

ASSEMBLY, No. 3940

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED APRIL 9, 2020

Sponsored by:

Assemblyman JOHN J. BURZICHELLI

District 3 (Cumberland, Gloucester and Salem)

SYNOPSIS

Modifies interest rates and accrual of interest on certain unpaid water and sewer utility bills and delinquent municipal taxes, assessments, and other municipal liens and charges.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning interest rates and the accrual of interest on
2 certain unpaid water and sewer utility bills and delinquent
3 municipal taxes, assessments, and other municipal liens and
4 charges, amending various parts of statutory law and
5 supplementing Title 58 of the Revised Statutes.

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

9
10 1. Section 3 of P.L.1946, c.138 (C.40:14A-3) is amended to
11 read as follows:

12 3. As used in **[this act]** P.L.1946, c.138 (C.40:14A-1 et seq.),
13 unless a different meaning clearly appears from the context:

14 (1) "Municipality" shall mean any city of any class, any
15 borough, village, town, township, or any other municipality other
16 than a county or a school district, and except when used in section 4
17 or 21 of **[this act]** P.L.1946, c.138 (C.40:14A-4 or 40:14A-21), any
18 agency thereof or any two or more thereof acting jointly or any joint
19 meeting or other agency of any two or more thereof;

20 (2) "County" shall mean any county of any class;

21 (3) "Governing body" shall mean, in the case of a county, the
22 board of chosen freeholders, or in the case of those counties
23 organized pursuant to the provisions of the "Optional County
24 Charter Law," P.L.1972, c.154 (C.40:41A-1 et seq.), the board of
25 chosen freeholders and the county executive, the county supervisor
26 or the county manager, as appropriate, and, in the case of a
27 municipality, the commission, council, board, or body, by whatever
28 name it may be known, having charge of the finances of the
29 municipality;

30 (4) "Person" shall mean any person, association, corporation,
31 nation, State, or any agency or subdivision thereof, other than a
32 county or municipality of the State or a sewerage authority;

33 (5) "Sewerage or water reclamation authority" shall mean a
34 public body created pursuant to section 4 of **[this act]** P.L.1946,
35 c.138 (C.40:14A-4);

36 (6) Subject to the exceptions provided in section 4 of **[this act]**
37 P.L.1946, c.138 (C.40:14A-4), "district" shall mean the area within
38 the territorial boundaries of the county, or of the municipality or
39 municipalities, which created or joined in the creation of a sewerage
40 authority;

41 (7) "Local unit" shall mean the county, or any municipality,
42 which created or joined in the creation of a sewerage authority;

43 (8) "Sewerage system" shall mean the plants, structures, on-site
44 waste-water systems, and other real and personal property acquired,
45 constructed, maintained, or operated or to be acquired, constructed,

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

Matter underlined thus is new matter.

1 maintained, or operated by a sewerage authority for the purposes of
2 the sewerage authority, including sewers, conduits, pipe lines,
3 mains, pumping and ventilating stations, sewage treatment or
4 disposal systems, plants and works, connections, and outfalls,
5 compensating reservoirs, and other plants, structures, boats,
6 conveyances, and other real and personal property, and rights
7 therein, and appurtenances necessary or useful and convenient for
8 the collection, treatment, purification, or disposal in a sanitary
9 manner of any sewage, liquid or solid wastes, night soil, or
10 industrial wastes;

11 (9) "Cost" shall mean, in addition to the usual connotations
12 thereof, the cost of acquisition or construction of all or any part of a
13 sewerage system and of all or any property, rights, easements,
14 privileges, agreements, and franchises deemed by the sewerage
15 authority to be necessary or useful and convenient therefor or in
16 connection therewith and the cost of retiring the present value of the
17 unfunded accrued liability due and owing by a sewerage authority,
18 as calculated by the system actuary for a date certain upon the
19 request of a sewerage authority, for early retirement incentive
20 benefits granted by the sewerage authority pursuant to P.L.1991,
21 c.230 and P.L.1993, c.181, including interest or discount on bonds,
22 cost of issuance of bonds, engineering and inspection costs and
23 legal expenses, costs of financial, professional, and other estimates
24 and advice, organization, administrative, operating, and other
25 expenses of the sewerage authority prior to and during such
26 acquisition or construction, and all such other expenses as may be
27 necessary or incident to the financing, acquisition, construction, and
28 completion of **[said]** the sewerage system or part thereof and the
29 placing of the same in operation, and also such provision or
30 reserves for working capital, operating, maintenance, or
31 replacement expenses or for payment or security of principal of or
32 interest on bonds during or after such acquisition or construction as
33 the sewerage authority may determine, and also reimbursements to
34 the sewerage authority or any county, municipality, or other person
35 of any moneys theretofore expended for the purposes of the
36 sewerage authority or to any county or municipality of any moneys
37 theretofore expended for in connection with sanitation facilities;

38 (10) "Real property" shall mean lands both within and without
39 the State, and improvements thereof or thereon, or any rights or
40 interests therein;

41 (11) "Construct" and "construction" shall connote and include
42 acts of construction, reconstruction, replacement, extension,
43 improvement, and betterment of a sewerage system;

44 (12) "Industrial wastes" shall mean liquid or other wastes
45 resulting from any processes of industry, manufacture, trade, or
46 business or from the development of any natural resource;

47 (13) "Sewage" shall mean the water-carried wastes created in and
48 carried, or to be carried, away from, or to be processed by on-site

1 wastewater systems, residences, hotels, apartments, schools,
2 hospitals, industrial establishments, or any other public or private
3 building, together with such surface or ground water and industrial
4 wastes as may be present;

5 (14) "On-site wastewater system" means any of several works,
6 facilities, septic tanks, or other devices, used to collect, treat,
7 reclaim, or dispose of wastewater or sewage on or adjacent to the
8 property on which the wastewater or sewage is produced, or to
9 convey such wastewater or sewage from **[said]** that property to
10 such facilities as the authority may establish for its disposal;

11 (15) "Pollution" means the condition of water resulting from the
12 introduction therein of substances of a kind and in quantities
13 rendering it detrimental or immediately or potentially dangerous to
14 the public health, or unfit for public or commercial use;

15 (16) "Ordinance" means a written act of the governing body of a
16 municipality adopted and otherwise approved and published in the
17 manner or mode of procedure prescribed for ordinances tending to
18 obligate such municipality pecuniarily;

19 (17) "Resolution" means a written act of the governing body of a
20 local unit adopted and otherwise approved in the manner or mode of
21 procedure prescribed for resolutions tending to obligate such local
22 unit pecuniarily;

23 (18) "Bonds" shall mean bonds or other obligations issued
24 pursuant to **[this act]** P.L.1946, c.138 (C.40:14A-1 et seq.); **[and]**

25 (19) "Compensating reservoir" shall mean the structures,
26 facilities, and appurtenances for the impounding, transportation, and
27 release of water for the replenishment in periods of drought or at
28 other necessary times of all or a part of waters in or bordering the
29 State diverted into a sewer, sewage treatment, or sewage disposal
30 system operated by the sewerage authority; and

31 (20) "Prevailing municipal bond yield" means the average
32 estimated yield that would be offered on 20-year general obligation
33 bonds with a composite rating of approximately "A" as reflected by
34 the Bond Buyer 20-Bond Municipal Bond Index during the first
35 week of the last month of the calendar year immediately preceding
36 the calendar year in which the service charge was due; provided
37 however, that, if the sewerage authority determines that the average
38 estimated yield decreases by more than one percentage point from
39 the yield previously determined, the sewerage authority shall
40 redetermine the prevailing municipal bond yield to be that average
41 estimated yield for subsequent calendar quarters of the calendar
42 year in which service charges become due.

