed in subsection (c) of this section. The revised connection fee  
43 may be imposed upon those who subsequently connect in that fiscal  
44 year to the system. The combination of such connection fee or tapping  
45 fee and the aforesaid periodic service charges shall meet the  
46 requirements of subsection (c) hereof.

1 (c) The sewerage authority shall prescribe and from time to time  
2 when necessary revise a schedule of service charges, which shall  
3 comply with the terms of any contract of the sewerage authority and  
4 in any event shall be such that the revenues of the sewerage authority  
5 will at all times be adequate to pay all expenses of operation and  
6 maintenance of the sewerage system, including reserves, insurance,  
7 extensions, and replacements, and to pay punctually the principal of  
8 and interest on any bonds and to maintain such reserves or sinking  
9 funds therefor as may be required by the terms of any contract of the  
10 sewerage authority or as may be deemed necessary or desirable by the  
11 sewerage authority. Said schedule shall thus be prescribed and from  
12 time to time revised by the sewerage authority after public hearing  
13 thereon which shall be held by the sewerage authority at least 20 days  
14 after notice of the proposed adjustment is mailed to the clerk of each  
15 municipality serviced by the authority and publication of notice of the  
16 proposed adjustment of the service charges and of the time and place  
17 of the public hearing in at least two newspapers of general circulation  
18 in the area serviced by the authority. The sewerage authority shall  
19 provide evidence at the hearing showing that the proposed adjustment  
20 of the service charges is necessary and reasonable, and shall provide  
21 the opportunity for cross-examination of persons offering such  
22 evidence, and a transcript of the hearing shall be made and a copy  
23 thereof shall be available upon request to any interested party at a  
24 reasonable fee. The sewerage authority shall likewise fix and determine  
25 the time or times when and the place or places where such service  
26 charges shall be due and payable and may require that such service  
27 charges shall be paid in advance for periods of not more than one year.  
28 A copy of such schedule of service charges in effect shall at all times  
29 be kept on file at the principal office of the sewerage authority and  
30 shall at all reasonable times be open to public inspection.

31 (d) Any county sewerage authority may establish sewerage regions  
32 in portions of the district. Rents, rates, fees and charges which may  
33 be payable periodically, being in the nature of use or service charges,  
34 shall as nearly as the sewerage authority shall deem practicable and  
35 equitable, be uniform throughout the district for the same type, class  
36 and amount of use or service of the sewerage systems, except as  
37 permitted by section 1 of P.L.1994, c.78 (C.40:14A-8.2), and shall  
38 meet all other requirements of subsection (b) hereof.

39 (cf: P.L.1994, c.78, s.2)

40

41 2. (New section) a. <sup>2</sup>[A] For a unit damaged by a catastrophic  
42 event, a<sup>2</sup> county, regional or municipal sewerage authority shall  
43 <sup>2</sup>[waive] provide, within two years after the date of the catastrophic  
44 event, a credit for<sup>2</sup> the connection fee or tapping fee assessed pursuant  
45 to section 8 of P.L.1946, c.138 (C.40:14A-8) for <sup>2</sup>[new connections]  
46 connection<sup>2</sup> to the sewerage system <sup>2</sup>[whenever the unit <sup>1</sup>being newly

1 connected<sup>1</sup> has been damaged by <sup>1</sup>[fire or other] a<sup>1</sup> catastrophic event  
2 <sup>1</sup>during construction or refurbishing of the unit<sup>1</sup>.

3 b. For units previously connected to the authority's system that  
4 were refurbished and for which a connection or tapping fee was  
5 previously paid, a county, regional or municipal sewerage authority  
6 shall waive the connection fee or tapping fee to be assessed for  
7 connection with the sewerage system whenever the unit has been  
8 damaged by <sup>1</sup>[fire or other] a<sup>1</sup> catastrophic event.

9 c.], provided that:

10 (1) the unit was damaged by a catastrophic event during  
11 construction or refurbishing of the unit;

12 (2) the connection fee or tapping fee has been paid; and

13 (3) the damaged unit is refurbished or replaced with another unit  
14 and connected to the sewerage system within two years after the date  
15 of the catastrophic event.

16 If the refurbishing of the damaged unit or the construction of the  
17 unit replacing the damaged unit expands the sewerage system use, the  
18 property owner of the refurbished unit or the newly constructed unit,  
19 as applicable, shall be credited for any connection fee or tapping fee  
20 previously paid for the unit and shall be assessed the difference  
21 between the credit and the connection fee or tapping fee, as applicable,  
22 for the new class of use.

