Sponsored by:
Senator BRIAN P. STACK
District 33 (Hudson)

Co-Sponsored by:
Senator Ruiz

SYNOPSIS
Permits certain local units, authorities, and utilities to reduce water and sewerage rates for low-income persons.

CURRENT VERSION OF TEXT
As reported by the Senate Budget and Appropriations Committee on June 18, 2018, with amendments.
AN ACT concerning certain sewerage service rates and

supplementing P.L.1946, c.138 (C.40:14A-1 et seq.),
P.L.1957, c.183 (C.40:14B-1 et seq.), and chapter 26A of Title
40A of the New Jersey Statutes] amending and supplementing
various parts of the statutory law.

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

1. (New section) a. In addition to being authorized to
establish rates or schedules as provided for in section 1 of P.L.1994,
c.78 (C.40:14A-8.2), any county or municipal sewerage authority,
which bills individual retail customer accounts, may, to the extent
permitted by federal law, annually establish within its district rates
or schedules which provide for a reduction of the periodic rents,
rates, fees, or other charges for the use or services of the sewerage
system which are charged to or collected from any person residing
in the district, provided that:

(1) the person is the owner or tenant of the dwelling unit that is
the residence of the person in the district;

(2) the dwelling unit that is the residence of the person in the
district is a one-family dwelling or a dwelling unit in a two-family
dwelling; and

(3) the household income for the dwelling unit that is the
residence of the person in the district is at or below a percentage of
the most recent federal poverty guidelines, which percentage is
established by the county or municipal sewerage authority.

b. A county or municipal sewerage authority that establishes a
reduction pursuant to subsection a. of this section shall adopt
procedures for establishing eligibility and obtaining a reduction,
and shall advertise the availability of the reduction in the bills
submitted to residents in the district for periodic rents, rates, fees,
or other charges for the use or services of the sewerage system, or
in special periodic mailings to residents in the district.

c. As used in this section:

“Dwelling unit” means a structure, or portion thereof, which
serves primarily as a residence for one or more persons.

“Household income” means the total income from all sources
during the last full calendar year of an owner or tenant of a dwelling
unit in the district and any immediate family member residing with
the owner or tenant.

2. (New section) a. In addition to being authorized to

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.
Matter enclosed in superscript numerals has been adopted as follows:
Senate SBA committee amendments adopted June 18, 2018.
establish rates or schedules as provided for in section 1 of P.L.1992, c.215 (C.40:14B-22.2), any municipal authority, which bills individual retail customer accounts, may, to the extent permitted by federal law, annually establish within its district rates or schedules which provide for a reduction of the periodic rents, rates, fees, or other charges for the use or services of the sewerage system, the water system, or both the sewerage system and the water system, which are charged to or collected from any person residing in the district, provided that:

(1) the person is the owner or tenant of the dwelling unit that is the residence of the person in the district;

(2) the dwelling unit that is the residence of the person in the district is a one-family dwelling or a dwelling unit in a two-family dwelling; and

(3) the household income for the dwelling unit that is the residence of the person in the district is at or below a percentage of the most recent federal poverty guidelines, which percentage is established by the municipal authority.

b. A municipal authority that establishes a reduction pursuant to subsection a. of this section shall adopt procedures for establishing eligibility and obtaining a reduction, and shall advertise the availability of the reduction in the bills submitted to residents in the district for periodic rents, rates, fees, or other charges for the use or services of the sewerage system, the water system, or both the sewerage system and the water system, or in special periodic mailings to residents in the district.

c. As used in this section:

“Dwelling unit” means a structure, or portion thereof, which serves primarily as a residence for one or more persons.

“Household income” means the total income from all sources during the last full calendar year of an owner or tenant of a dwelling unit in the district and any immediate family member residing with the owner or tenant.