43 (cf: P.L.2002, c.42, s.4)

44
45 2. Section 21 of P.L.1946, c.138 (C.40:14A-21) is amended to
46 read as follows:

47 21. (a) In the event that a service charge of any sewerage
48 authority with regard to any parcel of real property shall not be paid

1 as and when due and remains unpaid for 30 days following the date
2 for the payment thereof, interest shall accrue and be due to the
3 sewerage authority on the unpaid balance at **the** a rate **of** 1 1/2
4 % per month **equal to the prevailing municipal bond yield assessed**
5 **for each month or fraction thereof, compounded annually at the end**
6 **of each year, from the date the service charge was originally due**
7 until **such** the date the service charge, and the interest thereon,
8 shall be fully paid to the sewerage authority.

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

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

44 (d) In the event that a service charge of any sewerage authority
45 with regard to any parcel of real property shall not be paid as and
46 when due, the sewerage authority may, in accordance with section
47 **twenty-six** 26 of this act P.L.1946, c.138 (C.40:14A-26), cause

1 the supply of water to such parcel to be stopped or restricted until
2 such service charge and any subsequent service charge with regard
3 to such parcel and all interest accrued thereon shall be fully paid to
4 the sewerage authority. If for any **any** reason such supply of
5 water shall not be promptly stopped or restricted as required by
6 section **twenty-six** 26 of **this act** P.L.1946, c.138 (C.40:14A-
7 26), the sewerage authority may itself shut off or restrict such
8 supply and, for that purpose, may enter on any lands, waters, or
9 premises of any county, municipality, or other person. The supply
10 of water to such parcel shall, notwithstanding the provisions of this
11 subsection, be restored or increased if the **State** Department of
12 Health, upon application of the local board of health or health
13 officer of the municipality where such parcel is situate, shall after
14 public hearing find and shall certify to the sewerage authority that
15 the continuance of such stopping or restriction of the supply of
16 water endangers the health of the public in such municipality.

17 (e) The collector or other officer of every municipality charged
18 by law with the duty of enforcing municipal liens on real property
19 shall enforce, with and as any other municipal lien on real property
20 in such municipality, all service charges and the lien thereof shown
21 in any statement filed with him by any sewerage authority pursuant
22 to subsection (b) of this section, and shall pay over to the sewerage
23 authority the sums or a pro rata share of the sums realized upon
24 such enforcement or upon liquidation of any property acquired by
25 the municipality by virtue of such enforcement.

26 (f) In the event that any service charge of a sewerage authority
27 shall not be paid as and when due, the unpaid balance thereof and
28 all interest accrued thereon, together with attorney's fees and costs,
29 may be recovered by the sewerage authority in a civil action, and
30 any lien on real property for such service charge and interest
31 accrued thereon may be foreclosed or otherwise enforced by the
32 sewerage authority by action or suit in equity as for the foreclosure
33 of a mortgage on such real property.

34 (g) All rights and remedies granted by **this act** P.L.1946,
35 c.138 (C.40:14A-1 et seq.) for the collection and enforcement of
36 service charges shall be cumulative and concurrent.

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

38

39 3. Section 3 of P.L.1957, c.183 (C.40:14B-3) is amended to
40 read as follows:

41 3. As used in **this act** P.L.1957, c.183 (C.40:14B-1 et seq.),
42 unless a different meaning clearly appears from the context:

43 (1) "Municipality" shall mean any city of any class, any
44 borough, village, town, township, or any other municipality other
45 than a county or a school district, and except when used in section
46 4, 5, 6, 11, 12, 13, 42, or 45 of **this act** P.L.1957, c.183
47 (C.40:14B-4, 40:14B-5, 40:14B-6, 40:14B-11, 40:14B-12, 40:14B-

1 13, 40:14B-42, or 40:14B-45), any agency thereof or any two or
2 more thereof acting jointly or any joint meeting or other agency of
3 any two or more thereof;

4 (2) "County" shall mean any county of any class;

5 (3) "Governing body" shall mean, in the case of a county, the
6 board of chosen freeholders, or in the case of those counties
7 organized pursuant to the provisions of the "Optional County
8 Charter Law," P.L.1972, c.154 (C.40:41A-1 et seq.), the board of
9 chosen freeholders and the county executive, the county supervisor
10 or the county manager, as appropriate, and, in the case of a
11 municipality, the commission, council, board, or body, by whatever
12 name it may be known, having charge of the finances of the
13 municipality;

14 (4) "Person" shall mean any person, association, corporation,
15 nation, state, or any agency or subdivision thereof, other than a
16 county or municipality of the State or a municipal authority;

17 (5) "Municipal authority," "authority," or "water reclamation
18 authority" shall mean a public body created or organized pursuant
19 to section 4, 5, or 6 of **[this act]** P.L.1957, c.183 (C.40:14B-4,
20 40:14B-5, or 40:14B-6) and shall include a municipal utilities
21 authority created by one or more municipalities and a county
22 utilities authority created by a county;

23 (6) Subject to the exceptions provided in section 10, 11, or 12 of
24 **[this act]** P.L.1957, c.183 (C.40:14B-10, 40:14B-11, or 40:14B-
25 12), "district" shall mean the area within the territorial boundaries
26 of the county, or of the municipality or municipalities, which
27 created or joined in or caused the creation or organization of a
28 municipal authority;

29 (7) "Local unit" shall mean the county, or any municipality,
30 which created or joined in or caused the creation or organization of
31 a municipal authority;

32 (8) "Water system" shall mean the plants, structures, and other
33 real and personal property acquired, constructed, or operated or to
34 be acquired, constructed, or operated by a municipal authority or by
35 any person to whom a municipal authority has extended credit for
36 this purpose for the purposes of the municipal authority, including
37 reservoirs, basins, dams, canals, aqueducts, standpipes, conduits,
38 pipelines, mains, pumping stations, water distribution systems,
39 compensating reservoirs, waterworks or sources of water supply,
40 wells, purification or filtration plants or other plants and works,
41 connections, rights of flowage or division, and other plants,
42 structures, boats, conveyances, and other real and personal property,
43 and rights therein, and appurtenances necessary or useful and
44 convenient for the accumulation, supply, and redistribution of
45 water.

