

SENATE, No. 1033

STATE OF NEW JERSEY 217th LEGISLATURE

INTRODUCED FEBRUARY 8, 2016

Sponsored by:

Senator LORETTA WEINBERG

District 37 (Bergen)

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,

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

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

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

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

1 (13) "Sewage" shall mean the water-carried wastes created in and
2 carried, or to be carried, away from, or to be processed by on-site
3 wastewater systems, residences, hotels, apartments, schools,
4 hospitals, industrial establishments, or any other public or private
5 building, together with such surface or ground water and industrial
6 wastes as may be present;

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

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

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

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

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

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

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

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

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

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

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

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

46 (d) In the event that a service charge of any sewerage authority
47 with regard to any parcel of real property shall not be paid as and
48 when due, the sewerage authority may, in accordance with section

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

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

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

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

38 (cf: P.L.1981, c.530, s.1)

39

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

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

44 (1) "Municipality" shall mean any city of any class, any
45 borough, village, town, township, or any other municipality other
46 than a county or a school district, and except when used in section
47 4, 5, 6, 11, 12, 13, 42 or 45 of **【this act】 P.L.1957, c.183**
48 **(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 **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 **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
48 construction of sewers and sewage disposal facilities in any such

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

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

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

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

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

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

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

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

44 (30) "Solid waste system" shall mean and include the plants,
45 structures, and other real and personal property acquired,
46 constructed, or operated or to be acquired, constructed, or operated
47 by an authority or by any person to whom a municipal authority has
48 extended credit for this purpose pursuant to the provisions of 【this

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

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

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

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

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

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

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

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

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

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

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

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

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

14

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

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

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

26

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

28 40:62-107. The governing body of any municipality owning its
29 water and sewer systems and operating the same as one utility may
30 fix a combination water and sewer rental, and in case prompt
31 payment of **【said】** that combined rent is not made according to the
32 regulations adopted by **【said】** that governing body cause **【said】**
33 water to be shut off from such houses, tenements, buildings, or
34 other premises so supplied and not to turn the same on again until
35 all arrears, with interest and penalties, as may be charged and
36 assessed in accordance with R.S.54:4-67, shall be fully paid.

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

38

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

40 40:62-107.6. a. After any municipality shall have purchased a
41 water distribution system pursuant to **【sections 40:62-107.4】**
42 R.S.40:62-107.4 and **【40:62-107.5 of this title】** R.S.40:62-107.5,
43 the governing body of the municipality shall be authorized to
44 operate the water distribution system as nearly as may be as a part
45 of its own system, and any schedule of rates, rents, charges, and
46 penalties which the governing body shall thereafter fix shall be
47 applicable to water users within both municipalities, and in the
48 collection of all rates, rents, charges, and penalties, as may be

1 charged and assessed in accordance with R.S.54:4-67, the
2 municipality shall have all the rights and remedies that may apply
3 to private water companies supplying water to municipalities of this
4 State.

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

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

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

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

21

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

23 40:62-141. The owner of any house, tenement, building, or lot
24 shall be liable for the payment of the price or rent as fixed by the
25 commission for the use of water by such owner or by the occupier,
26 and for the installation, purchase price, repair, and testing of any
27 water meter or water meters, water service, water services,
28 connections, appliances or parts, and renewals thereof furnished or
29 made by the commission, in, upon, or connecting with such house,
30 tenement, building, or lot and the interest and penalties as may be
31 charged and assessed in accordance with R.S.54:4-67.

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

38 The commission shall notify the officers or board having charge
39 of the collection of taxes in each municipality in which the
40 commission shall supply water to any of the inhabitants of such
41 municipality, that the commission is supplying water to such
42 inhabitants, and requesting **【said】** those officials or board to notify
43 all persons applying for a certificate showing municipal or other
44 liens against property in such municipality, that the applicant must
45 apply to the commission to ascertain the amount of water rents or
46 other charges due to the commission, which are by law made a lien
47 upon the premises covered by the certificate.

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

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

5
6 9. R.S.40:62-142 is amended to read as follows:

7 40:62-142. In case prompt payment of any water rent or rents, or
8 for work done or materials furnished, is not made when due, the
9 water may be shut off from such real estate, and shall not be again
10 supplied thereto until the arrears with interest and penalties, as may
11 be charged and assessed in accordance with R.S.54:4-67, shall be
12 fully paid.

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

14
15 10. N.J.S.40A:26A-3 is amended to read as follows:

16 40A:26A-3. As used in **[this act]** N.J.S.40A:26A-1 et seq.:

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

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

32 "Local unit" means a county or municipality.