3. In addition to being authorized to establish rates or schedules as provided for in section 5 of P.L.1994, c.78 (C.40A:26A-10.1), any local unit operating a county or municipal sewerage facility, which bills individual retail customer accounts, may, to the extent permitted by federal law, annually establish within its district rates or schedules which provide for a reduction of the periodic rents, rates, fees, or other charges for the use or services of the sewerage system which are charged to or collected from any person residing in the district, provided that:

(1) the person is the owner or tenant of the dwelling unit that is the residence of the person in the district;
(2) the dwelling unit that is the residence of the person in the district is a one-family dwelling or a dwelling unit in a two-family dwelling; and

(3) the household income for the dwelling unit that is the residence of the person in the district is at or below a percentage of the most recent federal poverty guidelines, which percentage is established by the local unit operating a county or municipal sewerage facility.

b. A local unit operating a county or municipal sewerage facility that establishes a reduction pursuant to subsection a. of this section shall adopt procedures for establishing eligibility and obtaining a reduction, and shall advertise the availability of the reduction in the bills submitted to residents in the district for periodic rents, rates, fees, or other charges for the use or services of the sewerage system, or in special periodic mailings to residents in the district.

c. As used in this section:

“Dwelling unit” means a structure, or portion thereof, which serves primarily as a residence for one or more persons.

“Household income” means the total income from all sources during the last full calendar year of an owner or tenant of a dwelling unit in the district and any immediate family member residing with the owner or tenant.

(4. (New section) a. In addition to being authorized to establish rates or schedules as provided for in section 7 of P.L.1994, c.78 (C.40A:31-10.1), a local unit operating a county or municipal water supply facility, which bills individual retail customer accounts, may, to the extent permitted by federal law, annually establish within its district rates or schedules which provide for a reduction of the periodic rents, rates, or other charges for water supply service which are charged to or collected from any person residing in the district, provided that:

(1) the person is the owner or tenant of the dwelling unit that is the residence of the person in the district;

(2) the dwelling unit that is the residence of the person in the district is a one-family dwelling or a dwelling unit in a two-family dwelling; and

(3) the household income for the dwelling unit that is the residence of the person in the district is at or below a percentage of the most recent federal poverty guidelines, which percentage is established by the local unit operating a county or municipal water supply facility.

b. A local unit operating a county or municipal water supply facility that establishes a reduction pursuant to subsection a. of this section shall adopt procedures for establishing eligibility and obtaining a reduction, and shall advertise the availability of the reduction in the bills submitted to residents in the district for
periodic rents, rates, or other charges for water supply service, or in
special periodic mailings to residents in the district.

c. As used in this section:
“Dwelling unit” means a structure, or portion thereof, which
serves primarily as a residence for one or more persons.

“Household income” means the total income from all sources
during the last full calendar year of an owner or tenant of a dwelling
unit in the district and any immediate family member residing with
the owner or tenant.1

15. Section 1 of P.L.2017, c.290 (C.40:14A-4.2) is amended to
read as follows:
1. a. Notwithstanding the provisions of any other law to the
contrary, the budget of every regional sewerage authority created
pursuant to the provisions of P.L.1946, c.138 (C.40:14A-1 et seq.)
shall be subject to the following provisions:
(1) (a) The percentage of growth in the fee-funded appropriations
in the annual budget of a regional sewerage authority shall not
exceed two percent per year; and the amount billed to customers of
the authority, or the amount billed to a local unit for its proportional
share of the authority's expenses, as the case may be, shall not
exceed that amount billed in the previous budget year to each
customer or local unit, as the case may be, by more than two
percent for a similar amount of use or service of the sewerage
system.

(b) A regional sewerage authority may add to the allowable
growth in fee-funded appropriations in any one of the next three
succeeding years, the amount of the difference between the
maximum allowable increase in fee-funded appropriations for the
current budget year pursuant to subparagraph (a) of this paragraph
and the actual amount of fee-funded appropriations for the current
budget year.

