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SENATE, No. 1247

STATE OF NEW JERSEY
218th LEGISLATURE

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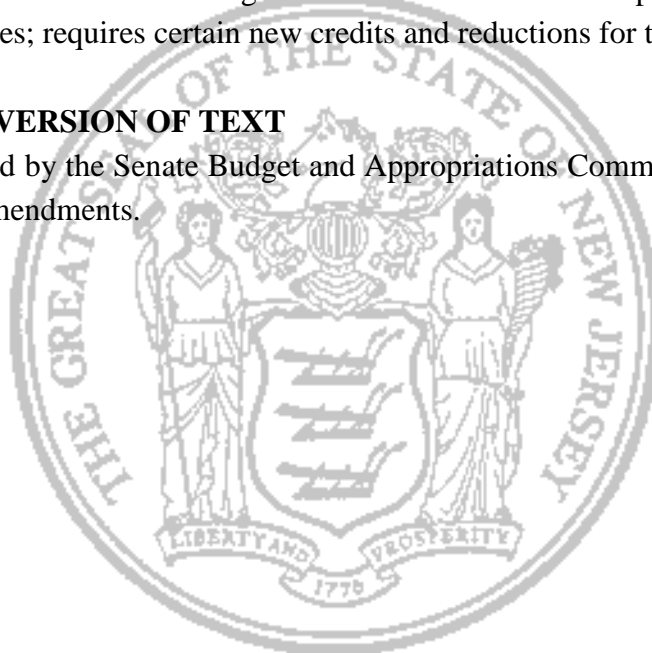
Senator Van Drew

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 reported by the Senate Budget and Appropriations Committee on June 4, 2018, with amendments.



(Sponsorship Updated As Of: 6/22/2018)

1 AN ACT concerning certain utility connection fees, supplementing
2 Title 40 of the Revised Statutes and Title 40A of the New Jersey
3 Statutes, and amending P.L.2005, c.29.

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

7
8 1. (New section) a. For a property connected to the sewerage
9 system for less than 20 years, a sewerage authority may charge an
10 additional connection or tapping fee for an addition, alteration, or
11 change in use that materially increases the level of use and imposes
12 a greater demand on the sewerage system, but does not involve a
13 new physical connection of the property to the sewerage system.

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

18 c. Nothing in this section shall be construed to preclude a
19 sewerage authority from charging a new or additional connection or
20 tapping fee for any new or additional connection of a property to
21 the sewerage system, or for any increase in the size of an existing
22 connection ¹or for any new construction of additional service units
23 connected¹ to the sewerage system that ¹materially¹ increases the
24 level of use or demand on the sewerage system.

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

34
35 2. (New section) a. A sewerage authority shall provide a credit
36 applicable toward a connection or tapping fee to be charged for a
37 reconnection of a disconnected property that was previously
38 connected to the sewerage system, provided that:

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

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

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

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:

¹Senate SCU committee amendments adopted March 26, 2018.

²Senate SBA committee amendments adopted June 4, 2018.

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

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

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

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

25 (1) 20 percent of the service charges that would have been paid
26 based upon the usage for the last full year that the property was
27 connected to the sewerage system for the period from the date of
28 the disconnection from the sewerage system to the date of the new
29 connection; or

30 (2) the new connection fee.

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

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

43
44 3. Section 2 of P.L.2005, c.29 (C.40:14A-8.3) is amended to
45 read as follows:

46 2. a. A county, regional or municipal sewerage authority shall
47 establish within its rates or schedules a 50% reduction in the
48 connection fee or tapping fee assessed pursuant to section 8 of

1 P.L.1946, c.138 (C.40:14A-8) for new connections to the sewerage
2 system which is to be charged to public housing authorities **【and】** ,
3 to non-profit organizations building affordable housing projects ,
4 and to any other affordable housing, including affordable housing
5 units in inclusionary projects.