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

47 "Sewerage facilities" means the plants, structures, or other real
48 and personal property acquired, constructed, or operated, or to be

1 financed, acquired, constructed, or operated, or any parts thereof,
2 used for the storage, collection, reduction, reclamation, disposal,
3 separation, or other treatment of wastewater or sewage sludge or for
4 the final disposal of residues resulting from the treatment of
5 wastewater, including, but not limited to, pumping and ventilating
6 stations, treatment plants and works, connections, outfall servers,
7 interceptors, trunk lines, and other appurtenances necessary for their
8 use or operation.

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

10
11 11. N.J.S.40A:26A-12 is amended to read as follows:

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

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

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

38
39 12. N.J.S.40A:26A-17 is amended to read as follows:

40 40A:26A-17. The chief fiscal officer of another government
41 having entered into a contract pursuant to **[this act]**
42 N.J.S.40A:26A-1 et seq., shall cause to be paid to the local unit the
43 amounts of money at the times stipulated in the contract and
44 certified by the local unit. The power and obligation to make
45 payments in accordance with the terms of the contract shall be
46 unlimited, and the sums necessary therefor shall be included in the
47 annual budget of the other government, which shall be irrevocably
48 and unconditionally obligated to levy ad valorem taxes on all

1 taxable property therein, without limits as to the rate or amount, to
2 the extent necessary to make payments in full as due. ~~Any~~ If any
3 part of a payment ~~that~~ remains unpaid for 30 days following the
4 date payment is due, ~~shall be assessed at~~ interest ~~charge~~ upon
5 the amount unpaid shall accrue and be due at a rate ~~of interest at~~
6 ~~least~~ equal to the ~~monthly index for the immediately preceding~~
7 ~~month for 20 year tax exempt bond yields as compiled by the Bond~~
8 ~~Buyer or any similar index agreed to by the parties~~ prevailing
9 municipal bond yield assessed for each month or fraction thereof,
10 compounded annually at the end of each year, from the date
11 payment was originally due until the date payment is made.

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

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

15 40A:31-3. As used in this act:

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

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

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

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

47 ~~d~~ e. "Water supply facilities" means the plants, structures, or
48 other real and personal property acquired, constructed or operated,

1 or to be financed, acquired, constructed or operated, or any parts
2 thereof, including reservoirs, basins, dams, canals, aqueducts,
3 standpipes, conduits, pipelines, mains, pumping stations, water
4 distribution systems, compensating reservoirs, waterworks, or
5 sources of water supply, well, purification or filtration plants, or
6 other plants or works, connections, rights of flowage or diversion,
7 and other plants, structures, boats, conveyances and other real and
8 personal property, or rights therein, and appurtenances necessary or
9 useful for the accumulation, supply, or distribution of water.

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

11
12 14. N.J.S.40A:31-12 is amended to read as follows:

13 40A:31-12. Rates, rentals, connection fees, or other charges
14 levied in accordance with N.J.S.40A:31-10 and 40A:31-11, shall be
15 a first lien or charge against the property benefited therefrom. If
16 any part of the amount due and payable in rates, rentals, connection
17 fees, or other charges remains unpaid for 30 days following the date
18 for the payment thereof, interest upon the amount unpaid shall
19 accrue and be due at **[a]** the rate **[of]** prescribed for interest on
20 payments required to be **[determined]** made in accordance with
21 N.J.S.40A:31-17. The governing body or bodies of the local unit or
22 units may authorize payment of delinquent assessments on an
23 installment basis in accordance with R.S.54:5-19. Liens levied in
24 accordance with this section shall be enforceable in the manner
25 provided for real property tax liens in chapter 5 of Title 54 of the
26 Revised Statutes.

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

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

39
40 15. N.J.S.40A:31-17 is amended to read as follows:

41 40A:31-17. The chief fiscal officer of another government
42 having entered into a contract pursuant to **[this act]** N.J.S.40A:31-1
43 et seq., shall cause to be paid to the local unit such amounts of
44 money at such times as shall be stipulated in the contract and
45 certified by the local unit. The power and obligation to make
46 payments in accordance with the terms of the contract shall be
47 unlimited, and the sums necessary therefor shall be included in the
48 annual budget of the other government, which shall be irrevocably

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

14

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

16 40A:31-20. A private water company or industry which shall
17 have entered into a contract with a local unit or local units pursuant
18 to **this act** N.J.S.40A:31-1 et seq., shall pay at such time as may
19 be provided in the contract, the sum of money certified to it on or
20 before the date provided for payment in the contract. Any sum of
21 money so certified by the local unit or units shall be a lien in favor
22 of the local unit or units on and against the property of the private
23 water company or industry. If the sum of money or any part thereof
24 is not paid on or before the contract payment date, **the unpaid**
25 **amount shall bear** interest shall accrue and be due on the unpaid
26 amount at the rate **to be determined** prescribed for interest on
27 payments required to be made in accordance with **the provisions**
28 **of** N.J.S.40A:31-17, until payment is complete and, the local unit
29 or local units shall make and record, in the same manner as
30 conveyances of interest in real property are recorded, a certificate
31 setting forth the facts and giving notice of the existence and amount
32 of the lien remaining unsatisfied. The lien shall have priority over
33 all other liens theretofore or thereafter attaching, except those for
34 federal, State, and local taxes.