(2) The percentage of growth in the fee-funded appropriations in
the annual budget of a regional sewerage authority shall be
determined without consideration of any amounts appropriated by
the authority for:
(a) capital expenditures, including payment of principal or
interest on bonds authorized or issued pursuant to the "sewerage
authorities law," P.L.1946, c.138 (C.40:14A-1 et seq.);
(b) increases in pension contributions and accrued liability for
pension contributions in excess of two percent over those
expenditures for the previous budget year;
(c) increases in health care costs equal to that portion of the
actual increase in total health costs for the budget year that is in
excess of two percent of total health care costs in the previous
budget year, but is not in excess of the product of the total health
care costs in the prior year and the average percentage increase of
the State Health Benefits Program, P.L.1961, c.49 (C.52:14-17.25 et
seq.), as annually determined by the Division of Pensions and Benefits in the Department of the Treasury;

(d) increases in energy cost expenditures in excess of two percent over those expenditures for the previous budget year;

(e) extraordinary costs that are directly related to an emergency; and

(f) expenditures for the cost of services mandated by any order of court, by any federal or State statute, or by administrative rule, directive, order, or other legally binding device issued by a State agency which identified the cost as a mandated expenditure on certification to the Local Finance Board by the State agency.

(3) Notwithstanding the limitations imposed by paragraph (1) of this section, a regional sewerage authority may apply to the Local Finance Board for a waiver to increase its rents, rates, fees, and charges to levels sufficient to:

(a) compensate for loss of revenues due to reductions in the use or service of the sewerage system; or

(b) allow for reasonable increases in rents, rates, fees, or other charges that are necessary to compensate for reductions provided pursuant to section 1 of P.L. , c. (C. ) (pending before the Legislature as this bill).

As used in this section, "emergency" shall mean any purpose which is not foreseen at the time of the adoption of the annual budget, or for which adequate provision was not made therein, to meet a pressing need for public expenditure to protect or promote the public health, safety, morals, or welfare.

b. After the budget of a regional sewerage authority has been approved by the members of the regional sewerage authority, the budget shall be forwarded to the Director of the Division of Local Government Services for review and approval.

The director shall review the budget to ensure that the budget conforms with the requirements of subsection a. of this section and the "Local Authorities Fiscal Control Law," P.L.1983, c.313 (C.40A:5A-1 et seq.), and that the budgeted expenditures are reasonable in cost and necessary for the performance of the regional sewerage authority.

If the director determines that the budget meets the requirements of this subsection, the director shall approve the budget. If the director does not approve the budget, the director shall return the budget to the members of the regional sewerage authority with written information concerning the reasons for the disapproval of the budget.

To the extent that the provisions of subsection a. of this section conflict with the provisions of the "Local Authorities Fiscal Control Law," P.L.1983, c.313 (C.40A:5A-1 et seq.), subsection a. of this section shall take precedence.¹

(cf: P.L.2017, c.290, s.1)
6. Section 8 of P.L.1946, c.138 (C.40:14A-8) is amended to read as follows:

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

(b) Rents, rates, fees and charges, which may be payable periodically, being in the nature of use or service charges, shall as nearly as the sewerage authority shall deem practicable and equitable be uniform throughout the district for the same type, class and amount of use or service of the sewerage system, except as permitted by section 1 of P.L.1994, c.78 (C.40:14A-8.2) or section 1 of P.L. c. (C. ) (pending before the Legislature as this bill), and may be based or computed either on the consumption of water on or in connection with the real property, making due allowance for commercial use of water, or on the number and kind of water outlets on or in connection with the real property, or on the number and kind of plumbing or sewerage fixtures or facilities on or in connection with the real property, or on the number of persons residing or working on or otherwise connected or identified with the real property, or on the capacity of the improvements on or connected with the real property, or on any other factors determining the type, class and amount of use or service of the sewerage system, or on any combination of any such factors, and may give weight to the characteristics of the sewage and other wastes and any other special matter affecting the cost of treatment and disposal thereof, including chlorine demand, biochemical oxygen demand, concentration of solids and chemical composition.