46 The term "water system" shall include the replacement of service
47 connections to a publicly-owned water system, from the distribution
48 main onto privately-owned real property and into a privately-owned

1 structure, when used in reference to a project undertaken for the
2 purpose of replacing lead-contaminated service connections,
3 regardless of possible private service connection ownership, so long
4 as the project is (a) an environmental infrastructure project, as
5 defined under section 3 of P.L.1985, c.334 (C.58:11B-3), and (b)
6 funded either by loans from the New Jersey Infrastructure Bank,
7 created pursuant to section 4 of P.L.1985, c.334 (C.58:11B-4), or by
8 loans issued through the Department of Environmental Protection;

9 (9) "Sewerage system" shall mean the plants, structures, on-site
10 wastewater systems, and other real and personal property acquired,
11 constructed, or operated or to be acquired, constructed, maintained,
12 or operated by a municipal authority or by any person to whom a
13 municipal authority has extended credit for this purpose for the
14 purposes of the municipal authority, including sewers, conduits,
15 pipelines, mains, pumping and ventilating stations, sewage
16 treatment or disposal systems, plants and works, connections,
17 outfalls, compensating reservoirs, and other plants, structures,
18 boats, conveyances, and other real and personal property, and rights
19 therein, and appurtenances necessary or useful and convenient for
20 the collection, treatment, purification, or disposal in a sanitary
21 manner of any sewage, liquid or solid wastes, night soil, or
22 industrial wastes;

23 (10) "Utility system" shall mean a water system, solid waste
24 system, sewerage system, or a hydroelectric system or any
25 combination of such systems, acquired, constructed, or operated or
26 to be acquired, constructed, or operated by a municipal authority or
27 by any person to whom a municipal authority has extended credit
28 for this purpose;

29 (11) "Cost" shall mean, in addition to the usual connotations
30 thereof, the cost of acquisition or construction of all or any part of a
31 utility system and of all or any property, rights, easements,
32 privileges, agreements, and franchises deemed by the municipal
33 authority to be necessary or useful and convenient therefor or in
34 connection therewith and the cost of retiring the present value of the
35 unfunded accrued liability due and owing by a municipal authority,
36 as calculated by the system actuary for a date certain upon the
37 request of a municipal authority, for early retirement incentive
38 benefits granted by the municipal authority pursuant to P.L.1991,
39 c.230 and P.L.1993, c.181, including interest or discount on bonds,
40 cost of issuance of bonds, engineering and inspection costs and
41 legal expenses, cost of financial, professional and other estimates
42 and advice, organization, administrative, operating, and other
43 expenses of the municipal authority prior to and during such
44 acquisition or construction, and all such other expenses as may be
45 necessary or incident to the financing, acquisition, construction and
46 completion of **【said】** the utility system or part thereof and the
47 placing of the same in operation, and also such provision or
48 reserves for working capital, operating, maintenance, or

1 replacement expenses or for payment or security of principal of or
2 interest on bonds during or after such acquisition or construction as
3 the municipal authority may determine, and also reimbursements to
4 the municipal authority or any county, municipality, or other person
5 of any moneys theretofore expended for the purposes of the
6 municipal authority or to any county or municipality of any moneys
7 theretofore expended for or in connection with water supply, solid
8 waste, water distribution, sanitation, or hydroelectric facilities;

9 (12) "Real property" shall mean lands both within or without the
10 State, and improvements thereof or thereon, or any rights or
11 interests therein;

12 (13) "Construct" and "construction" shall connote and include
13 acts of construction, reconstruction, replacement, extension,
14 improvement, and betterment of a utility system;

15 (14) "Industrial wastes" shall mean liquid or other wastes
16 resulting from any processes of industry, manufacture, trade, or
17 business or from the development of any natural resource, and shall
18 include any chemical wastes or hazardous wastes;

19 (15) "Sewage" shall mean the water-carried wastes created in and
20 carried, or to be carried, away from, or to be processed by on-site
21 wastewater systems, residences, hotels, apartments, schools,
22 hospitals, industrial establishments, or any other public or private
23 building, together with such surface or ground water and industrial
24 wastes and leachate as may be present;

25 (16) "On-site wastewater system" means any of several facilities,
26 septic tanks or other devices, used to collect, treat, reclaim, or
27 dispose of wastewater or sewage on or adjacent to the property on
28 which the wastewater or sewage is produced, or to convey such
29 wastewater or sewage from **【said】** that property to such facilities as
30 the authority may establish for its disposal;

31 (17) "Pollution" means the condition of water resulting from the
32 introduction therein of substances of a kind and in quantities
33 rendering it detrimental or immediately or potentially dangerous to
34 the public health, or unfit for public or commercial use;

35 (18) "Bonds" shall mean bonds or other obligations issued
36 pursuant to **【this act】** P.L.1957, c.183 (C.40:14B-1 et seq.);

37 (19) "Service charges" shall mean water service charges, solid
38 waste service charges, sewer service charges, hydroelectric service
39 charges, or any combination of such charges, as **【said】** those terms
40 are defined in section 21 or 22 of **【this act】** P.L.1957, c.183
41 (C.40:14B-21 or 40:14B-22) or in section 7 of **【this amendatory and**
42 **supplementary act】** P.L.1980, c.34 (C.40:14B-21.1);

43 (20) "Compensating reservoir" shall mean the structures,
44 facilities, and appurtenances for the impounding, transportation, and
45 release of water for the replenishment in periods of drought or at
46 other necessary times of all or a part of waters in or bordering the

1 State diverted into a utility system operated by a municipal
2 authority;

3 (21) "Sewage or water reclamation authority" shall mean a public
4 body created pursuant to the "sewerage authorities law," P.L.1946,
5 c.138 (C.40:14A-1 et seq.) or the acts amendatory thereof or
6 supplemental thereto;

7 (22) "County sewer authority" shall mean a sanitary sewer
8 district authority created pursuant to the act entitled "An act relating
9 to the establishment of sewerage districts in first- and second-class
10 counties, the creation of Sanitary Sewer District Authorities by the
11 establishing of such districts, prescribing the powers and duties of
12 any such authority and of other public bodies in connection with the
13 construction of sewers and sewage disposal facilities in any such
14 district, and providing the ways and means for paying the costs of
15 construction and operation thereof," approved April 23, 1946
16 (P.L.1946, c.123), or the acts amendatory thereof or supplemental
17 thereto;

