SENATE, No. 3499  
STATE OF NEW JERSEY  
217th LEGISLATURE

INTRODUCED NOVEMBER 9, 2017

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Senators Sarlo and Kyrillos

SYNOPSIS
Authorizes certain local government utilities to impose additional connection fees; requires certain new credits and reductions for these fees.

CURRENT VERSION OF TEXT
As introduced.

(Sponsorship Updated As Of: 1/9/2018)
AN ACT concerning certain utility connection fees, supplementing Title 40 of the Revised Statutes and Title 40A of the New Jersey Statutes, and amending P.L.2005, c.29.

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

1. (New section) a. For a property connected to the sewerage system for less than 20 years, a sewerage authority may charge an additional connection or tapping fee for an addition, alteration, or change in use that materially increases the level of use and imposes a greater demand on the sewerage system, but does not involve a new physical connection of the property to the sewerage system.
   b. The connection or tapping fee authorized by subsection a. of this section shall be equal to the amount by which the increased use and demand on the sewerage system exceeds the use and demand that existed prior to such addition, alteration, or change in use.
   c. Nothing in this section shall be construed to preclude a sewerage authority from charging a new or additional connection or tapping fee for any new or additional connection of a property to the sewerage system, or for any increase in the size of an existing connection to the sewerage system that increases the level of use or demand on the sewerage system.
   d. As used in this section, “materially increases” means any increase in the number of service units; or any other change which increases the level of use or demand on the sewerage system by 15 percent or more over the highest actual annual use and demand that existed during the prior 10-year period immediately preceding the addition, alteration, or change in use; provided, however, that, if the property has been connected to the sewerage system for less than 10 years, the average level of use and demand shall be calculated based on the actual period of connection.

2. (New section) a. A sewerage authority shall provide a credit applicable toward a connection or tapping fee to be charged for a reconnection of a disconnected property that was previously connected to the sewerage system, provided that:
   (1) the property has been connected to the sewerage system for at least 20 years; and
   (2) service charges have been paid for the property in at least one of the last five years.
   b. The credit required under subsection a. of this section shall be calculated as follows:
      (1) If the reconnection does not require any new physical connection or does not increase the nature or size of the service or

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.
the number of services units, or does not expand the use of the sewerage system, the credit shall be equal in amount to the new connection or tapping fee.

(2) If the reconnection requires a new physical connection, increases the nature or size of the service or the number of service units, or expands the use of the sewerage system, the credit shall be equal in amount to any connection or tapping fee previously paid for the property, and the sewerage authority shall charge the difference between the credit and the connection or tapping fee for the new use or class.

(3) If no connection or tapping fee was ever paid for the property, but all service charges due and owing on the property have been paid for at least 20 years, the credit shall be equal in amount to the new connection or tapping fee; provided, however, that any charges due and owing pursuant to paragraph (2) of this subsection shall be paid.

c. If no connection or tapping fee was ever paid for a disconnected property that is to be reconnected and which was previously connected to the sewerage system for at least 20 years, the sewerage authority shall charge, in addition to any amount due and owing after application of a credit pursuant to this section, a connection or tapping fee equal to the lesser of:

(1) 20 percent of the service charges that would have been paid based upon the usage for the last full year that the property was connected to the sewerage system for the period from the date of the disconnection from the sewerage system to the date of the new connection; or

(2) the new connection fee.

d. A credit shall not be allowed under this section for a property that has been disconnected from the sewerage system for more than five years.

e. As used in this section, “disconnected property” means a property that has been physically disconnected from the sewerage system or a property not physically disconnected but to which service has been discontinued without payments being made. A “disconnected property” shall not include a property that has been temporarily disconnected from the sewerage system or to which service has been discontinued without payments being made for less than 12 consecutive months and is being reconnected as it existed, prior to the temporary disconnection or discontinuance of service.

3. Section 2 of P.L.2005, c.29 (C.40:14A-8.3) is amended to read as follows:

2. a. A county, regional or municipal sewerage authority shall establish within its rates or schedules a 50% reduction in the connection fee or tapping fee assessed pursuant to section 8 of P.L.1946, c.138 (C.40:14A-8) for new connections to the sewerage system which is to be charged to public housing authorities [and].
to non-profit organizations building affordable housing projects, and to any other affordable housing, including affordable housing units in inclusionary projects.

b. For units previously connected to the authority's system that were demolished or refurbished to allow for new affordable housing units and for which a connection or tapping fee was previously paid, a county, regional or municipal sewerage authority shall establish within its rates or schedules a credit against the connection fee or tapping fee to be assessed for connection with the sewerage system to public housing authorities, non-profit organizations building affordable projects, and to any other affordable housing, including affordable housing units in inclusionary projects. The credit shall be the connection fee or tapping fee previously assessed and paid for connection with the sewerage system for units previously connected to the authority's system.