6 b. For units previously connected to the authority's system that
7 were demolished or refurbished to allow for new affordable housing
8 units and for which a connection or tapping fee was previously
9 paid, a county, regional or municipal sewerage authority shall
10 establish within its rates or schedules a credit against the connection
11 fee or tapping fee to be assessed for connection with the sewerage
12 system to public housing authorities **【and】** , non-profit
13 organizations building affordable projects , and to any other
14 affordable housing, including affordable housing units in
15 inclusionary projects. The credit shall be the connection fee or
16 tapping fee previously assessed and paid for connection with the
17 sewerage system for units previously connected to the authority's
18 system.

19 c. The connection fee or tapping fee assessable against a public
20 housing authority **【or】** , non-profit organization , or other
21 affordable housing owner, for units previously connected to the
22 authority's system that were demolished or refurbished to allow for
23 new affordable housing units, including affordable housing units in
24 inclusionary projects, shall be the lesser of the reduced rate
25 provided for in subsection a. of this section, or the current non-
26 reduced rate applicable to other types of housing developments
27 minus the credit provided under subsection b. of this section for
28 units for which a connection fee or tapping fee was previously paid,
29 provided that said public housing authority **【or】** , non-profit
30 organization , or other affordable housing owner can establish the
31 connection fee or tapping fee was previously assessed and paid for
32 connection with the system. If the same cannot be established, the
33 reduced rate provided for in subsection a. of this section shall be
34 assessed.

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

36

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

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

1 c. Nothing in this section shall be construed to preclude a
2 municipal authority from charging a new or additional connection
3 or tapping fee for any new or additional connection of a property to
4 the water or sewerage system, or for any increase in the size of an
5 existing connection or for any new construction of additional
6 service units connected¹ to the water or sewerage system that
7 materially¹ increases the level of use or demand on the water or
8 sewerage system.

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

19

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

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

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

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

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

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

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

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

7 (1) 20 percent of the service charges that would have been paid
8 based upon the usage for the last full year that the property was
9 connected to the water or sewerage system for the period from the
10 date of the disconnection from the water or sewerage system to the
11 date of the new connection; or

12 (2) the new connection fee.

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

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

26

27 6. Section 5 of P.L.2005, c.29 (C.40:14B-22.3) is amended to
28 read as follows:

29 5. a. A county, regional or municipal utilities authority shall
30 establish within its rates or schedules a 50% reduction in the
31 connection fee or tapping fee assessed pursuant to section 21 of
32 P.L.1957, c.183 (C.40:14B-21) for new connections to the water
33 system and a 50% reduction in the connection fee or tapping fee
34 assessed pursuant to section 22 of P.L.1957, c.183 (C.40:14B-22)
35 for new connections to the sewerage system which are to be
36 charged to public housing authorities **【and】** , to non-profit
37 organizations building affordable housing projects , and to any
38 other affordable housing, including affordable housing units in
39 inclusionary projects.

40 b. For units previously connected to the authority's system that
41 were demolished or refurbished to allow for new affordable housing
42 units and for which a connection fee was previously paid, a county,
43 regional or municipal utilities authority shall establish within its
44 rates or schedules a credit against the connection fee or tapping fee
45 to be assessed for connection with the water system or the sewerage
46 system to public housing authorities **【and】** , non-profit
47 organizations building affordable housing projects , and to any
48 other affordable housing, including affordable housing units in

1 inclusionary projects. The credit shall be the connection fee or
2 tapping fee previously assessed and paid for connection with the
3 water system or the sewerage system for units previously connected
4 to the authority's system.

5 c. The connection fee or tapping fee assessable against a public
6 housing authority **【or】** , non-profit organization , or other
7 affordable housing owner, for units previously connected to the
8 authority's system that were demolished or refurbished to allow for
9 new affordable housing units, including affordable housing units in
10 inclusionary projects, shall be the lesser of the reduced rate
11 provided for in subsection a. of this section, or the current non-
12 reduced rate applicable to other types of housing developments
13 minus the credit provided under subsection b. of this section for
14 units for which a connection fee or tapping fee was previously paid,
15 provided that said public housing authority **【or】** , non-profit
16 organization , or other affordable housing owner can establish the
17 connection fee or tapping fee was previously assessed and paid for
18 connection with the system. If the same cannot be established, the
19 reduced rate provided for in subsection a. of this section shall be
20 assessed.

