

ASSEMBLY, No. 2541

STATE OF NEW JERSEY

216th LEGISLATURE

INTRODUCED FEBRUARY 10, 2014

Sponsored by:

Assemblyman JOHN J. BURZICHELLI

District 3 (Cumberland, Gloucester and Salem)

SYNOPSIS

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

CURRENT VERSION OF TEXT

As introduced.



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

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

9
10 1. Section 3 of P.L.1946, c.138 (C.40:14A-3) is amended to
11 read as follows:

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

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

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

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

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

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

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

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

43 (8) "Sewerage system" shall mean the plants, structures, on-site
44 waste-water systems, and other real and personal property acquired,
45 constructed, maintained, or operated or to be acquired, constructed,

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

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

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

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

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

47 (13) "Sewage" shall mean the water-carried wastes created in and
48 carried, or to be carried, away from, or to be processed by on-site

1 wastewater systems, residences, hotels, apartments, schools,
2 hospitals, industrial establishments, or any other public or private
3 building, together with such surface or ground water and industrial
4 wastes as may be present;

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

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

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

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

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

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

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

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

44
45 2. Section 21 of P.L.1946, c.138 (C.40:14A-21) is amended to
46 read as follows:

47 21. (a) In the event that a service charge of any sewerage
48 authority with regard to any parcel of real property shall not be paid

1 as and when due and remains unpaid for 30 days following the date
2 for the payment thereof, interest shall accrue and be due to the
3 sewerage authority on the unpaid balance at ~~the~~ a rate ~~of 1 1/2~~
4 ~~% per month~~ equal to the prevailing municipal bond yield assessed
5 for each month or fraction thereof, compounded annually at the end
6 of each year, from the date the service charge was originally due
7 until ~~such~~ the date the service charge, and the interest thereon,
8 shall be fully paid to the sewerage authority.

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

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

44 (d) In the event that a service charge of any sewerage authority
45 with regard to any parcel of real property shall not be paid as and
46 when due, the sewerage authority may, in accordance with section
47 ~~twenty-six~~ 26 of this act P.L.1946, c.138 (C.40:14A-26), cause

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

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

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

34 (g) All rights and remedies granted by **this act** P.L.1946,
35 c.138 (C.40:14A-1 et seq.) for the collection and enforcement of
36 service charges shall be cumulative and concurrent.
37 (cf: P.L.1981, c.530, s.1)

38
39 3. Section 3 of P.L.1957, c.183 (C.40:14B-3) is amended to
40 read as follows:

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

43 (1) "Municipality" shall mean any city of any class, any
44 borough, village, town, township, or any other municipality other
45 than a county or a school district, and except when used in section
46 4, 5, 6, 11, 12, 13, 42 or 45 of **this act** P.L.1957, c.183
47 (C.40:14B-4, 40:14B-5, 40:14B-6, 40:14B-11, 40:14B-12, 40:14B-

1 13, 40:14B-42, or 40:14B-45), any agency thereof or any two or
2 more thereof acting jointly or any joint meeting or other agency of
3 any two or more thereof;

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

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

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

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

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

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

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

46 (9) "Sewerage system" shall mean the plants, structures, on-site
47 wastewater systems, and other real and personal property acquired,
48 constructed, or operated or to be acquired, constructed, maintained,

