

**SENATE, No. 1367**

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**STATE OF NEW JERSEY**  
**216th LEGISLATURE**

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INTRODUCED FEBRUARY 11, 2016

**Sponsored by:**

**Senator ANTHONY R. BUCCO**

**District 25 (Morris and Somerset)**

**SYNOPSIS**

Requires 30-day grace period prior to accrual of interest on late water and sewer bill payments.

**CURRENT VERSION OF TEXT**

As introduced.



1 AN ACT concerning interest deferral on late water and sewer bill  
2 payments, supplementing Title 48 of the Revised Statutes, and  
3 amending various parts of the statutory law.

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

7  
8 1. (New section) In the event that a payment owed to a water  
9 company for the sale and supply of water to a consumer is not paid  
10 when due, interest shall accrue, for which the consumer shall be  
11 liable, on any part of the amount that is due and payable and that  
12 remains unpaid for 30 days following the established payment due  
13 date, as identified on the consumer's bill or other statement of water  
14 usage.

15 For the purposes of this section, "water company" shall mean a  
16 public utility, as that term is defined by R.S.48:2-13, or a  
17 municipally-operated utility, which is regulated by the Board of  
18 Public Utilities, and which public utility or municipally-operated  
19 utility is engaged in the sale and supply of water to consumers in  
20 the State; or a nonpublicly-owned, nonprofit water company.

21  
22 2. R.S.48:13-14 is amended to read as follows:

23 R.S.48:13-14. **【Such】** Every sewerage company organized  
24 under the laws of this State may contract with property owners and  
25 others for the use of its system of sewerage for such price or rents  
26 and such restrictions as the company may think proper in  
27 accordance with approved tariffs filed with the Board of Public  
28 Utility Commissioners. In the event that a payment owed by a  
29 consumer to a sewerage company for the use of sewer services is  
30 not paid when due, interest shall accrue, for which the consumer  
31 shall be liable, on any part of the amount that is due and payable  
32 and that remains unpaid for 30 days following the established  
33 payment due date, as identified on the consumer's bill or other  
34 statement of sewer service usage.

35 (cf: P.L.1962, c.198, s.163)

36  
37 3. Section 21 of P.L.1946, c.138 (C.40:14A-21) is amended to  
38 read as follows:

39 21. (a) In the event that a service charge of any sewerage  
40 authority with regard to any parcel of real property **【shall】** is not  
41 **【be】** paid **【as and】** when due, and remains unpaid for 30 days  
42 following the established payment due date, as identified on the  
43 consumer's bill or other statement of sewer service usage, interest  
44 shall accrue and be due to the sewerage authority on the unpaid  
45 balance at the rate of 1 1/2 % per month until such service charge,

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 and the interest thereon, shall be fully paid to the sewerage  
2 authority.

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

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

37 (d) In the event that a service charge of any sewerage authority  
38 with regard to any parcel of real property shall not be paid as and  
39 when due, the sewerage authority may, in accordance with section  
40 twenty-six of this act, cause the supply of water to such parcel to be  
41 stopped or restricted until such service charge and any subsequent  
42 service charge with regard to such parcel and all interest accrued  
43 thereon shall be fully paid to the sewerage authority. If for any  
44 **[any]** reason such supply of water shall not be promptly stopped or  
45 restricted as required by section twenty-six of this act, the sewerage  
46 authority may itself shut off or restrict such supply and, for that  
47 purpose, may enter on any lands, waters or premises of any county,  
48 municipality or other person. The supply of water to such parcel

1 shall, notwithstanding the provisions of this subsection, be restored  
2 or increased if the State Department of Health, upon application of  
3 the local board of health or health officer of the municipality where  
4 such parcel is situate, shall after public hearing find and shall  
5 certify to the sewerage authority that the continuance of such  
6 stopping or restriction of the supply of water endangers the health  
7 of the public in such municipality.

8 (e) The collector or other officer of every municipality charged  
9 by law with the duty of enforcing municipal liens on real property  
10 shall enforce, with and as any other municipal lien on real property  
11 in such municipality, all service charges and the lien thereof shown  
12 in any statement filed with him by any sewerage authority pursuant  
13 to subsection (b) of this section, and shall pay over to the sewerage  
14 authority the sums or a pro rata share of the sums realized upon  
15 such enforcement or upon liquidation of any property acquired by  
16 the municipality by virtue of such enforcement.