23 b.<sup>2</sup> For the purposes of this section, "catastrophic event" means a  
24 fire or any declared national, State or municipal emergency or a flood  
25 or other natural disaster or event which substantially affects or  
26 damages a building or structure <sup>2</sup>; and "unit" means any publicly or  
27 privately owned real property that is a building or part of a building  
28 that is connected to, or, after construction or refurbishing, is to be  
29 connected to, a sewerage system, and shall include, but shall not be  
30 limited to, any building or part of a building leased, operated, or  
31 owned by a municipality or a school district<sup>2</sup>.

32

33 3. Section 21 of P.L.1957, c.183 (C.40:14B-21) is amended to  
34 read as follows:

35 21. a. Every municipal authority is hereby authorized to charge  
36 and collect rents, rates, fees or other charges (in this act sometimes  
37 referred to as "water service charges") for direct or indirect connection  
38 with, or the use, products or services of, the water system, or for sale  
39 of water or water services, facilities or products. Such water service  
40 charges may be charged to and collected from any person contracting  
41 for such connection or use, products or services or for such sale or  
42 from the owner or occupant, or both of them, of any real property  
43 which directly or indirectly is or has been connected with the water  
44 system or to which directly or indirectly has been supplied or furnished  
45 such use, products or services of the water system or water or water  
46 supply services, water supply facilities or products, and the owner of

1 any such real property shall be liable for and shall pay such water  
2 service charges to the municipal authority at the time when and place  
3 where such water service charges are due and payable. Such rents,  
4 rates, fees and charges shall as nearly as the municipal authority shall  
5 deem practicable and equitable be uniform throughout the district for  
6 the same type, class and amount of use, products or services of the  
7 water system, except as permitted by section 1 of P.L.1992, c.215  
8 (C.40:14B-22.2), and may be based or computed either on the  
9 consumption of water on or in connection with the real property, or on  
10 the number and kind of water outlets on or in connection with the real  
11 property, or on the number and kind of plumbing fixtures or facilities  
12 on or in connection with the real property, or on the number of  
13 persons residing or working on or otherwise connected or identified  
14 with the real property, or on the capacity of the improvements on or  
15 connected with the real property, or on any other factors determining  
16 the type, class and amount of use, products or services of the water  
17 system supplied or furnished, or on any combination of such factors,  
18 and may give weight to the characteristics of the water or water  
19 services, facilities or products and, as to service outside the district,  
20 any other matter affecting the cost of supplying or furnishing the same,  
21 including the cost of installation of necessary physical properties.

22 Every municipal authority that furnishes water supply services or  
23 operates water supply facilities shall establish a rate structure that  
24 provides for uniform water service charges for water supply service  
25 and fire protection systems.

26 No municipal authority may impose standby fees or charges for any  
27 fire protection system to a residential customer served by a water  
28 service line of two inches or less in diameter.

29 Nothing in this section shall preclude a municipal authority from  
30 requiring separate dedicated service lines for fire protection. A  
31 municipal authority may require that fire service lines be metered.  
32 Nothing in this section shall alter the liability for maintenance and  
33 repair of service lines which exists on the effective date of P.L.2003,  
34 c.278.

35 b. In addition to any such water service charges, a separate charge  
36 in the nature of a connection fee or tapping fee, in respect of each  
37 connection of any property with the water system, may be imposed  
38 upon the owner or occupant of the property so connected. Such  
39 connection charges shall be uniform within each class of users, except  
40 as provided by section 5 of P.L. c. (C. )(now before the  
41 Legislature as this bill), and the amount thereof shall not exceed the  
42 actual cost of the physical connection, if made by the authority, plus  
43 an amount computed in the following manner to represent a fair  
44 payment toward the cost of the system:

45 (1) The amount representing all debt service, including but not  
46 limited to sinking funds, reserve funds, the principal and interest on

1 bonds, and the amount of any loans and interest thereon, paid by a  
2 municipal authority to defray the capital cost of developing the system  
3 as of the end of the immediately preceding fiscal year of the authority  
4 shall be added to all capital expenditures made by the authority not  
5 funded by a bond ordinance or debt for the development of the system  
6 as of the end of the immediately preceding fiscal year of the authority.

7 (2) Any gifts, contributions or subsidies to the authority received  
8 from, and not reimbursed or reimbursable to any federal, State, county  
9 or municipal government or agency or any private person, and that  
10 portion of amounts paid to the authority by a public entity under a  
11 service agreement or service contract which is not repaid to the public  
12 entity by the authority, shall then be subtracted.

13 (3) The remainder shall be divided by the total number of service  
14 units served by the authority at the end of the immediately preceding  
15 fiscal year of the authority, and the results shall then be apportioned  
16 to each new connector according to the number of service units  
17 attributed to that connector, to produce the connector's contribution  
18 to the cost of the system. In attributing service units to each  
19 connector, the estimated average daily flow of water for the connector  
20 shall be divided by the average daily flow of water to the average  
21 single family residence in the authority's district, to produce the  
22 number of service units to be attributed.