35 (cf: N.J.S.40A:31-20)

36

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

38 54:4-67. a. The governing body of each municipality may by
39 resolution fix the rate of discount to be allowed for the payment of
40 taxes or assessments previous to the date on which they would
41 become delinquent. The rate so fixed shall not exceed 6% per
42 annum, shall be allowed only in case of payment on or before the
43 thirtieth day previous to the date on which the taxes or assessments
44 would become delinquent. No such discount shall apply to the
45 purchaser of a total property tax levy pursuant to section 16 of
46 P.L.1997, c.99 (C.54:5-113.5). The governing body may also fix
47 the rate of interest to be charged for the nonpayment of taxes,

1 assessments, or other municipal liens or charges, unless otherwise
2 provided by law, on or before the date when they would become
3 delinquent, and **【may】** shall provide that no interest shall be
4 charged if payment of any installment is made within the **【tenth】**
5 thirtieth calendar day following the date upon which the same
6 became payable. The rate so fixed shall not exceed **【8% per annum**
7 **on the first \$1,500.00 of the delinquency and 18% per annum on**
8 **any amount in excess of \$1,500.00, to be calculated】** three
9 percentage points above the prime rate, and shall be assessed for
10 each month or fraction thereof, compounded annually at the end of
11 each year, from the date the tax was payable until the date that
12 actual payment to the tax collector is made.

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

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

37 "Delinquency" means the sum of all taxes and municipal charges
38 due on a given parcel of property covering any number of quarters
39 or years. The property shall remain delinquent, as defined herein,
40 until such time as all unpaid taxes, including subsequent taxes and
41 liens, together with interest thereon shall have been fully paid and
42 satisfied. The delinquency shall remain notwithstanding the
43 issuance of a certificate of sale pursuant to R.S.54:5-32 and
44 R.S.54:5-46, the payment of delinquent tax by the purchaser of the
45 total property tax levy pursuant to section 16 of P.L.1997, c.99
46 (C.54:5-113.5) and for the purposes of satisfying the requirements
47 for filing any tax appeal with the county board of taxation or the
48 State tax court. The governing body may also fix a penalty to be

1 charged to a taxpayer with a delinquency in excess of \$10,000 who
2 fails to pay that delinquency as billed, prior to the end of the fiscal
3 year. If any fiscal year delinquency in excess of \$10,000 is paid by
4 the holder of an outstanding tax sale certificate or a total property
5 tax levy purchaser, the holder or purchaser, as appropriate, shall be
6 entitled to receive the amount of the penalty as part of the amount
7 required to redeem such certificate of sale providing the payment is
8 made by the tax lien holder or tax levy purchaser prior to the end of
9 the fiscal year. If the holder of the outstanding tax sale certificate
10 or the levy purchaser, as appropriate, does not make the payment in
11 full prior to the end of the fiscal year, then the holder or purchaser
12 shall be entitled to a pro rata share of the delinquency penalty upon
13 redemption, and the balance of the penalty shall inure to the benefit
14 of the municipality. The penalty so fixed shall not exceed 6% of
15 the amount of the delinquency with respect to each most recent
16 fiscal year only.

17 "Prime rate" means the average predominant prime rate, as
18 determined by the Board of Governors of the Federal Reserve
19 System, quoted by commercial banks to large businesses as of
20 December 1 of the calendar year immediately preceding the
21 calendar year in which the tax was payable; provided however, that,
22 if the governing body determines that the prime rate quoted by
23 commercial banks to large businesses decreases by more than one
24 percentage point from the rate previously determined, the governing
25 body shall redetermine the prime rate to be that quoted prime rate
26 for subsequent calendar quarters of the calendar year in which
27 payments are required to be made.