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

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

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

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

- 1 (13) "Construct" and "construction" shall connote and include
2 acts of construction, reconstruction, replacement, extension,
3 improvement, and betterment of a utility system;
- 4 (14) "Industrial wastes" shall mean liquid or other wastes
5 resulting from any processes of industry, manufacture, trade, or
6 business or from the development of any natural resource, and shall
7 include any chemical wastes or hazardous wastes;
- 8 (15) "Sewage" shall mean the water-carried wastes created in and
9 carried, or to be carried, away from, or to be processed by on-site
10 wastewater systems, residences, hotels, apartments, schools,
11 hospitals, industrial establishments, or any other public or private
12 building, together with such surface or ground water and industrial
13 wastes and leachate as may be present;
- 14 (16) "On-site wastewater system" means any of several facilities,
15 septic tanks or other devices, used to collect, treat, reclaim, or
16 dispose of wastewater or sewage on or adjacent to the property on
17 which the wastewater or sewage is produced, or to convey such
18 wastewater or sewage from **[said]** that property to such facilities as
19 the authority may establish for its disposal;
- 20 (17) "Pollution" means the condition of water resulting from the
21 introduction therein of substances of a kind and in quantities
22 rendering it detrimental or immediately or potentially dangerous to
23 the public health, or unfit for public or commercial use;
- 24 (18) "Bonds" shall mean bonds or other obligations issued
25 pursuant to **[this act]** P.L.1957, c.183 (C.40:14B-1 et seq.);
- 26 (19) "Service charges" shall mean water service charges, solid
27 waste service charges, sewer service charges, hydroelectric service
28 charges or any combination of such charges, as **[said]** those terms
29 are defined in section 21 or 22 of **[this act]** P.L.1957, c.183
30 (C.40:14B-21 or 40:14B-22) or in section 7 of this **[amendatory and**
31 **supplementary act]** P.L.1980, c.34 (C.40:14B-21.1);
- 32 (20) "Compensating reservoir" shall mean the structures,
33 facilities, and appurtenances for the impounding, transportation, and
34 release of water for the replenishment in periods of drought or at
35 other necessary times of all or a part of waters in or bordering the
36 State diverted into a utility system operated by a municipal
37 authority;
- 38 (21) "Sewage or water reclamation authority" shall mean a public
39 body created pursuant to the "sewerage authorities law," P.L.1946,
40 c.138 (C.40:14A-1 et seq.) or the acts amendatory thereof or
41 supplemental thereto;
- 42 (22) "County sewer authority" shall mean a sanitary sewer
43 district authority created pursuant to the act entitled "An act relating
44 to the establishment of sewerage districts in first- and second-class
45 counties, the creation of Sanitary Sewer District Authorities by the
46 establishing of such districts, prescribing the powers and duties of
47 any such authority and of other public bodies in connection with the

1 construction of sewers and sewage disposal facilities in any such
2 district, and providing the ways and means for paying the costs of
3 construction and operation thereof," approved April 23, 1946
4 (P.L.1946, c.123), or the acts amendatory thereof or supplemental
5 thereto;

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

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

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

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

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

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

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

45 (30) "Solid waste system" shall mean and include the plants,
46 structures, and other real and personal property acquired,
47 constructed, or operated or to be acquired, constructed, or operated
48 by an authority or by any person to whom a municipal authority has

1 extended credit for this purpose pursuant to the provisions of **【this**
2 **act】** P.L.1957, c.183 (C.40:14B-1 et seq.), including transfer
3 stations, incinerators, recycling facilities, including facilities for the
4 generation, transmission, and distribution of energy derived from
5 the processing of solid waste, sanitary landfill facilities, or other
6 property or plants for the collection, recycling, or disposal of solid
7 waste and all vehicles, equipment, and other real and personal
8 property and rights thereon and appurtenances necessary or useful
9 and convenient for the collection, recycling, or disposal of solid
10 waste in a sanitary manner;

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

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

20 (33) "Sale of hydroelectric power at wholesale" shall mean any
21 sale of hydroelectric power to any person for purposes of resale of
22 such power;

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

27 (35) "Alternative electrical energy system" shall mean any
28 system which uses alternative electrical energy to provide all or a
29 portion of the electricity for the heating, cooling, or general
30 electrical energy needs of a building;

31 (36) "Pilot county" shall mean a county of the second class
32 having a population between 280,000 and 290,000, a population
33 between 510,000 and 520,000, and a population between 530,000
34 and 540,000 according to the 2010 federal decennial census; **【and】**

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

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

1 calendar year in which service charges become due.