In addition to any such periodic service charges, a separate charge in the nature of a connection fee or tapping fee, in respect of each connection of any property with the sewerage system, may be imposed upon the owner or occupant of the property so connected. Such connection charges shall be uniform within each class of users, except as provided by section 2 of P.L.2005, c.29 (C.40:14A-8.30) and except as provided by section 2 of P.L.2005, c.173 (C.40:14A-8.4), and the amount thereof shall not exceed the actual cost of the physical connection, if made by the authority, plus an
amount computed in the following manner to represent a fair
payment toward the cost of the system:

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

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

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

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

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

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

(cf: P.L.2005, c.173, s.1)

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

21. a. Every municipal authority is hereby authorized to charge
and collect rents, rates, fees or other charges (in this act sometimes
referred to as "water service charges") for direct or indirect
connection with, or the use, products or services of, the water
system, or for sale of water or water supply services, water supply
facilities or products. Such water service charges may be charged
to and collected from any person contracting for such connection or
use, products or services or for such sale or from the owner or
occupant, or both of them, of any real property which directly or
indirectly is or has been connected with the water system or to
which directly or indirectly has been supplied or furnished such use,
products or services of the water system or water or water supply
services, water supply facilities or products, and the owner of any
such real property shall be liable for and shall pay such water
service charges to the municipal authority at the time when and
place where such water service charges are due and payable. Such
rents, rates, fees and charges shall as nearly as the municipal
authority shall deem practicable and equitable be uniform throughout the district for the same type, class and amount of use, products or services of the water system, except as permitted by section 1 of P.L.1992, c.215 (C.40:14B-22.2) or section 2 of P.L. c. (C. ____ ) (pending before the Legislature as this bill), and may be based or computed either on the consumption of water on or in connection with the real property, or on the number and kind of water outlets on or in connection with the real property, or on the number and kind of plumbing fixtures or facilities on or in connection with the real property, or on the number of persons residing or working on or otherwise connected or identified with the real property, or on the capacity of the improvements on or connected with the real property, or on any other factors determining the type, class and amount of use, products or services of the water system supplied or furnished, or on any combination of such factors, and may give weight to the characteristics of the water or water services, facilities or products and, as to service outside the district, any other matter affecting the cost of supplying or furnishing the same, including the cost of installation of necessary physical properties.

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

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

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

b. In addition to any such water service charges, a separate charge in the nature of a connection fee or tapping fee, in respect of each connection of any property with the water system, may be imposed upon the owner or occupant of the property so connected. Such connection charges shall be uniform within each class of users, except as provided by section 5 of P.L.2005, c.29 (C.40:14B-22.3) and except as provided by section 5 of P.L.2005, c.173 (C.40:14B-22.4), and the amount thereof shall not exceed the actual cost of the physical connection, if made by the authority, plus an amount computed in the following manner to represent a fair payment toward the cost of the system:

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

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

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

c. The connection fee shall be recomputed at the end of each
fiscal year of the authority, after a public hearing is held in the
The revised connection fee may be imposed upon those who
subsequently connect in that fiscal year to the system. The
combination of such connection fee or tapping fee and the aforesaid
water service charges all meet the requirements of section 23 of

d. The foregoing notwithstanding, no municipal authority shall
impose any charges or fees in excess of the cost of water actually
used for any sprinkler system required to be installed in any
residential health care facility pursuant to the "Health Care
Facilities Planning Act," P.L.1971, c.136 (C.26:2H-1 et seq.) and
regulations promulgated thereunder or in any rooming or boarding
house pursuant to the "Rooming and Boarding House Act of 1979,"
P.L.1979, c.496 (C.55:13B-1 et al.) and regulations promulgated
thereunder. Nothing herein shall preclude any municipal authority
from charging for the actual cost of water main connections, except
as provided by section 5 of P.L.2005, c.29 (C.40:14B-22.3) and
except as provided by section 5 of P.L.2005, c.173 (C.40:14B-
22.4).\footnote{8}