18 (23) "Chemical waste" shall mean a material normally generated
19 by or used in chemical, petrochemical, plastic, pharmaceutical,
20 biochemical, or microbiological manufacturing processes or
21 petroleum refining processes, which has been selected for waste
22 disposal and which is known to hydrolyze, ionize, or decompose,
23 which is soluble, burns, or oxidizes, or which may react with any of
24 the waste materials which are introduced into the landfill, or which
25 is buoyant on water, or which has a viscosity less than that of water
26 or which produces a foul odor. Chemical waste may be either
27 hazardous or nonhazardous;

28 (24) "Effluent" shall mean liquids which are treated in and
29 discharged by sewage treatment plants;

30 (25) "Hazardous wastes" shall mean any waste or combination of
31 waste which poses a present or potential threat to human health,
32 living organisms, or the environment. "Hazardous waste" shall
33 include, but not be limited to, waste material that is toxic, corrosive,
34 irritating, sensitizing, radioactive, biologically infectious, explosive,
35 or flammable;

36 (26) "Leachate" shall mean a liquid that has been in contact with
37 solid waste and contains dissolved or suspended materials from that
38 solid waste;

39 (27) "Recycling" shall mean the separation, collection,
40 processing, or recovery of metals, glass, paper, solid waste, and
41 other materials for reuse or for energy production and shall include
42 resource recovery;

43 (28) "Sludge" shall mean any solid, semisolid, or liquid waste
44 generated from a municipal, industrial, or other sewage treatment
45 plant, water supply treatment plant, or air pollution control facility,
46 or any other such waste having similar characteristics and effects【;
47 "sludge"】. "Sludge" shall not include effluent;

- 1 (29) "Solid waste" shall mean garbage, refuse, and other
2 discarded materials resulting from industrial, commercial, and
3 agricultural operations, and from domestic and community
4 activities, and shall include all other waste materials including
5 sludge, chemical waste, hazardous wastes and liquids, except for
6 liquids which are treated in public sewage treatment plants and
7 except for solid animal and vegetable wastes collected by swine
8 producers licensed by the **State** Department of Agriculture to
9 collect, prepare, and feed such wastes to swine on their own farms;
- 10 (30) "Solid waste system" shall mean and include the plants,
11 structures, and other real and personal property acquired,
12 constructed, or operated or to be acquired, constructed, or operated
13 by an authority or by any person to whom a municipal authority has
14 extended credit for this purpose pursuant to the provisions of **this**
15 **act** P.L.1957, c.183 (C.40:14B-1 et seq.), including transfer
16 stations, incinerators, recycling facilities, including facilities for the
17 generation, transmission, and distribution of energy derived from
18 the processing of solid waste, sanitary landfill facilities, or other
19 property or plants for the collection, recycling, or disposal of solid
20 waste and all vehicles, equipment, and other real and personal
21 property and rights thereon and appurtenances necessary or useful
22 and convenient for the collection, recycling, or disposal of solid
23 waste in a sanitary manner;
- 24 (31) "Hydroelectric system" shall mean the plants, structures,
25 and other real and personal property acquired, constructed, or
26 operated or to be acquired, constructed or operated by an authority
27 pursuant to the provisions of **this act** P.L.1957, c.183 (C.40:14B-
28 1 et seq.), including all that which is necessary or useful and
29 convenient for the generation, transmission, and sale of
30 hydroelectric power at wholesale;
- 31 (32) "Hydroelectric power" shall mean the production of electric
32 current by the energy of moving water;
- 33 (33) "Sale of hydroelectric power at wholesale" shall mean any
34 sale of hydroelectric power to any person for purposes of resale of
35 such power;
- 36 (34) "Alternative electrical energy" shall mean electrical energy
37 produced from solar, photovoltaic, wind, geothermal, or biomass
38 technologies, provided that in the case of biomass technology, the
39 biomass is cultivated and harvested in a sustainable manner;
- 40 (35) "Alternative electrical energy system" shall mean any
41 system which uses alternative electrical energy to provide all or a
42 portion of the electricity for the heating, cooling, or general
43 electrical energy needs of a building;
- 44 (36) "Pilot county" shall mean a county of the second class
45 having a population between 280,000 and 290,000, a population
46 between 510,000 and 520,000, and a population between 530,000
47 and 540,000 according to the 2010 federal decennial census; **and**

1 (37) "Pilot county utilities authority" shall mean a county
2 utilities authority in a county designated as a pilot county; and

3 (38) "Prevailing municipal bond yield" means the average
4 estimated yield that would be offered on 20-year general obligation
5 bonds with a composite rating of approximately "A" as reflected by
6 the Bond Buyer 20-Bond Municipal Bond Index during the first
7 week of the last month of the calendar year immediately preceding
8 the calendar year in which the service charge was due; provided
9 however, that, if the municipal authority determines that the
10 average estimated yield decreases by more than one percentage
11 point from the yield previously determined, the municipal authority
12 shall redetermine the prevailing municipal bond yield to be that
13 average estimated yield for subsequent calendar quarters of the
14 calendar year in which service charges become due.

15 (cf: P.L.2018, c.114, s.1)

16
17 4. Section 41 of P.L.1957, c.183 (C.40:14B-41) is amended to
18 read as follows:

19 41. In the event that a service charge of any municipal authority
20 with regard to any parcel of real property shall not be paid as and
21 when due and remains unpaid for 30 days following the date for the
22 payment thereof, interest shall accrue and be due to the municipal
23 authority on the unpaid balance at **【the】** a rate **【of 1 1/2% per**
24 **month】** equal to the prevailing municipal bond yield assessed for
25 each month or fraction thereof, compounded annually at the end of
26 each year, from the date the service charge was originally due until
27 **【such】** the date the service charge, and the interest thereon, shall be
28 fully paid to the municipal authority.

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

30
31 5. Section 1 of P.L.1952, c.324 (C.40:62-83.1) is amended to
32 read as follows:

33 1. Any municipality which, pursuant to law, furnishes a supply
34 of water and sewerage service to the inhabitants of another
35 municipality, may, if prompt payment of any water or sewer rent, or
36 charges for work done or materials furnished for such services, is
37 not made by any such inhabitant when due, discontinue the service
38 so furnished to any such inhabitant in arrears until such arrears with
39 interest and penalties, as may be charged and assessed in
40 accordance with R.S.54:4-67, shall be fully paid.

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

42
43 6. R.S.40:62-107 is amended to read as follows:

44 40:62-107. The governing body of any municipality owning its
45 water and sewer systems and operating the same as one utility may
46 fix a combination water and sewer rental, and in case prompt
47 payment of **【said】** that combined rent is not made according to the

1 regulations adopted by **【said】** that governing body cause **【said】**
2 water to be shut off from such houses, tenements, buildings, or
3 other premises so supplied and not to turn the same on again until
4 all arrears, with interest and penalties, as may be charged and
5 assessed in accordance with R.S.54:4-67, shall be fully paid.