23 c. The connection fee shall be recomputed at the end of each fiscal  
24 year of the authority, after a public hearing is held in the manner  
25 prescribed in section 23 of P.L.1957, c.183 (C.40:14B-23). The  
26 revised connection fee may be imposed upon those who subsequently  
27 connect in that fiscal year to the system. The combination of such  
28 connection fee or tapping fee and the aforesaid water service charges  
29 all meet the requirements of section 23 of P.L.1957, c.183  
30 (C.40:14B-23).

31 d. The foregoing notwithstanding, no municipal authority shall  
32 impose any charges or fees in excess of the cost of water actually used  
33 for any sprinkler system required to be installed in any residential  
34 health care facility pursuant to the "Health Care Facilities Planning  
35 Act," P.L.1971, c.136 (C.26:2H-1 et seq.) and regulations  
36 promulgated thereunder or in any rooming or boarding house pursuant  
37 to the "Rooming and Boarding House Act of 1979," P.L.1979, c.496  
38 (C.55:13B-1 et al.) and regulations promulgated thereunder. Nothing  
39 herein shall preclude any municipal authority from charging for the  
40 actual cost of water main connections, except as provided by section  
41 5 of P.L. c. (C. )(now before the Legislature as this bill).  
42 (cf: P.L.2003, c.278, s.1)

43

44 4. Section 22 of P.L.1957, c.183 (C.40:14B-22) is amended to  
45 read as follows:

46 22. Every municipal authority is hereby authorized to charge and

1 collect rents, rates, fees or other charges (in this act sometimes  
2 referred to as "sewerage service charges") for direct or indirect  
3 connection with, or the use or services of, the sewerage system. Such  
4 sewerage service charges may be charged to and collected from any  
5 person contracting for such connection or use or services or from the  
6 owner or occupant, or both of them, of any real property which  
7 directly or indirectly is or has been connected with the sewerage  
8 system or from or on which originates or has originated sewage or  
9 other wastes which directly or indirectly have entered or may enter the  
10 sewerage system, and the owner of any such real property shall be  
11 liable for and shall pay such sewerage service charges to the municipal  
12 authority at the time when and place where such sewerage service  
13 charges are due and payable. Such rents, rates, fees and charges, being  
14 in the nature of use or service charges, shall as nearly as the municipal  
15 authority shall deem practicable and equitable be uniform throughout  
16 the district for the same type, class and amount of use or service of the  
17 sewerage system, except as permitted by section 1 of P.L.1992, c.215  
18 (C.40:14B-22.2), and may be based or computed either on the  
19 consumption of water on or in connection with the real property,  
20 making due allowance for commercial use of water, or on the number  
21 and kind of water outlets on or in connection with the real property,  
22 or on the number and kind of plumbing or sewerage fixtures or  
23 facilities on or in connection with the real property, or on the number  
24 of persons residing or working on or otherwise connected or identified  
25 with the real property, or on the capacity of the improvements on or  
26 connected with the real property, or on any other factors determining  
27 the type, class and amount of use or service of the sewerage system,  
28 or on any combination of any such factors, and may give weight to the  
29 characteristics of the sewage and other wastes and any other special  
30 matter affecting the cost of treatment and disposal of the same,  
31 including chlorine demand, biochemical oxygen demand, concentration  
32 of solids and chemical composition, and, as to service outside the  
33 district, the cost of installation of necessary physical properties.

34 In addition to any such sewerage service charges, a separate charge  
35 in the nature of a connection fee or tapping fee, in respect of each  
36 connection of any property with the sewerage system, may be imposed  
37 upon the owner or occupant of the property so connected. Such  
38 connection charges shall be uniform within each class of users, except  
39 as provided by section 5 of P.L. c. (C. ) (now before the  
40 Legislature as this bill), and the amount thereof shall not exceed the  
41 actual cost of the physical connection, if made by the authority, plus  
42 an amount computed in the following manner to represent a fair  
43 payment towards the cost of the system:

44 a. The amount representing all debt service, including but not  
45 limited to sinking funds, reserve funds, the principal and interest on  
46 bonds, and the amount of any loans and the interest thereon, paid by

1 the municipal authority to defray the capital cost of developing the  
 2 system as of the end of the immediately preceding fiscal year of the  
 3 authority shall be added to all capital expenditures made by a  
 4 municipal authority not funded by a bond ordinance or debt for the  
 5 development of the system as of the end of the immediately preceding  
 6 fiscal year of the authority.