\footnote{8 N.J.S.40A:26A-10 is amended to read as follows:
40A:26A-10. After the commencement of operation of sewerage
facilities, the local unit or units may prescribe and, from time to
time, alter rates or rentals to be charged to users of sewerage
services. Rates or rentals being in the nature of use or service
charges or annual rental charges, shall be uniform and equitable for
the same types and classes of use and service of the facilities,
except as permitted by section 5 of P.L.1994, c.78 (C.40A:26A-
10.1) or section 3 of P.L. c. (C. ) (pending before the
Legislature as this bill). Rates or rentals and types and classes of
use and service may be based on any factors which the governing
body or bodies of that local unit or units shall deem proper and
equitable within the region served.

In fixing rates, rental and other charges for supplying sewerage
services, the local unit or units shall establish a rate structure that
allows, within the limits of any lawful covenants made with
bondholders, the local unit to:

a. Recover all costs of acquisition, construction or operation,
including the costs of raw materials, administration, real or personal
property, maintenance, taxes, debt service charges, fees and an
amount equal to any operating budget deficit occurring in the
immediately preceding fiscal year;

b. Establish a surplus in an amount sufficient to provide for the
reasonable anticipation of any contingency that may affect the
operating of the sewerage facility, and, at the discretion of the local
unit or units, allow for the transfer of moneys from the budget for
the sewerage facilities to the local budget in accordance with
section 5 of P.L.1983, c.111 (C.40A:4-35.1).1

(cf: P.L.1994, c.78, s.6)

9. N.J.S.40A:31-10 is amended to read as follows:

40A:31-10. a. After the commencement of operation of water
supply facilities, the local unit or units may prescribe and, from
time to time, alter rates or rentals to be charged to users of water
supply services. Rates or rentals being in the nature of use or
service charges or annual rental charges, shall be uniform and
equitable for the same type and class of use or service of the
facilities, except as permitted by section 7 of P.L.1994, c.78
(C.40A:31-10.1) or section 4 of P.L. c. (C. ) (pending
before the Legislature as this bill). Rates or rentals and types and
classes of use and service may be based on any factors which the
governing body or bodies of that local unit or units shall deem
proper and equitable within the region served.

b. Every local unit operating a municipal water supply facility
shall establish a rate structure that provides for uniform rates,
rentals, or other charges for water supply service and fire protection
systems.

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

c. In fixing rates, rental and other charges for supplying water
services, the local unit or units shall establish a rate structure that
allows, within the limits of any lawful covenants made with bondholders, the local unit to:

(1) Recover all costs of acquisition, construction or operation, including the costs of raw materials, administration, real or personal property, maintenance, taxes, debt service charges, fees and an amount equal to any operating budget deficit occurring in the immediately preceding fiscal year;

(2) Establish a surplus in an amount sufficient to provide for the reasonable anticipation of any contingency that may affect the operation of the utility, and, at the discretion of the local unit or units, allow for the transfer of moneys from the budget for the water supply facilities to the local budget in accordance with section 5 of P.L.1983, c.111 (C.40A:4-35.1).

d. No local unit or units shall impose any rates or rentals in excess of the cost of water actually used for any sprinkler system required to be installed in any residential health care facility pursuant to the "Health Care Facilities Planning Act," P.L.1971, c.136 (C.26:2H-1 et seq.) and regulations promulgated thereunder or in any rooming or boarding house pursuant to the "Rooming and Boarding House Act of 1979," P.L.1979, c.496 (C.55:13B-1 et al.) and regulations promulgated thereunder.

e. Nothing in this section shall preclude a local unit operating a municipal water supply facility from requiring separate dedicated service lines for fire protection. The local unit may require that fire service lines be metered. Nothing in this section shall alter the liability for maintenance and repair of service lines which exists on the effective date of P.L.2003, c.278.¹

¹[4.] ¹ ¹ This act shall take effect immediately, but any rate reduction shall remain inoperative until the first day of the fourth month next following the date of enactment.