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

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

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

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

17
18 5. Section 1 of P.L.1952, c.324 (C.40:62-83.1) is amended to
19 read as follows:

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

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

29
30 6. R.S.40:62-107 is amended to read as follows:

31 40:62-107. The governing body of any municipality owning its
32 water and sewer systems and operating the same as one utility may
33 fix a combination water and sewer rental, and in case prompt
34 payment of **【said】** that combined rent is not made according to the
35 regulations adopted by **【said】** that governing body cause **【said】**
36 water to be shut off from such houses, tenements, buildings, or
37 other premises so supplied and not to turn the same on again until
38 all arrears, with interest and penalties, as may be charged and
39 assessed in accordance with R.S.54:4-67, shall be fully paid.

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

41
42 7. R.S.40:62-107.6 is amended to read:

43 40:62-107.6. a. After any municipality shall have purchased a
44 water distribution system pursuant to **【sections 40:62-107.4】**
45 R.S.40:62-107.4 and **【40:62-107.5 of this title】** R.S.40:62-107.5,
46 the governing body of the municipality shall be authorized to
47 operate the water distribution system as nearly as may be as a part

1 of its own system, and any schedule of rates, rents, charges, and
2 penalties which the governing body shall thereafter fix shall be
3 applicable to water users within both municipalities, and in the
4 collection of all rates, rents, charges, and penalties, as may be
5 charged and assessed in accordance with R.S.54:4-67, the
6 municipality shall have all the rights and remedies that may apply
7 to private water companies supplying water to municipalities of this
8 State.

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

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

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

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

25
26 8. R.S.40:62-141 is amended to read as follows:

27 40:62-141. The owner of any house, tenement, building, or lot
28 shall be liable for the payment of the price or rent as fixed by the
29 commission for the use of water by such owner or by the occupier,
30 and for the installation, purchase price, repair, and testing of any
31 water meter or water meters, water service, water services,
32 connections, appliances or parts, and renewals thereof furnished or
33 made by the commission, in, upon, or connecting with such house,
34 tenement, building, or lot and the interest and penalties as may be
35 charged and assessed in accordance with R.S.54:4-67.

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

42 The commission shall notify the officers or board having charge
43 of the collection of taxes in each municipality in which the
44 commission shall supply water to any of the inhabitants of such
45 municipality, that the commission is supplying water to such
46 inhabitants, and requesting **【said】** those officials or board to notify
47 all persons applying for a certificate showing municipal or other
48 liens against property in such municipality, that the applicant must

1 apply to the commission to ascertain the amount of water rents or
2 other charges due to the commission, which are by law made a lien
3 upon the premises covered by the certificate.

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

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

8
9 9. R.S.40:62-142 is amended to read as follows:

10 40:62-142. In case prompt payment of any water rent or rents, or
11 for work done or materials furnished, is not made when due, the
12 water may be shut off from such real estate, and shall not be again
13 supplied thereto until the arrears with interest and penalties, as may
14 be charged and assessed in accordance with R.S.54:4-67, shall be
15 fully paid.

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

17
18 10. N.J.S.40A:26A-3 is amended to read as follows:

19 40A:26A-3. As used in **[this act]** N.J.S.40A:26A-1 et seq.:

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

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

35 "Local unit" means a county or municipality.

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

1 calendar quarters of the calendar year in which payments become
2 due.

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

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

14
15 11. N.J.S.40A:26A-12 is amended to read as follows:

16 40A:26A-12. Rates, rentals, connection fees, or other charges
17 levied in accordance with N.J.S.40A:26A-10 and 40A:26A-11, shall
18 be a first lien or charge against the property benefited therefrom. If
19 any part of the amount due and payable in rates, rentals, connection
20 fees, or other charges remain unpaid for 30 days following the date
21 for the payment thereof, interest upon the amount unpaid shall
22 accrue and be due at **[a]** the rate **[of]** prescribed for interest on
23 payments required to be **[determined]** made in accordance with
24 N.J.S.40A:26A-17. The governing body or bodies of the local unit
25 or units may authorize payment of delinquent assessments on an
26 installment basis in accordance with R.S.54:5-19. Liens levied in
27 accordance with this section shall be enforceable in the manner
28 provided for real property tax liens in chapter 5 of Title 54 of the
29 Revised Statutes.