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

22

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

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

34 c. Nothing in this section shall be construed to preclude a local
35 unit operating a county or municipal sewerage facility from
36 charging a new or additional connection or tapping fee for any new
37 or additional connection of a property to the sewerage system, or
38 for any increase in the size of an existing connection ¹or for any
39 new construction of additional service units connected¹ to the
40 sewerage system that ¹materially¹ increases the level of use or
41 demand on the sewerage system.

42 d. As used in this section, “materially increases” means any
43 increase in the number of service units; or any other change which
44 increases the level of use or demand on the sewerage system by 15
45 percent or more over the highest actual annual use and demand that
46 existed during the prior 10-year period immediately preceding the
47 addition, alteration, or change in use; provided, however, that, if the

1 property has been connected to the sewerage system for less than 10
2 years, the average level of use and demand shall be calculated based
3 on the actual period of connection.

4

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

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

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

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

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

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

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

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

40 (1) 20 percent of the service charges that would have been paid
41 based upon the usage for the last full year that the property was
42 connected to the sewerage system for the period from the date of
43 the disconnection from the sewerage system to the date of the new
44 connection; or

45 (2) the new connection fee.

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

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

10
11 9. (New section) a. A local unit operating a county or
12 municipal sewerage facility shall establish within its rates or
13 schedules a 50% reduction in the connection fee or tapping fee
14 assessed pursuant to N.J.S.40A:26A-11 for new connections to the
15 sewerage system which is to be charged to public housing
16 authorities, non-profit organizations building affordable housing
17 projects, and any other affordable housing, including affordable
18 housing units in inclusionary projects.

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

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

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

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

13 c. Nothing in this section shall be construed to preclude a local
14 unit operating a county or municipal water supply facility from
15 charging a new or additional connection or tapping fee for any new
16 or additional connection of a property to the water supply system,
17 or for any increase in the size of an existing connection ²or for any
18 new construction of additional service units connected² to the water
19 supply system that ²materially² increases the level of use or demand
20 on the water supply system.

21 d. As used in this section, “materially increases” means any
22 increase in the number of service units; or any other change which
23 increases the level of use or demand on the water supply system by
24 15 percent or more over the highest actual annual use and demand
25 that existed during the prior 10-year period immediately preceding
26 the addition, alteration, or change in use; provided, however, that, if
27 the property has been connected to the water supply system for less
28 than 10 years, the average level of use and demand shall be
29 calculated based on the actual period of connection.

30
31 11. (New section) a. A local unit operating a county or
32 municipal water supply facility shall provide a credit applicable
33 toward a connection or tapping fee to be charged for a reconnection
34 of a disconnected property that was previously connected to the
35 water supply system, provided that:

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

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

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

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

47 (2) If the reconnection requires a new physical connection,
48 increases the nature or size of the service or the number of service

1 units, or expands the use of the water supply system, the credit shall
2 be equal in amount to any connection or tapping fee previously paid
3 for the property, and the local unit shall charge the difference
4 between the credit and the connection or tapping fee for the new use
5 or class.

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

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

18 (1) 20 percent of the service charges that would have been paid
19 based upon the usage for the last full year that the property was
20 connected to the water supply system for the period from the date of
21 the disconnection from the water supply system to the date of the
22 new connection; or

23 (2) the new connection fee.

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

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

37

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

46 b. For units previously connected to the local unit’s system that
47 were demolished or refurbished to allow for new affordable housing
48 units and for which a connection or tapping fee was previously

1 paid, a local unit operating a county or municipal water supply
2 facility shall establish within its rates or schedules a credit against
3 the connection fee or tapping fee to be assessed for connection with
4 the water supply system to public housing authorities, non-profit
5 organizations building affordable projects, and to any other
6 affordable housing, including affordable housing units in
7 inclusionary projects. The credit shall be the connection fee or
8 tapping fee previously assessed and paid, for connection with the
9 water supply system for units previously connected to the local
10 unit's system.

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

27

28 13. This act shall take effect immediately.