17 (f) In the event that any service charge of a sewerage authority  
18 shall not be paid as and when due, the unpaid balance thereof and  
19 all interest accrued thereon, together with attorney's fees and costs,  
20 may be recovered by the sewerage authority in a civil action, and  
21 any lien on real property for such service charge and interest  
22 accrued thereon may be foreclosed or otherwise enforced by the  
23 sewerage authority by action or suit in equity as for the foreclosure  
24 of a mortgage on such real property.

25 (g) All rights and remedies granted by this act for the collection  
26 and enforcement of service charges shall be cumulative and  
27 concurrent.

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

29  
30 4. Section 41 of P.L.1957, c.183 (C.40:14B-41) is amended to  
31 read as follows:

32 41. In the event that a service charge of any municipal authority  
33 with regard to any parcel of real property shall not be paid as and  
34 when due, interest shall accrue and be due to the municipal  
35 authority on the unpaid balance at the rate of 1 1/2% per month  
36 until such service charge, and the interest thereon, shall be fully  
37 paid to the municipal authority. In the event that a payment owed  
38 to a municipal authority for the sale and supply of water to a parcel  
39 of real property, or for the use of a sewerage system, is not paid  
40 when due, interest shall accrue, for which the consumer shall be  
41 liable, on any part of the amount that is due and payable and that  
42 remains unpaid for 30 days following the established payment due  
43 date, as identified on the consumer's bill or other statement of water  
44 or sewage service usage.

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

46  
47 5. R.S.40:62-83.1 is amended to read as follows:

1       40:62-83.1. Any municipality which, pursuant to law, furnishes  
2 a supply of water and sewerage service to the inhabitants of another  
3 municipality, may, if prompt payment of any water or sewer rent, or  
4 charges for work done or materials furnished for such services, is  
5 not made by any such inhabitant when due, discontinue the service  
6 so furnished to any such inhabitant in arrears until such arrears with  
7 interest and penalties shall be fully paid. In the event that a  
8 payment owed for water or sewer rent is not paid when due, interest  
9 shall accrue, for which the consumer shall be liable, on any part of  
10 the amount that is due and payable and that remains unpaid for 30  
11 days following the established payment due date, as identified on  
12 the consumer's bill or other statement of water or sewer service  
13 usage.

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

15

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

17       40:62-107. The governing body of any municipality owning its  
18 water and sewer systems and operating the same as one utility may  
19 fix a combination water and sewer rental, and in case prompt  
20 payment of **【said】** the combined rent is not made according to the  
21 regulations adopted by **【said】** the governing body cause **【said】** the  
22 water to be shut off from such houses, tenements, buildings or other  
23 premises so supplied and not to **【turn the same】** be turned on again  
24 until all arrears, with interest and penalties, shall be fully paid.  
25 Interest charges, for which a consumer shall be liable under this  
26 section, shall accrue on any part of the amount that is due and  
27 payable for combined water and sewer rental services and that  
28 remains unpaid for 30 days following the established payment due  
29 date, as identified on the consumer's bill or other statement of  
30 combined water and sewer service usage.

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

32

33       7. R.S.40:62-107.6 is amended to read as follows:

34       40:62-107.6. a. After any municipality shall have purchased a  
35 water distribution system pursuant to sections 40:62-107.4 and  
36 40:62-107.5 of this title, the governing body of the municipality  
37 shall be authorized to operate the water distribution system as  
38 nearly as may be as a part of its own system, and any schedule of  
39 rates, rents, charges and penalties which the governing body shall  
40 thereafter fix shall be applicable to water users within both  
41 municipalities, and in the collection of all rates, rents, charges and  
42 penalties the municipality shall have all the rights and remedies that  
43 may apply to private water companies supplying water to  
44 municipalities of this State.

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

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

4 Nothing in this section shall preclude the governing body of a  
5 municipality that has purchased a water distribution system from  
6 requiring separate dedicated service lines for fire protection. The  
7 governing body of a municipality that has purchased a water  
8 distribution system may require that fire service lines be metered.  
9 Nothing in this section shall alter the liability for maintenance and  
10 repair of service lines which exists on the effective date of  
11 P.L.2003, c.278.