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

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

42
43 12. N.J.S.40A:26A-17 is amended to read as follows:

44 40A:26A-17. The chief fiscal officer of another government
45 having entered into a contract pursuant to **[this act]**
46 N.J.S.40A:26A-1 et seq., shall cause to be paid to the local unit the
47 amounts of money at the times stipulated in the contract and
48 certified by the local unit. The power and obligation to make

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

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

17
18 13. N.J.S.40A:31-3 is amended to read as follows:

19 40A:31-3. As used in this act:

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

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

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

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

1 bond yield to be that average estimated yield for subsequent
2 calendar quarters of the calendar year in which payments become
3 due.

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

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

16
17 14. N.J.S.40A:31-12 is amended to read as follows:

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

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

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

44
45 15. N.J.S.40A:31-17 is amended to read as follows:

46 40A:31-17. The chief fiscal officer of another government
47 having entered into a contract pursuant to **【this act】** N.J.S.40A:31-1
48 et seq., shall cause to be paid to the local unit such amounts of

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

19

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

21 40A:31-20. A private water company or industry which shall
22 have entered into a contract with a local unit or local units pursuant
23 to **this act** N.J.S.40A:31-1 et seq., shall pay at such time as may
24 be provided in the contract, the sum of money certified to it on or
25 before the date provided for payment in the contract. Any sum of
26 money so certified by the local unit or units shall be a lien in favor
27 of the local unit or units on and against the property of the private
28 water company or industry. If the sum of money or any part thereof
29 is not paid on or before the contract payment date, **the unpaid**
30 **amount shall bear** interest shall accrue and be due on the unpaid
31 amount at the rate **to be determined** prescribed for interest on
32 payments required to be made in accordance with **the provisions**
33 **of** N.J.S.40A:31-17, until payment is complete and, the local unit
34 or local units shall make and record, in the same manner as
35 conveyances of interest in real property are recorded, a certificate
36 setting forth the facts and giving notice of the existence and amount
37 of the lien remaining unsatisfied. The lien shall have priority over
38 all other liens theretofore or thereafter attaching, except those for
39 federal, State, and local taxes.
40 (cf: N.J.S.40A:31-20)

41

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

43 54:4-67. a. The governing body of each municipality may by
44 resolution fix the rate of discount to be allowed for the payment of
45 taxes or assessments previous to the date on which they would
46 become delinquent. The rate so fixed shall not exceed 6% per
47 annum, shall be allowed only in case of payment on or before the

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

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

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

42 "Delinquency" means the sum of all taxes and municipal charges
43 due on a given parcel of property covering any number of quarters
44 or years. The property shall remain delinquent, as defined herein,
45 until such time as all unpaid taxes, including subsequent taxes and
46 liens, together with interest thereon shall have been fully paid and
47 satisfied. The delinquency shall remain notwithstanding the
48 issuance of a certificate of sale pursuant to R.S.54:5-32 and

1 R.S.54:5-46, the payment of delinquent tax by the purchaser of the
2 total property tax levy pursuant to section 16 of P.L.1997, c.99
3 (C.54:5-113.5) and for the purposes of satisfying the requirements
4 for filing any tax appeal with the county board of taxation or the
5 State tax court. The governing body may also fix a penalty to be
6 charged to a taxpayer with a delinquency in excess of \$10,000 who
7 fails to pay that delinquency as billed, prior to the end of the fiscal
8 year. If any fiscal year delinquency in excess of \$10,000 is paid by
9 the holder of an outstanding tax sale certificate or a total property
10 tax levy purchaser, the holder or purchaser, as appropriate, shall be
11 entitled to receive the amount of the penalty as part of the amount
12 required to redeem such certificate of sale providing the payment is
13 made by the tax lien holder or tax levy purchaser prior to the end of
14 the fiscal year. If the holder of the outstanding tax sale certificate
15 or the levy purchaser, as appropriate, does not make the payment in
16 full prior to the end of the fiscal year, then the holder or purchaser
17 shall be entitled to a pro rata share of the delinquency penalty upon
18 redemption, and the balance of the penalty shall inure to the benefit
19 of the municipality. The penalty so fixed shall not exceed 6% of
20 the amount of the delinquency with respect to each most recent
21 fiscal year only.