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

7
8 7. R.S.40:62-107.6 is amended to read:

9 40:62-107.6. a. After any municipality shall have purchased a
10 water distribution system pursuant to **【sections 40:62-107.4】**
11 R.S.40:62-107.4 and **【40:62-107.5 of this title】** R.S.40:62-107.5,
12 the governing body of the municipality shall be authorized to
13 operate the water distribution system as nearly as may be as a part
14 of its own system, and any schedule of rates, rents, charges, and
15 penalties which the governing body shall thereafter fix shall be
16 applicable to water users within both municipalities, and in the
17 collection of all rates, rents, charges, and penalties, as may be
18 charged and assessed in accordance with R.S.54:4-67, the
19 municipality shall have all the rights and remedies that may apply
20 to private water companies supplying water to municipalities of this
21 State.

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

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

29 Nothing in this section shall preclude the governing body of a
30 municipality that has purchased a water distribution system from
31 requiring separate dedicated service lines for fire protection. The
32 governing body of a municipality that has purchased a water
33 distribution system may require that fire service lines be metered.
34 Nothing in this section shall alter the liability for maintenance and
35 repair of service lines which exists on the effective date of
36 P.L.2003, c.278.

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

38
39 8. R.S.40:62-141 is amended to read as follows:

40 40:62-141. The owner of any house, tenement, building, or lot
41 shall be liable for the payment of the price or rent as fixed by the
42 commission for the use of water by such owner or by the occupier,
43 and for the installation, purchase price, repair, and testing of any
44 water meter or water meters, water service, water services,
45 connections, appliances or parts, and renewals thereof furnished or
46 made by the commission, in, upon, or connecting with such house,
47 tenement, building, or lot and the interest and penalties as may be
48 charged and assessed in accordance with R.S.54:4-67.

1 The price or rent so fixed, and the other costs, expenses, interest
2 and penalties, as may be charged and assessed in accordance with
3 R.S.54:4-67, shall be a lien upon such house, tenement, building, or
4 lot until the same shall be paid and satisfied, and shall be
5 enforceable by an action at law in any **【competent】** court of
6 competent jurisdiction.

7 The commission shall notify the officers or board having charge
8 of the collection of taxes in each municipality in which the
9 commission shall supply water to any of the inhabitants of such
10 municipality, that the commission is supplying water to such
11 inhabitants, and requesting **【said】** those officials or board to notify
12 all persons applying for a certificate showing municipal or other
13 liens against property in such municipality, that the applicant must
14 apply to the commission to ascertain the amount of water rents or
15 other charges due to the commission, which are by law made a lien
16 upon the premises covered by the certificate.

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

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

21
22 9. R.S.40:62-142 is amended to read as follows:

23 40:62-142. In case prompt payment of any water rent or rents, or
24 for work done or materials furnished, is not made when due, the
25 water may be shut off from such real estate, and shall not be again
26 supplied thereto until the arrears with interest and penalties, as may
27 be charged and assessed in accordance with R.S.54:4-67, shall be
28 fully paid.

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

30
31 10. N.J.S.40A:26A-3 is amended to read as follows:

32 40A:26A-3. As used in **【this act】** N.J.S.40A:26A-1 et seq.:

33 "Bonds" means bond anticipation notes or bonds issued in
34 accordance with the "Local Bond Law," N.J.S.40A:2-1 et seq.

35 "Cost" as applied to sewerage facilities or extensions or additions
36 thereto, means the cost of acquisition or the construction including
37 improvement, reconstruction, extension, or enlargement, the cost of
38 all lands, property, rights, and easements acquired. The cost of
39 demolition or removal of any buildings or structures thereon,
40 financing charges, interest on bonds issued to finance sewerage
41 facilities prior to and during construction, the cost of plans and
42 specifications, surveys or estimates of costs and revenues, the cost
43 of engineering, legal services, and any other expenses necessary or
44 incident to determining the feasibility of construction,
45 administrative, and other expenses as may be necessary or incident
46 to the construction or acquisition of sewerage facilities and the
47 financing thereof.

48 "Local unit" means a county or municipality.

1 “Prevailing municipal bond yield” means the average estimated
2 yield that would be offered on 20-year general obligation bonds
3 with a composite rating of approximately “A” as reflected by the
4 Bond Buyer 20-Bond Municipal Bond Index during the first week
5 of the last month of the calendar year immediately preceding the
6 calendar year in which the payment was due; provided however,
7 that, if the governing body of the local unit or each participating
8 local unit determines that the average estimated yield decreases by
9 more than one percentage point from the yield previously
10 determined, the governing body of the local unit or each
11 participating local unit shall redetermine the prevailing municipal
12 bond yield to be that average estimated yield for subsequent
13 calendar quarters of the calendar year in which payments become
14 due.

15 “Sewerage facilities” means the plants, structures, or other real
16 and personal property acquired, constructed, or operated, or to be
17 financed, acquired, constructed, or operated, or any parts thereof,
18 used for the storage, collection, reduction, reclamation, disposal,
19 separation, or other treatment of wastewater or sewage sludge or for
20 the final disposal of residues resulting from the treatment of
21 wastewater, including, but not limited to, pumping and ventilating
22 stations, treatment plants and works, connections, outfall servers,
23 interceptors, trunk lines, and other appurtenances necessary for their
24 use or operation.

25 (cf: N.J.S.40A:26A-3)

26
27 11. N.J.S.40A:26A-12 is amended to read as follows:

28 40A:26A-12. Rates, rentals, connection fees, or other charges
29 levied in accordance with N.J.S.40A:26A-10 and 40A:26A-11, shall
30 be a first lien or charge against the property benefited therefrom. If
31 any part of the amount due and payable in rates, rentals, connection
32 fees, or other charges remain unpaid for 30 days following the date
33 for the payment thereof, interest upon the amount unpaid shall
34 accrue and be due at [a] the rate [of] prescribed for interest on
35 payments required to be [determined] made in accordance with
36 N.J.S.40A:26A-17. The governing body or bodies of the local unit
37 or units may authorize payment of delinquent assessments on an
38 installment basis in accordance with R.S.54:5-19. Liens levied in
39 accordance with this section shall be enforceable in the manner
40 provided for real property tax liens in chapter 5 of Title 54 of the
41 Revised Statutes.

42 Nothing in this section shall be construed to limit the right of a
43 local unit or local units to discontinue service of any property for
44 the failure to pay any amount owing within 30 days after the date
45 the amount is due and payable, if written notice of the proposed
46 discontinuance of service and of the reasons therefor has been
47 given, within at least 10 days prior to the date of discontinuance, to
48 the owner of record of the property. In the event that notice is

1 provided by mail, the notice requirements shall be satisfied if the
2 mailing is made to the last known address of the owner of record
3 and is postmarked at least 10 days prior to the date of
4 discontinuance.