12 c. In the event that a payment owed to a municipality for the  
13 sale and supply of water to a consumer in the same or an adjoining  
14 municipality is not paid when due, interest shall accrue, for which  
15 the consumer shall be liable, on any part of the amount that is due  
16 and payable and that remains unpaid for 30 days following the  
17 established payment due date, as identified on the consumer's bill  
18 or other statement of water usage.

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

20

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

22 40:62-141. The owner of any house, tenement, building or lot  
23 shall be liable for the payment of the price or rent as fixed by the  
24 commission for the use of water by such owner or by the occupier,  
25 and for the installation, purchase price, repair and testing of any  
26 water meter or water meters, water service, water services,  
27 connections, appliances or parts, and renewals thereof furnished or  
28 made by the commission, in, upon or connecting with such house,  
29 tenement, building or lot, and the interest and penalties charged. In  
30 the event that a payment owed to the commission for the sale and  
31 supply of water to a house, tenement, building or lot is not paid  
32 when due, interest shall accrue, for which the owner shall be liable,  
33 on any part of the amount that is due and payable and that remains  
34 unpaid for 30 days following the established payment due date, as  
35 identified on the consumer's bill or other statement of water usage.

36 The price or rent so fixed, and the other costs, expenses, interest  
37 and penalties shall be a lien upon such house, tenement, building or  
38 lot until the same shall be paid and satisfied, and shall be  
39 enforceable by an action at law in any competent court.

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

1 charges due to the commission, which are by law made a lien upon  
2 the premises covered by the certificate.

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

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

7

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

9 40:62-142. In case prompt payment of any water rent or rents, or  
10 for work done or materials furnished, is not made when due, the  
11 water may be shut off from such real estate, and shall not be again  
12 supplied thereto until the arrears with interest and penalties shall be  
13 fully paid. Interest charges applicable to overdue water rent  
14 payments shall be calculated in accordance with the provisions of  
15 R.S.40:62-141.

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

17

18 10. This act shall take effect on the 60th day following the date  
19 of enactment.

20

21

## 22 STATEMENT

23

24 This bill would provide for the deferral of interest accrual on  
25 balances that are owed, but which are not promptly paid by  
26 consumers, for water and sewer services. The bill would affect the  
27 accrual of interest on late payments made to a number of different  
28 utility companies that sell and supply water, or that provide  
29 sewerage services to consumers in the State. These entities include  
30 public water and sewer utilities, nonprofit water companies, county  
31 sewerage authorities, and municipally-operated utilities such as  
32 municipal (water or sewer) utilities authorities and municipally-  
33 owned waterworks. The bill would provide, in particular, and with  
34 regard to each type of utility company, that when a payment for  
35 water or sewer services is owed by a consumer and is not paid when  
36 due, interest will accrue on only that part of the amount that is due  
37 and payable and that remains unpaid for 30 days following the  
38 established payment due date, as identified on the consumer's bill  
39 or other statement of water or sewer service usage.

40 Current law applies inconsistent rules with regard to the accrual  
41 of interest on late water bill payments. Specifically, while the  
42 "County and Municipal Water Supply Act," N.J.S. 40A:31-1 et seq.,  
43 provides for the deferral of interest accrual for 30 days with regard  
44 to late water bill payments that are made by a consumer to a county  
45 or municipally-owned water supply facility (which facility is not in  
46 competition with a municipal utilities authority previously  
47 established), such interest deferral is not similarly authorized or  
48 required by law with regard to late water bill payments that are

1    made by consumers to any of the types of water utility companies  
2    mentioned above. Similarly, no such interest deferral is authorized  
3    or required by law with regard to late sewer service bill payments.  
4    Accordingly, in order to bring consistency to this area of law, it is  
5    both reasonable and necessary to amend and supplement the law as  
6    it pertains to the payment of water and sewer rents owed to the  
7    various types of utility companies listed above, in order to ensure  
8    that all New Jersey consumers will be uniformly entitled to a 30-  
9    day grace period prior to the accrual of interest charges on late  
10   payments owed for water and sewer services.