c. The connection fee or tapping fee assessable against a public housing authority, non-profit organization, or other affordable housing owner, for units previously connected to the authority's system that were demolished or refurbished to allow for new affordable housing units, including affordable housing units in inclusionary projects, shall be the lesser of the reduced rate provided for in subsection a. of this section, or the current non-reduced rate applicable to other types of housing developments minus the credit provided under subsection b. of this section for units for which a connection fee or tapping fee was previously paid, provided that said public housing authority, non-profit organization, or other affordable housing owner can establish the connection fee or tapping fee was previously assessed and paid for connection with the system. If the same cannot be established, the reduced rate provided for in subsection a. of this section shall be assessed.

(cf: P.L.2005, c.29, s.2)

4. (New section) a. For a property connected to the water or sewerage system for less than 20 years, a municipal authority may charge an additional connection or tapping fee for an addition, alteration, or change in use that materially increases the level of use and imposes a greater demand on the water or sewerage system, but does not involve a new physical connection of the property to the water or sewerage system.

b. The connection or tapping fee authorized by subsection a. of this section shall be equal to the amount by which the increased use and demand on the water or sewerage system exceeds the use and demand that existed prior to such addition, alteration, or change in use.

c. Nothing in this section shall be construed to preclude a municipal authority from charging a new or additional connection
or tapping fee for any new or additional connection of a property to
the water or sewerage system, or for any increase in the size of an
existing connection to the water or sewerage system that increases
the level of use or demand on the water or sewerage system.

d. As used in this section, “materially increases” means any
increase in the number of service units; or any other change which
increases the level of use or demand on the water or sewerage
system by 15 percent or more over the highest actual annual use and
demand that existed during the prior 10-year period immediately
preceding the addition, alteration, or change in use; provided,
however, that, if the property has been connected to the water or
sewerage system for less than 10 years, the average level of use and
demand shall be calculated based on the actual period of
connection.

5. (New section) a. A municipal authority shall provide a credit
applicable toward a connection or tapping fee to be charged for a
reconnection of a disconnected property that was previously
connected to the water or sewerage system, provided that:

(1) the property has been connected to the water or sewerage
system for at least 20 years; and

(2) service charges have been paid for the property in at least
one of the last five years.

b. The credit required under subsection a. of this section shall
be calculated as follows:

(1) If the reconnection does not require any new physical
connection or does not increase the nature or size of the service or
the number of service units, or does not expand the use of the
water or sewerage system, the credit shall be equal in amount to the
new connection or tapping fee.

(2) If the reconnection requires a new physical connection,
increases the nature or size of the service or the number of service
units, or expands the use of the water or sewerage system, the credit
shall be equal in amount to any connection or tapping fee
previously paid for the property, and the municipal authority shall
charge the difference between the credit and the connection or
tapping fee for the new use or class.

(3) If no connection or tapping fee was ever paid for the
property, but all service charges due and owing on the property
have been paid for at least 20 years, the credit shall be equal in
amount to the new connection or tapping fee; provided, however,
that any charges due and owing pursuant to paragraph (2) of this
subsection shall be paid.

c. If no connection or tapping fee was ever paid for a
disconnected property that is to be reconnected and which was
previously connected to the water or sewerage system for at least 20
years, the municipal authority shall charge, in addition to any
amount due and owing after application of a credit pursuant to this section, a connection or tapping fee equal to the lesser of:
1. 20 percent of the service charges that would have been paid based upon the usage for the last full year that the property was connected to the water or sewerage system for the period from the date of the disconnection from the water or sewerage system to the date of the new connection; or
2. the new connection fee.

d. A credit shall not be allowed under this section for a property that has been disconnected from the water or sewerage system for more than five years.
e. As used in this section, “disconnected property” means a property that has been physically disconnected from the water or sewerage system or a property not physically disconnected but to which service has been discontinued without payments being made. A “disconnected property” shall not include a property that has been temporarily disconnected from the water or sewerage system or to which service has been discontinued without payments being made for less than 12 consecutive months and is being reconnected as it existed, prior to the temporary disconnection or discontinuance of service.

