

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

SENATE, No. 2066

with committee amendments

STATE OF NEW JERSEY

DATED: FEBRUARY 7, 2019

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 2066 (1R), with committee amendments.

Senate Bill No. 2066 (1R), with committee amendments, provides for the deferral of interest accrual on balances that are owed, but which are not promptly paid by consumers, for water and sewer services. The bill affects the accrual of interest on late payments made to a number of different government entities that sell and supply water, or that provide sewerage services to consumers in the State. These entities include municipal and county sewerage and utility authorities, municipally-operated utilities, such as municipal (water or sewer) utilities authorities, and municipally-owned waterworks. The bill provides, in particular, and with regard to each type of government-operated utility, that when a payment for water or sewer services is owed by a consumer and is not paid when due, interest will accrue on only that part of the amount that is due and payable and that remains unpaid for 30 days following the established payment due date, as identified on the consumer's bill or other statement of water or sewer service usage.

As amended and reported, this bill is identical to Assembly Bill No. 109, as also amended and reported by the committee.

COMMITTEE AMENDMENTS:

The amendments make certain technical changes and specify that the provisions of the bill do not apply to water and sewer services provided by public utilities while operating under the regulatory authority of the Board of Public Utilities.

FISCAL IMPACT:

The Office of Legislative Services (OLS) estimates that the bill would result in an indeterminate potential decrease in revenue for local water and sewerage authorities and certain municipalities ("affected entities"). Decreases in revenue could occur as a result of the required 30-day grace period for overdue water and sewer bills, which would reduce the interest collections of affected entities.

The bill requires local water and sewerage authorities, municipal water and sewerage utilities, and certain public utilities to provide a 30-day grace period prior to the accrual of interest on unpaid water and sewer bills.

Consequently, affected entities are likely to incur revenue decreases equal to the difference between: (1) the amount of interest that would have accrued on the total balances of overdue water and sewer bills immediately following the payment due date, and (2) the amount of interest that will accrue on the total balances of water and sewer bills that remain unpaid for 30 days following the payment due date.

The OLS notes that local sewerage and water authorities are currently required to impose interest, at a monthly rate of 1.5 percent, on unpaid water or sewer bills immediately following the due date. The OLS also notes that certain municipal water and sewerage utilities are currently required to provide a 30-day grace period for overdue water and sewer bills. These municipalities therefore are not expected to experience revenue decreases as a result of the bill.

Due to insufficient information, the OLS is unable to estimate the amount of overdue water and sewer bills that are likely to be paid within the 30-day grace period and the interest that would have accrued on those balances. As a result, the OLS cannot quantify the fiscal impact of the bill on affected entities.