22 "Prime rate" means "prime rate" as that term is defined by
23 R.S.54:48-2 and as is determined and redetermined by Director of
24 the Division of Taxation in the Department of the Treasury for
25 purposes of setting and assessing interest due and required to be
26 paid in connection with a delinquent or deficient payment of a State
27 tax pursuant to R.S.54:49-3 or R.S.54:49-6, respectively.

28 (cf: P.L.1997, c.99, s.4)

29
30 18. Section 3 of P.L.1981, c.293 (C.58:1B-3) is amended to read
31 as follows:

32 3. As used in this act:

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

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

38 c. "Compensating reservoir" means the structures, facilities,
39 and appurtenances for the impounding, transportation, and release
40 of water for the replenishment in periods of drought or at other
41 necessary times of all or a part of waters in or bordering the State
42 diverted into a project;

43 d. "Cost" as applied to a project means the cost of acquisition
44 and construction thereof, the cost of acquisition of lands, rights-of-
45 way, property rights, easements, and interests required by the
46 authority for acquisition and construction, the cost of demolishing
47 or removing any buildings or structures on land so acquired,
48 including the cost of acquiring any lands to which buildings or

1 structures may be moved, the cost of acquiring or constructing and
2 equipping an office of the authority, the cost of machinery,
3 furnishings, and equipment, financing expenses, reserves, interest
4 prior to and during construction and for no more than **[6]** six
5 months after completion of construction, engineering, expenses of
6 research and development with respect to any project, legal
7 expenses, plans, specifications, surveys, estimates of cost and
8 revenues, working capital, other expenses necessary or incident to
9 determining the feasibility or practicability of acquiring or
10 constructing a project, administrative expense, and such other
11 expense as may be necessary or incident to the acquisition or
12 construction of the project;

13 e. "Construct" and "construction" means and includes acts of
14 construction, reconstruction, replacement, extension, improvement,
15 and betterment of a project;

16 f. "Department" means the Department of Environmental
17 Protection;

18 g. "Governmental agency" means any municipality, county, or
19 any agency thereof, the State Government and any instrumentality
20 or subdivision thereof;

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

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

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

37 **[j.] k.** "Revenue" means all rents, fees, and charges for water
38 sold from, or for the use and services of any project of the authority
39 and payments in respect of any loans or advances made to
40 governmental agencies pursuant to **[this act]** P.L.1981, c.293
41 (C.58:1B-1 et seq.);

42 **[k.] l.** "Service charges" means water service charges
43 established or collected by the authority pursuant to **[this act]**
44 P.L.1981, c.293 (C.58:1B-1 et seq.);

45 **[l.] m.** "Water system" means the plants, structures, and other
46 real and personal property financed, acquired, constructed, or
47 operated or to be financed, acquired, constructed, or operated by the

1 authority under **[this act]** P.L.1981, c.293 (C.58:1B-1 et seq.) or
2 additions and improvements thereto, including reservoirs, basins,
3 dams, canals, aqueducts, standpipes, conduits, pipelines, mains,
4 pumping stations, water transmission systems, compensating
5 reservoirs, waterworks or sources of water supply, wells,
6 purification or filtration plants or other plants, equipment and
7 works, connections, rights of flowage or diversion, and other plants,
8 structures, boats, conveyances, and other real and personal property
9 and rights therein, and appurtenances necessary or useful and
10 convenient for the accumulation, supply, treatment, or transmission
11 of water.