5 (cf: N.J.S.40A:26A-12)

6
7 12. N.J.S.40A:26A-17 is amended to read as follows:

8 40A:26A-17. The chief fiscal officer of another government
9 having entered into a contract pursuant to **[this act]**
10 N.J.S.40A:26A-1 et seq., shall cause to be paid to the local unit the
11 amounts of money at the times stipulated in the contract and
12 certified by the local unit. The power and obligation to make
13 payments in accordance with the terms of the contract shall be
14 unlimited, and the sums necessary therefor shall be included in the
15 annual budget of the other government, which shall be irrevocably
16 and unconditionally obligated to levy ad valorem taxes on all
17 taxable property therein, without limits as to the rate or amount, to
18 the extent necessary to make payments in full as due. **[Any]** If any
19 part of a payment [that] remains unpaid for 30 days following the
20 date payment is due, [shall be assessed at] interest [charge] upon
21 the amount unpaid shall accrue and be due at a rate **[of interest at**
22 **least]** equal to the **[monthly index for the immediately preceding**
23 **month for 20 year tax exempt bond yields as compiled by the Bond**
24 **Buyer or any similar index agreed to by the parties]** prevailing
25 municipal bond yield assessed for each month or fraction thereof,
26 compounded annually at the end of each year, from the date
27 payment was originally due until the date payment is made.

28 (cf: N.J.S.40A:26A-17)

29
30 13. N.J.S.40A:31-3 is amended to read as follows:

31 40A:31-3. As used in this act:

32 a. "Bonds" means bond anticipation notes or bonds issued in
33 accordance with the "Local Bond Law," N.J.S.40A:2-1 et seq.

34 b. "Cost" as applied to water supply facilities or extensions or
35 additions thereto, means the cost of acquisition or the construction,
36 including improvement, reconstruction, extension, or enlargement,
37 the cost of all labor materials, machinery, and equipment, the cost
38 of all lands, property, rights, and easements acquired, the cost of
39 demolition or removal of any buildings or structures thereon,
40 financing charges, interest on bonds issued to finance water supply
41 facilities prior to and during construction, the cost of plans and
42 specifications, surveys or estimates of costs and revenues, the cost
43 of engineering, legal services, and any other expenses necessary or
44 incident to determining the feasibility of construction,
45 administrative expenses and such other expenses as may be
46 necessary or incident to the construction or acquisition of water
47 supply facilities, and the financing thereof.

1 c. "Local unit" means a county or municipality.

2 d. "Prevailing municipal bond yield" means the average
3 estimated yield that would be offered on 20-year general obligation
4 bonds with a composite rating of approximately "A" as reflected by
5 the Bond Buyer 20-Bond Municipal Bond Index during the first
6 week of the last month of the calendar year immediately preceding
7 the calendar year in which the payment was due; provided however,
8 that, if the governing body of the local unit or each participating
9 local unit determines that the average estimated yield decreases by
10 more than one percentage point from the yield previously
11 determined, the governing body of the local unit or each
12 participating local unit shall redetermine the prevailing municipal
13 bond yield to be that average estimated yield for subsequent
14 calendar quarters of the calendar year in which payments become
15 due.

16 **[d.] e.** "Water supply facilities" means the plants, structures, or
17 other real and personal property acquired, constructed or operated,
18 or to be financed, acquired, constructed or operated, or any parts
19 thereof, including reservoirs, basins, dams, canals, aqueducts,
20 standpipes, conduits, pipelines, mains, pumping stations, water
21 distribution systems, compensating reservoirs, waterworks, or
22 sources of water supply, well, purification or filtration plants, or
23 other plants or works, connections, rights of flowage or diversion,
24 and other plants, structures, boats, conveyances and other real and
25 personal property, or rights therein, and appurtenances necessary or
26 useful for the accumulation, supply, or distribution of water.

27 The term "water supply facilities" includes the replacement of
28 service connections to a publicly-owned water system, from the
29 distribution main onto privately-owned real property and into a
30 privately-owned structure, when used in reference to a project
31 undertaken for the purpose of replacing lead-contaminated service
32 connections, regardless of possible private service connection
33 ownership, so long as the project is (1) an environmental
34 infrastructure project, as defined under section 3 of P.L.1985, c.334
35 (C.58:11B-3), and (2) funded either by loans from the New Jersey
36 Infrastructure Bank, created pursuant to section 4 of P.L.1985,
37 c.334 (C.58:11B-4), or by loans issued through the Department of
38 Environmental Protection.

39 (cf: P.L.2018, c.114, s.5)

40

41 14. N.J.S.40A:31-12 is amended to read as follows:

42 40A:31-12. Rates, rentals, connection fees, or other charges
43 levied in accordance with N.J.S.40A:31-10 and 40A:31-11, shall be
44 a first lien or charge against the property benefited therefrom. If
45 any part of the amount due and payable in rates, rentals, connection
46 fees, or other charges remains unpaid for 30 days following the date
47 for the payment thereof, interest upon the amount unpaid shall
48 accrue and be due at **[a]** the rate **[of]** prescribed for interest on

1 payments required to be **【determined】** made in accordance with
2 N.J.S.40A:31-17. The governing body or bodies of the local unit or
3 units may authorize payment of delinquent assessments on an
4 installment basis in accordance with R.S.54:5-19. Liens levied in
5 accordance with this section shall be enforceable in the manner
6 provided for real property tax liens in chapter 5 of Title 54 of the
7 Revised Statutes.

8 Nothing in this section shall be construed to limit the right of a
9 local unit or local units to discontinue service to any property for
10 the failure to pay any amount owing within 30 days after the date
11 the amount is due and payable, if written notice of the proposed
12 discontinuance of service and of the reasons therefor has been
13 given, within at least 10 days prior to the date of discontinuance, to
14 the owner of record of the property. In the event that notice is
15 provided by mail, the notice requirements shall be satisfied if the
16 mailing is made to the last known address of the owner of record
17 and is postmarked at least 10 days prior to the date of
18 discontinuance.

19 (cf: N.J.S.40A:31-12)

20
21 15. N.J.S.40A:31-17 is amended to read as follows:

22 40A:31-17. The chief fiscal officer of another government
23 having entered into a contract pursuant to **【this act】** N.J.S.40A:31-1
24 et seq., shall cause to be paid to the local unit such amounts of
25 money at such times as shall be stipulated in the contract and
26 certified by the local unit. The power and obligation to make
27 payments in accordance with the terms of the contract shall be
28 unlimited, and the sums necessary therefor shall be included in the
29 annual budget of the other government, which shall be irrevocably
30 and unconditionally obligated to levy ad valorem taxes on all
31 taxable property therein, without limits as to rate or amount, to the
32 extent necessary to make payments in full as due. **【Any】** If any
33 part of a payment that remains unpaid for 30 days following the
34 date payment is due, 【shall be assessed an】 interest 【charge】 upon
35 the amount unpaid shall accrue and be due at a rate **【of interest at**
36 **least】** equal to the **【monthly index for the immediately preceding**
37 **month for 20 year tax exempt bond yields as compiled by the Bond**
38 **Buyer or any similar index agreed to by the parties】** prevailing
39 municipal bond yield assessed for each month or fraction thereof,
40 compounded annually at the end of each year, from the date
41 payment was originally due until the date payment is made.