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 established
43 or collected by the authority pursuant to **[this act]** P.L.1981, c.293
44 (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
48 authority under **[this act]** P.L.1981, c.293 (C.58:1B-1 et seq.) or

1 additions and improvements thereto, including reservoirs, basins,
2 dams, canals, aqueducts, standpipes, conduits, pipelines, mains,
3 pumping stations, water transmission systems, compensating
4 reservoirs, waterworks or sources of water supply, wells,
5 purification or filtration plants or other plants, equipment and
6 works, connections, rights of flowage or diversion, and other plants,
7 structures, boats, conveyances, and other real and personal property
8 and rights therein, and appurtenances necessary or useful and
9 convenient for the accumulation, supply, treatment, or transmission
10 of water.

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

12

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

25

26 20. This act shall take effect immediately and apply to all
27 charges, rates, rents, fees, and payments and all municipal taxes,
28 assessments, and other municipal liens and charges that become due
29 or otherwise are first required to be paid to a sewerage authority,
30 municipal authority, governing body or bodies of a local unit or
31 units, municipality, or authority operating, for budgeting purposes,
32 on a State fiscal year basis on or after July 1 next following the date
33 of enactment and all charges, rates, rents, fees, and payments and
34 all municipal taxes, assessments, and other municipal liens and
35 charges that become due or otherwise are first required to be paid to
36 a sewerage authority, municipal authority, governing body or bodies
37 of a local unit or units, municipality, or authority operating, for
38 budgeting purposes, on a calendar year basis on or after January 1
39 next following the date of enactment.

40

41

42

STATEMENT

43

44 The bill modifies interest rates and provides for the deferral of
45 interest that is permitted to accrue on unpaid water and sewer
46 service bills issued by certain public providers of water and sewer
47 services as well as delinquent municipal taxes, assessments, and
48 other municipal liens and charges.

1 The bill amends the “sewerage authorities law,” P.L.1946, c.138
2 (C.40:14A-1 et seq.) and the “municipal and county utilities
3 authorities law,” P.L.1957, c.183 (C.40:14B-1 et seq.) to provide
4 that the interest rate permitted to accrue on unpaid service charges
5 due and required to be paid to a sewerage authority or a municipal
6 authority will be equal to the prevailing municipal bond yield, and
7 will be assessed for each month or fraction thereof, compounded
8 annually at the end of each year, from the date the service charge
9 was due until the date the charge is paid. The current interest rate
10 on unpaid charges is fixed by statute at a rate of 1 1/2 percent per
11 month, and has remained unchanged since January 1982.

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

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

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

1 or charges in accordance with R.S.54:4-67. The statutes governing
2 municipally owned sewer and water utilities do not specify the
3 interest rate, or the penalties, permitted to accrue and be charged for
4 unpaid on rents, rates, and other service charges.

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

21 The bill defines “prevailing municipal bond yield” as 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 rates, rents, or sewer and water
27 services charges were due or otherwise required to be paid. During
28 the first week of December 2014, the average estimated yield
29 offered on 20-year general obligation bonds with a composite rating
30 of approximately “A” was 3.83 percent; during the first week of
31 December 2015 that yield was 3.57 percent.

32 The bill defines “prime rate” as the average predominant prime
33 rate, as determined by the Board of Governors of the Federal
34 Reserve System, quoted by commercial banks to large businesses as
35 of December 1 of the calendar year immediately preceding the
36 calendar year in which the municipal tax was payable. During the
37 first week of December 2014, the average predominant prime rate
38 quoted by commercial banks to large businesses was 3.25 percent;
39 during the first week of December 2015 that rate was 3.25 percent.

40 In addition, the bill amends the “sewerage authorities law,”
41 P.L.1946, c.138 (C.40:14A-1 et seq.), the “municipal and county
42 utilities authorities law,” P.L.1957, c.183 (C.40:14B-1 et seq.), and
43 a section of the laws concerning real property taxation, R.S.54:4-67,
44 and supplements the “New Jersey Water Supply Authority Act,”
45 P.L.1981, c.293 (C.58:1B-1 et seq.), to specify the period of time
46 that must elapse before interest accrues on unpaid utility bills issued
47 by certain public providers of water and sewer services and
48 delinquent municipal taxes, assessments, and other municipal liens

1 and charges. The bill provides that at least 30 days must elapse
2 following the date the payment or charge or the municipal taxes,
3 assessments, and other municipal liens and charges is originally due
4 before interest on the unpaid balance is permitted to accrue.

5 The bill takes effect immediately and applies to all charges,
6 rates, rents, fees, and payments and all municipal taxes,
7 assessments, and other municipal liens and charges that become due
8 or otherwise are first required to be paid on or after July 1 or on or
9 after January 1 next following the date of enactment, dependent on
10 whether the public provider of water or sewer services or the
11 municipality operates on a State fiscal year or calendar year basis
12 for budgetary purposes.

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