6. Section 5 of P.L.2005, c.29 (C.40:14B-22.3) is amended to read as follows:
5. a. A county, regional or municipal utilities authority shall establish within its rates or schedules a 50% reduction in the connection fee or tapping fee assessed pursuant to section 21 of P.L.1957, c.183 (C.40:14B-21) for new connections to the water system and a 50% reduction in the connection fee or tapping fee assessed pursuant to section 22 of P.L.1957, c.183 (C.40:14B-22) for new connections to the sewerage system which are to be charged to public housing authorities and non-profit organizations building affordable housing projects, non-profit organizations building affordable housing projects, and to any other affordable housing, including affordable housing units in inclusionary projects.

b. For units previously connected to the authority's system that were demolished or refurbished to allow for new affordable housing units and for which a connection fee was previously paid, a county, regional or municipal utilities authority shall establish within its rates or schedules a credit against the connection fee or tapping fee to be assessed for connection with the water system or the sewerage system to public housing authorities and non-profit organizations building affordable housing projects, and to any other affordable housing, including affordable housing units in inclusionary projects. The credit shall be the connection fee or tapping fee previously assessed and paid for connection with the water system or the sewerage system for units previously connected to the authority's system.
c. The connection fee or tapping fee assessable against a public housing authority [or] a non-profit organization or other affordable housing owner, for units previously connected to the authority's system that were demolished or refurbished to allow for new affordable housing units, including affordable housing units in inclusionary projects, shall be the lesser of the reduced rate provided for in subsection a. of this section, or the current non-reduced rate applicable to other types of housing developments minus the credit provided under subsection b. of this section for units for which a connection fee or tapping fee was previously paid, provided that said public housing authority [or] a non-profit organization or other affordable housing owner can establish the connection fee or tapping fee was previously assessed and paid for connection with the system. If the same cannot be established, the reduced rate provided for in subsection a. of this section shall be assessed.

(cf: P.L.2005, c.29, s.5)

7. (New section) a. For a property connected to the sewerage system for less than 20 years, a local unit operating a county or municipal sewerage facility may charge an additional connection or tapping fee for an addition, alteration, or change in use that materially increases the level of use and imposes a greater demand on the sewerage system, but does not involve a new physical connection of the property to the sewerage system.
b. The connection or tapping fee authorized by subsection a. of this section shall be equal to the amount by which the increased use and demand on the sewerage system exceeds the use and demand that existed prior to such addition, alteration, or change in use.
c. Nothing in this section shall be construed to preclude a local unit operating a county or municipal sewerage facility from charging a new or additional connection or tapping fee for any new or additional connection of a property to the sewerage system, or for any increase in the size of an existing connection to the sewerage system that increases the level of use or demand on the sewerage system.
d. As used in this section, “materially increases” means any increase in the number of service units; or any other change which increases the level of use or demand on the sewerage system by 15 percent or more over the highest actual annual use and demand that existed during the prior 10-year period immediately preceding the addition, alteration, or change in use; provided, however, that, if the property has been connected to the sewerage system for less than 10 years, the average level of use and demand shall be calculated based on the actual period of connection.

8. (New section) a. A local unit operating a county or municipal sewerage facility shall provide a credit applicable toward
a connection or tapping fee to be charged for a reconnection of a
disconnected property that was previously connected to the
sewerage system, provided that:

(1) the property has been connected to the sewerage system for
at least 20 years; and

(2) service charges have been paid for the property in at least
one of the last five years.

b. The credit required under subsection a. of this section shall
be calculated as follows:

(1) If the reconnection does not require any new physical
connection or does not increase the nature or size of the service or
the number of services units, or does not expand the use of the
sewerage system, the credit shall be equal in amount to the new
connection or tapping fee.

(2) If the reconnection requires a new physical connection,
increases the nature or size of the service or the number of service
units, or expands the use of the sewerage system, the credit shall be
equal in amount to any connection or tapping fee previously paid
for the property, and the local unit shall charge the difference
between the credit and the connection or tapping fee for the new use
or class.

(3) If no connection or tapping fee was ever paid for the
property, but all service charges due and owing on the property
have been paid for at least 20 years, the credit shall be equal in
amount to the new connection or tapping fee; provided, however,
that any charges due and owing pursuant to paragraph (2) of this
subsection shall be paid.

c. If no connection or tapping fee was ever paid for a
disconnected property that is to be reconnected and which was
previously connected to the sewerage system for at least 20 years,
the local unit shall charge, in addition to any amount due and owing
after application of a credit pursuant to this section, a connection or
tapping fee equal to the lesser of:

(1) 20 percent of the service charges that would have been paid
based upon the usage for the last full year that the property was
connected to the sewerage system for the period from the date of
the disconnection from the sewerage system to the date of the new
connection; or

(2) the new connection fee.

d. A credit shall not be allowed under this section for a
property that has been disconnected from the sewerage system for
more than five years.

e. As used in this section, “disconnected property” means a
property that has been physically disconnected from the sewerage
system or a property not physically disconnected but to which
service has been discontinued without payments being made. A
“disconnected property” shall not include a property that has been
temporarily disconnected from the sewerage system or to which
service has been discontinued without payments being made for less than 12 consecutive months and is being reconnected as it existed, prior to the temporary disconnection or discontinuance of service.