42 (cf: N.J.S.40A:31-17)

43
44 16. N.J.S.40A:31-20 is amended to read as follows:

45 40A:31-20. A private water company or industry which shall
46 have entered into a contract with a local unit or local units pursuant
47 to **【this act】** N.J.S.40A:31-1 et seq., shall pay at such time as may

1 be provided in the contract, the sum of money certified to it on or
2 before the date provided for payment in the contract. Any sum of
3 money so certified by the local unit or units shall be a lien in favor
4 of the local unit or units on and against the property of the private
5 water company or industry. If the sum of money or any part thereof
6 is not paid on or before the contract payment date, **the unpaid**
7 **amount shall bear** interest shall accrue and be due on the unpaid
8 amount at the rate **to be determined** prescribed for interest on
9 payments required to be made in accordance with **the provisions**
10 **of** N.J.S.40A:31-17, until payment is complete and, the local unit
11 or local units shall make and record, in the same manner as
12 conveyances of interest in real property are recorded, a certificate
13 setting forth the facts and giving notice of the existence and amount
14 of the lien remaining unsatisfied. The lien shall have priority over
15 all other liens theretofore or thereafter attaching, except those for
16 federal, State, and local taxes.

17 (cf: N.J.S.40A:31-20)

18
19 17. R.S.54:4-67 is amended to read as follows:

20 54:4-67. a. (1) The governing body of each municipality may by
21 resolution fix the rate of discount to be allowed for the payment of
22 taxes or assessments previous to the date on which they would
23 become delinquent. The rate so fixed shall not exceed 6% per
24 annum, shall be allowed only in case of payment made on or before
25 the thirtieth day previous to the date on which the taxes or
26 assessments would become delinquent, after subtracting the amount
27 of applicable property tax credit as defined in section 1 of P.L.2018,
28 c.11 (C.54:4-66.6). No such discount shall apply to the purchaser
29 of a total property tax levy pursuant to section 16 of P.L.1997, c.99
30 (C.54:5-113.5). The governing body may also fix the rate of
31 interest to be charged for the nonpayment of taxes, assessments, or
32 other municipal liens or charges, unless otherwise provided by law,
33 on or before the date when they would become delinquent, and
34 **may** shall provide that no interest shall be charged if payment of
35 any installment is made within the tenth calendar day following the
36 date upon which the same became payable. The rate so fixed shall
37 not exceed **8% per annum on the first \$1,500.00 of the**
38 **delinquency and 18% per annum on any amount in excess of**
39 **\$1,500.00, to be calculated** three percentage points above the
40 prime rate, and shall be assessed for each month or fraction thereof,
41 based upon a 360 day calendar year, from the date the tax was
42 payable until the date that actual payment to the tax collector is
43 made.

44 (2) Notwithstanding the provisions of paragraph (1) of this
45 subsection regarding delinquent payments, in the case of a
46 municipality that has experienced a flood, hurricane, superstorm,

1 tornado, or other natural disaster, interest shall not be charged by
2 the municipality to a delinquent taxpayer if:

3 (a) a state of emergency has been declared as a result thereof by
4 the Governor less than 30 days prior to the date upon which a
5 property tax installment payment is payable pursuant to R.S.54:4-66
6 or section 2 of P.L.1994, c.72 (C.54:4-66.1), as appropriate, and

7 (b) the governing body of the municipality adopts a resolution
8 providing that interest shall not be charged to a delinquent taxpayer
9 if payment of the property tax installment, plus any available
10 property tax credit as defined in section 1 of P.L.2018, c.11
11 (C.54:4-66.6), is made on or before the first day of the next
12 calendar month from the date upon which it became payable.

13 (3) The municipal clerk shall notify the Director of the Division
14 of Local Government Services in the Department of Community
15 Affairs of its adoption of a resolution effectuating the provisions of
16 paragraph (2) of this subsection not later than the third business day
17 next following the municipal governing body's adoption of the
18 resolution. If the municipality is under State supervision pursuant
19 to the provisions of Article 4 of the "Local Government Supervision
20 Act (1947)," P.L.1947, c.151 (C.52:27BB-54 et seq.), is subject to
21 the provisions of the "Municipal Rehabilitation and Economic
22 Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.), or is
23 otherwise subject to a memorandum of understanding or similar
24 agreement with the division as a condition of receiving
25 supplemental State aid, the resolution shall not be effective unless it
26 is approved by the director.

27 (4) (a) As used in this paragraph:

28 "Eligible resident" means either:

29 (i) an employee of a federal government agency who is
30 furloughed because of a shutdown and receives unemployment
31 benefits during the shutdown or who works during a shutdown but
32 is not paid because of the shutdown; or

33 (ii) a contractor whose pay is received through a contract with a
34 federal government agency but whose payment is delayed or
35 diminished because of a shutdown, provided that the contractor
36 receives unemployment benefits during the shutdown.

37 "Shutdown" means any period in which there is more than a 24-
38 hour lapse in appropriations for any federal government agency as a
39 result of a failure to enact a regular appropriations bill or continuing
40 resolution due to an impasse between the President and the
41 Congress of the United States or between the two Houses of
42 Congress.

43 (b) Notwithstanding the provisions of paragraph (1) of this
44 subsection regarding delinquent payments, a municipality shall not
45 charge interest to a delinquent taxpayer who is an eligible resident
46 or who resides with a spouse, partner in a civil union, or domestic
47 partner who is an eligible resident, if:

1 (i) a shutdown remains in effect for more than 21 days and
2 either ends less than 14 days prior to the date upon which a property
3 tax installment payment is payable pursuant to R.S.54:4-66 or
4 section 2 of P.L.1994, c.72 (C.54:4-66.1), as appropriate, or
5 remains in effect on the date that the property tax installment
6 payment is due and payable; and

7 (ii) the governing body of the municipality in which the
8 delinquent taxpayer resides adopts a resolution providing that
9 interest shall not be charged to such a delinquent taxpayer if
10 payment of the property tax installment, less any available property
11 tax credit as defined in section 1 of P.L.2018, c.11 (C.54:4-66.6), is
12 made on or before the date upon which the next property tax
13 installment payment is payable.

14 (c) Interest shall not be charged pursuant to this paragraph only
15 if a delinquent property taxpayer provides to the municipality proof
16 that the delinquent property taxpayer's pay, or the pay of the
17 delinquent property taxpayer's spouse, partner in a civil union, or
18 domestic partner, is derived from a federal government agency that
19 is affected by a shutdown. In the case of a federal employee, that
20 proof shall be demonstrated by a pay stub showing employment by
21 a federal government agency that is affected by a shutdown. In the
22 case of a contractor, the resolution adopted by the governing body
23 of the municipality pursuant to subparagraph (b) of this paragraph
24 shall establish the criteria necessary to verify the that the
25 contractor's pay is received through a contract with a federal agency
26 that is affected by a shutdown.