7 b. Any gifts, contributions or subsidies to the authority received  
 8 from, and not reimbursed or reimbursable to, any federal, State,  
 9 county or municipal government or agency or any private person, and  
 10 that portion of amounts paid to the authority by a public entity under  
 11 a service agreement or service contract which is not repaid to the  
 12 public entity by the authority, shall then be subtracted.

13 c. The remainder shall be divided by the total number of service  
 14 units served by the authority at the end of the immediately preceding  
 15 fiscal year of the authority, and the results shall then be apportioned  
 16 to each new connector according to the number of service units  
 17 attributed to that connector. In attributing service units to each  
 18 connector, the estimated average daily flow of sewage for the  
 19 connector shall be divided by the average daily flow of sewage from  
 20 the average single family residence in the authority's district, to  
 21 produce the number of service units to be attributed.

22 The connection fee shall be recomputed at the end of each fiscal  
 23 year of the authority, after a public hearing is held in the manner  
 24 prescribed in section 23 of P.L.1957, c.183 (C.40:14B-23). The  
 25 revised connection fee may be imposed upon those who subsequently  
 26 connect in that fiscal year to the system.

27 The combination of such connection fee or tapping fee and the  
 28 aforesaid sewerage service charges shall meet the requirements of  
 29 section 23.

30 (cf: P.L.1992, c.215, s.2)

31

32 5. (New section) a. <sup>2</sup>[ (1) A] For a unit damaged by a  
 33 catastrophic event, a<sup>2</sup> county, regional or municipal utilities authority  
 34 shall <sup>2</sup>[waive] provide, within two years after the date of the  
 35 catastrophic event, a credit for<sup>2</sup> the connection fee or tapping fee  
 36 assessed pursuant to section 21 of P.L.1957, c.183 (C.40:14B-21) for  
 37 <sup>2</sup>[new connections] connection<sup>2</sup> to the water system <sup>2</sup>[whenever the  
 38 unit <sup>1</sup>being newly connected<sup>1</sup> has been damaged by <sup>1</sup>[fire or other] a<sup>1</sup>  
 39 catastrophic event <sup>1</sup>during construction or refurbishing of the unit<sup>1</sup> .

40 (2) A county, regional or municipal utilities authority shall waive],  
 41 or a credit for<sup>2</sup> the connection fee or tapping fee assessed pursuant to  
 42 section 22 of P.L.1957, c.183 (C.40:14B-22) for <sup>2</sup>[new connections]  
 43 connection<sup>2</sup> to the sewerage system <sup>2</sup>[whenever the unit <sup>1</sup>being newly  
 44 connected<sup>1</sup> has been damaged by <sup>1</sup>[fire or other] a<sup>1</sup> catastrophic event  
 45 <sup>1</sup>during construction or refurbishing of the unit<sup>1</sup> .

46 b. For units previously connected to the authority's system that



1 were refurbished and for which a connection or tapping fee was  
2 previously paid, a county, regional or municipal sewerage authority  
3 shall waive the connection fee or tapping fee to be assessed for  
4 connection with the sewerage system or the water system]<sup>2</sup>, or both,  
5 as the case may be, <sup>2</sup>[whenever the unit has been damaged by <sup>1</sup>[fire  
6 or other] a<sup>1</sup> catastrophic event.

7 c.] provided that:

8 (1) the unit was damaged by a catastrophic event during  
9 construction or refurbishing of the unit;

10 (2) the connection fee or tapping fee has been paid; and

11 (3) the damaged unit is refurbished or replaced with another unit  
12 and connected to the water system or the sewerage system, or both,  
13 as the case may be, within two years after the date of the catastrophic  
14 event.

15 If the refurbishing of the damaged unit or the construction of the  
16 unit replacing the damaged unit expands the water system use or the  
17 sewerage system use, or both, as the case may be, the property owner  
18 of the refurbished unit or the newly constructed unit, as applicable,  
19 shall be credited for any connection fee or tapping fee previously paid  
20 for the unit and shall be assessed the difference between the credit and  
21 the connection fee or tapping fee, as applicable, for the new class of  
22 use.

23 b.<sup>2</sup> For the purposes of this section, "catastrophic event" means a  
24 fire or any declared national, State or municipal emergency or a flood  
25 or other natural disaster or event which substantially affects or  
26 damages a building or structure <sup>2</sup>; and "unit" means any publicly or  
27 privately owned real property that is a building or part of a building  
28 that is connected to, or, after construction or refurbishing, is to be  
29 connected to, a water system or a sewerage system, or both, as the  
30 case may be, and shall include, but shall not be limited to, any building  
31 or part of a building leased, operated, or owned by a municipality or  
32 a school district<sup>2</sup>.

33  
34 6. This act shall take effect immediately.  
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39 \_\_\_\_\_  
40 Requires certain authorities to provide credit for paid sewer and water  
connection fees for certain units damaged by catastrophic events.