9. (New section) a. A local unit operating a county or municipal sewerage facility shall establish within its rates or schedules a 50% reduction in the connection fee or tapping fee assessed pursuant to N.J.S.40A:26A-11 for new connections to the sewerage system which is to be charged to public housing authorities, non-profit organizations building affordable housing projects, and any other affordable housing, including affordable housing units in inclusionary projects.

b. For units previously connected to the local unit’s system that were demolished or refurbished to allow for new affordable housing units and for which a connection or tapping fee was previously paid, a local unit operating a county or municipal sewerage facility shall establish within its rates or schedules a credit against the connection fee or tapping fee to be assessed for connection with the sewerage system to public housing authorities, non-profit organizations building affordable projects, and to any other affordable housing, including affordable housing units in inclusionary projects. The credit shall be the connection fee or tapping fee previously assessed and paid, for connection with the sewerage system for units previously connected to the local unit’s system.

c. The connection fee or tapping fee assessable against a public housing authority, non-profit organization, or other affordable housing owner, for units previously connected to the local unit’s system that were demolished or refurbished to allow for new affordable housing units, including affordable housing units in inclusionary projects, shall be the lesser of the reduced rate provided for in subsection a. of this section, or the current non-reduced rate applicable to other types of housing developments minus the credit provided under subsection b. of this section for units for which a connection fee or tapping fee was previously paid, provided that such public housing authority, non-profit organization, or other affordable housing owner can establish the connection fee or tapping fee was previously assessed and paid for connection with the system. If such previous assessment and payment cannot be established, the reduced rate provided for in subsection a. of this section shall be assessed.

10. (New section) a. For a property connected to the water supply system for less than 20 years, a local unit operating a county or municipal water supply facility may charge an additional connection or tapping fee for an addition, alteration, or change in use that materially increases the level of use and imposes a greater
demand on the water supply system, but does not involve a new
physical connection of the property to the water supply system.

b. The connection or tapping fee authorized by subsection a. of
this section shall be equal to the amount by which the increased use
and demand on the water supply system exceeds the use and
demand that existed prior to such addition, alteration, or change in
use.

c. Nothing in this section shall be construed to preclude a local
unit operating a county or municipal water supply facility from
charging a new or additional connection or tapping fee for any new
or additional connection of a property to the water supply system,
or for any increase in the size of an existing connection to the water
supply system that increases the level of use or demand on the
water supply system.

d. As used in this section, “materially increases” means any
increase in the number of service units; or any other change which
increases the level of use or demand on the water supply system by
15 percent or more over the highest actual annual use and demand
that existed during the prior 10-year period immediately preceding
the addition, alteration, or change in use; provided, however, that, if
the property has been connected to the water supply system for less
than 10 years, the average level of use and demand shall be
calculated based on the actual period of connection.

11. (New section) a. A local unit operating a county or
municipal water supply facility shall provide a credit applicable
toward a connection or tapping fee to be charged for a reconnection
of a disconnected property that was previously connected to the
water supply system, provided that:

(1) the property has been connected to the water supply system
for at least 20 years; and

(2) service charges have been paid for the property in at least
one of the last five years.

b. The credit required under subsection a. of this section shall
be calculated as follows:

(1) If the reconnection does not require any new physical
connection or does not increase the nature or size of the service or
the number of services units, or does not expand the use of the
water supply system, the credit shall be equal in amount to the new
connection or tapping fee.

(2) If the reconnection requires a new physical connection,
increases the nature or size of the service or the number of service
units, or expands the use of the water supply system, the credit shall
be equal in amount to any connection or tapping fee previously paid
for the property, and the local unit shall charge the difference
between the credit and the connection or tapping fee for the new use
or class.
(3) If no connection or tapping fee was ever paid for the property, but all service charges due and owing on the property have been paid for at least 20 years, the credit shall be equal in amount to the new connection or tapping fee; provided, however, that any charges due and owing pursuant to paragraph (2) of this subsection shall be paid.

c. If no connection or tapping fee was ever paid for a disconnected property that is to be reconnected and which was previously connected to the water supply system for at least 20 years, the local unit shall charge, in addition to any amount due and owing after application of a credit pursuant to this section, a connection or tapping fee equal to the lesser of:

   (1) 20 percent of the service charges that would have been paid based upon the usage for the last full year that the property was connected to the water supply system for the period from the date of the disconnection from the water supply system to the date of the new connection; or

   (2) the new connection fee.

d. A credit shall not be allowed under this section for a property that has been disconnected from the water supply system for more than five years.

e. As used in this section, “disconnected property” means a property that has been physically disconnected from the water supply system or a property not physically disconnected but to which service has been discontinued without payments being made. A “disconnected property” shall not include a property that has been temporarily disconnected from the water supply system or to which service has been discontinued without payments being made for less than 12 consecutive months and is being reconnected as it existed, prior to the temporary disconnection or discontinuance of service.