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

13

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

26

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

37

38

39

STATEMENT

40

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

46 The bill amends the “sewerage authorities law,” P.L.1946, c.138
47 (C.40:14A-1 et seq.) and the “municipal and county utilities
48 authorities law,” P.L.1957, c.183 (C.40:14B-1 et seq.) to provide

1 that the interest rate permitted to accrue on unpaid service charges
2 due and required to be paid to a sewerage authority or a municipal
3 authority will be equal to the prevailing municipal bond yield, and
4 will be assessed for each month or fraction thereof, compounded
5 annually at the end of each year, from the date the service charge
6 was due until the date the charge is paid. The current interest rate
7 on unpaid charges is fixed by statute at a rate of 1 1/2 percent per
8 month, and has remained unchanged since January 1982.

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

25 The bill amends a section of the laws concerning real property
26 taxation, R.S.54:4-67, to provide that the interest rate permitted to
27 accrue on unpaid municipal taxes, assessments, and other municipal
28 liens or charges due to the governing body of a municipality will
29 not exceed three percentage points above the prime rate, and will be
30 assessed for each month or fraction thereof, based upon a 360 day
31 calendar year, from the date the tax was payable until the date
32 payment is made. The current interest rate on unpaid municipal
33 taxes, assessments, and other municipal liens or charges is fixed by
34 statute at a rate that cannot exceed 8 percent per annum on the first
35 \$1,500 of the delinquency and that cannot exceed 18 percent per
36 annum on any amount in excess of \$1,500, and has remained
37 unchanged since 1979.

38 The bill amends various sections of the laws concerning
39 municipally owned sewer and water utilities, including section 1 of
40 P.L.1952, c.324 (C.40:62-83.1), R.S.40:62-107, R.S.40:62-107.6,
41 R.S.40:62-141, and R.S.40:62-142, to stipulate the rates of interest
42 and penalties due on rents, rates, and other service charges required
43 to be paid to municipalities or a water or sewerage commission of a
44 municipality. Under the bill, interest and penalties will be charged
45 and assessed as permitted for unpaid municipal taxes, assessments,
46 and other municipal liens or charges in accordance with R.S.54:4-
47 67.

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

17 The bill defines “prevailing municipal bond yield” as the average
18 estimated yield that would be offered on 20-year general obligation
19 bonds with a composite rating of approximately “A” as reflected by
20 the “Bond Buyer 20-Bond Municipal Bond Index” during the first
21 week of the last month of the calendar year immediately preceding
22 the calendar year in which the rates, rents, or sewer and water
23 services charges were due or otherwise required to be paid. During
24 the first week of December 2012, the average estimated yield
25 offered on 20-year general obligation bonds with a composite rating
26 of approximately “A” was 3.27 percent; during the first week of
27 December 2013 that yield was 4.70 percent.

28 The bill defines “prime rate” as that term is defined by the State
29 Uniform Tax Procedure Law, R.S.54:48-1 et seq., and as is
30 determined and redetermined by Director of the Division of
31 Taxation in the Department of the Treasury for purposes of setting
32 and assessing interest due and required to be paid in connection
33 with a delinquent or deficient payment of a State tax pursuant to
34 R.S.54:49-3 or R.S.54:49-6, respectively. During the first week of
35 December 2012, the prime rate as determined by the Director of the
36 Division of Taxation for purposes of setting and assessing interest
37 was 3.25 percent; during the first week of December 2013 that rate
38 was 3.25 percent.

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

1 The bill takes effect immediately and applies to all charges,
2 rates, rents, fees, and payments and all municipal taxes,
3 assessments, and other municipal liens and charges that become due
4 or otherwise are first required to be paid on or after the first day of
5 the first fiscal year, of the sewerage authority, municipal authority,
6 governing body or bodies of a local unit or unity, municipality, or
7 authority to which the charge, rate, rent, fee, municipal tax,
8 assessment, or other municipal lien or charge is due or otherwise
9 required to be paid, beginning at least 120 days after the date of
10 enactment.

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