12. (New section) a. A local unit operating a county or municipal water supply facility shall establish within its rates or schedules a 50% reduction in the connection fee or tapping fee assessed pursuant to N.J.S.40A:31-11 for new connections to the water supply system which is to be charged to public housing authorities, non-profit organizations building affordable housing projects, and any other affordable housing units in inclusionary projects.

b. For units previously connected to the local unit’s system that were demolished or refurbished to allow for new affordable housing units and for which a connection or tapping fee was previously paid, a local unit operating a county or municipal water supply facility shall establish within its rates or schedules a credit against the connection fee or tapping fee to be assessed for connection with the water supply system to public housing authorities, non-profit organizations building affordable projects, and to any other
affordable housing, including affordable housing units in
inclusionary projects. The credit shall be the connection fee or
tapping fee previously assessed and paid, for connection with the
water supply system for units previously connected to the local
unit’s system.

c. The connection fee or tapping fee assessable against a public
housing authority, non-profit organization, or other affordable
housing owner, for units previously connected to the local unit’s
system that were demolished or refurbished to allow for new
affordable housing units, including affordable housing units in
inclusionary projects, shall be the lesser of the reduced rate
provided for in subsection a. of this section, or the current non-
reduced rate applicable to other types of housing developments
minus the credit provided under subsection b. of this section for
units for which a connection fee or tapping fee was previously paid,
provided that such public housing authority, non-profit
organization, or other affordable housing owner can establish the
connection fee or tapping fee was previously assessed and paid for
connection with the system. If such previous assessment and
payment cannot be established, the reduced rate provided for in
subsection a. of this section shall be assessed.

13. This act shall take effect immediately.

STATEMENT

This bill would authorize additional connection fees for certain
utilities operated by local governments and establish certain credits
and reductions for these fees. The local government entities
covered by the bill are: sewerage authorities under the “sewerage
authorities law,” P.L.1946, c.138 (C.40:14A-1 et seq.); municipal
authorities under the “municipal and county utilities authorities
law,” P.L.1957, c.183 (C.40:14B-1 et seq.); and local units
operating either a county or municipal sewerage facility or water
supply facility under the “Municipal and County Sewerage Act,”
N.J.S.40A:26A-1 et seq., and the “County and Municipal Water
Supply Act,” N.J.S.40A:31-1 et seq., respectively. This bill would
make the assessment of these utility connection fees more equitable.
The bill would allow new connection fees to be imposed for an
addition, alteration, or change in use that materially increases the
level of use and imposes a greater demand on the utility system, but
does not involve a new physical connection of the property to the
system. This additional fee would be equal to the amount by which
the increased use and demand on the utility system exceeds the use
and demand that existed prior to the addition, alteration, or change
in use. Such additional fee would not take the place of fees for any
new or additional connections.
The bill would also require credits be applied to connection fees charged for a reconnection of certain disconnected properties that were previously connected to the utility system. If the reconnection does not require any new physical connection or does not increase the nature or size of the service or the number of services units, or does not expand the use of the utility system, the credit is equal to the amount of the new connection fee. If the reconnection requires any of the foregoing, the credit is equal to the amount of any connection fee previously paid for the property. If no connection fee was ever paid for the property, but all service charges due and owing on the property have been paid for at least 20 years, the credit is equal to the amount of the new connection fee. However, if no connection fee was ever paid for certain disconnected properties, a connection fee would be charged in addition to any amount due and owing after application of a credit. This fee would be equal to the lesser of: (1) 20 percent of the service charges that would have been paid based upon the usage for the last full year that the property was connected to the utility system for the period from the date of the disconnection from the utility system to the date of the new connection; or (2) the new connection fee.

Lastly, the bill would provide that the existing connection fee reductions for certain types of affordable housing serviced by sewerage authorities and municipal authorities be extended to all affordable housing, including affordable housing units in inclusionary projects. The bill would also newly establish the same connection fee reductions for all affordable housing serviced by local units operating a county or municipal sewerage facility or water supply facility.