27 (d) The municipal clerk shall notify the Director of the Division
28 of Local Government Services in the Department of Community
29 Affairs of the municipality's adoption of a resolution effectuating
30 the provisions of part (ii) of subparagraph (b) of this paragraph not
31 later than the third business day next following the adoption of the
32 resolution. If the municipality is under State supervision pursuant
33 to the provisions of Article 4 of the "Local Government Supervision
34 Act (1947)," P.L.1947, c.151 (C.52:27BB-54 et seq.), is subject to
35 the provisions of the "Municipal Rehabilitation and Economic
36 Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.), or is
37 otherwise subject to a memorandum of understanding or similar
38 agreement with the division as a condition of receiving
39 supplemental State aid, the resolution shall not be effective unless it
40 is approved by the director.

41 b. In any year when the governing body changes the rate of
42 interest to be charged for delinquent taxes, assessments, or other
43 municipal charges, or to be charged for the end of the year penalty,
44 the governing body, after adoption of a resolution changing the rate
45 of interest, shall provide a notice to all taxpayers, prior to the date
46 taxes are next due or with the tax bill, stating the new rate or rates
47 to be charged and the date that the new rate or rates take effect.
48 The notice may be separate from the tax bill. No change in the rate

1 of interest or the end of year penalty shall take effect until the
2 required notice has been provided in accordance with this
3 subsection.

4 c. In municipalities that have sold their property tax levy
5 pursuant to section 16 of P.L.1997, c.99 (C.54:5-113.5), the rate of
6 interest to be charged for the nonpayment of taxes, assessments, or
7 other municipal liens or charges shall be the same interest or
8 delinquency rate or rates otherwise charged by the municipality, to
9 be calculated from the date the tax was payable until the date of
10 actual payment to the tax collector. The purchaser of the total
11 property tax levy shall be paid only those amounts attributable to
12 properties included in the total property tax levy purchase and
13 actually collected by the tax collector and which amounts shall not
14 include any delinquent interest collected by the municipal tax
15 collector prior to the time that the total property tax levy purchaser
16 makes the levy payment to the municipality.

17 d. Whenever the time period for a property tax installment
18 payment has been extended pursuant to the provisions of subsection
19 a. of this section, the Director of the Division of Local Government
20 Services in the Department of Community Affairs may, by
21 temporary order, extend the dates for payment of taxes by a
22 municipality due to a county pursuant to R.S.54:4-74, any school
23 district pursuant to R.S.54:4-75, and any other taxing district as
24 provided by law.

25 "Delinquency" means the sum of all taxes and municipal charges
26 due on a specific real property, less the amount of applicable
27 property tax credit as defined in section 1 of P.L.2018, c.11
28 (C.54:4-66.6), covering any number of quarters or years. The
29 property shall remain delinquent, as defined herein, until such time
30 as all unpaid taxes, including subsequent taxes and liens, together
31 with interest thereon shall have been fully paid and satisfied and all
32 applicable property tax credit, as defined in section 1 of P.L.2018,
33 c.11 (C.54:4-66.6), has been credited. The delinquency shall
34 remain notwithstanding the issuance of a certificate of sale pursuant
35 to R.S.54:5-32 and R.S.54:5-46, the payment of delinquent tax by
36 the purchaser of the total property tax levy pursuant to section 16 of
37 P.L.1997, c.99 (C.54:5-113.5) and for the purposes of satisfying the
38 requirements for filing any tax appeal with the county board of
39 taxation or the State tax court. The governing body may also fix a
40 penalty to be charged to a taxpayer with a delinquency in excess of
41 \$10,000 who fails to pay that delinquency as billed, less the amount
42 of applicable property tax credit as defined in section 1 of P.L.2018,
43 c.11 (C.54:4-66.6), prior to the end of the fiscal year. If any fiscal
44 year delinquency in excess of \$10,000 is paid by the holder of an
45 outstanding tax sale certificate or a total property tax levy
46 purchaser, the holder or purchaser, as appropriate, shall be entitled
47 to receive the amount of the penalty as part of the amount required
48 to redeem such certificate of sale providing the payment is made by

1 the tax lien holder or tax levy purchaser prior to the end of the fiscal
2 year. If the holder of the outstanding tax sale certificate or the levy
3 purchaser, as appropriate, does not make the payment in full prior
4 to the end of the fiscal year, then the holder or purchaser shall be
5 entitled to a pro rata share of the delinquency penalty upon
6 redemption, and the balance of the penalty shall inure to the benefit
7 of the municipality. The penalty so fixed shall not exceed 6% of
8 the amount of the delinquency with respect to each most recent
9 fiscal year only.

10 "Prime rate" means "prime rate" as that term is defined by
11 R.S.54:48-2 and as is determined and redetermined by Director of
12 the Division of Taxation in the Department of the Treasury for
13 purposes of setting and assessing interest due and required to be
14 paid in connection with a delinquent or deficient payment of a State
15 tax pursuant to R.S.54:49-3 or R.S.54:49-6, respectively.

16 (cf: P.L.2019, c.491, s.1)

17
18 18. Section 3 of P.L.1981, c.293 (C.58:1B-3) is amended to read
19 as follows:

20 3. As used in this act:

21 a. "Authority" means the New Jersey Water Supply Authority
22 created by **[this act]** P.L.1981, c.293 (C.58:1B-1 et seq.);

23 b. "Bonds" means bonds, notes, or other obligations issued or
24 authorized pursuant to **[this act]** P.L.1981, c.293 (C.58:1B-1 et
25 seq.);

26 c. "Compensating reservoir" means the structures, facilities,
27 and appurtenances for the impounding, transportation, and release
28 of water for the replenishment in periods of drought or at other
29 necessary times of all or a part of waters in or bordering the State
30 diverted into a project;

31 d. "Cost" as applied to a project means the cost of acquisition
32 and construction thereof, the cost of acquisition of lands, rights-of-
33 way, property rights, easements, and interests required by the
34 authority for acquisition and construction, the cost of demolishing
35 or removing any buildings or structures on land so acquired,
36 including the cost of acquiring any lands to which buildings or
37 structures may be moved, the cost of acquiring or constructing and
38 equipping an office of the authority, the cost of machinery,
39 furnishings, and equipment, financing expenses, reserves, interest
40 prior to and during construction and for no more than **[6]** six
41 months after completion of construction, engineering, expenses of
42 research and development with respect to any project, legal
43 expenses, plans, specifications, surveys, estimates of cost and
44 revenues, working capital, other expenses necessary or incident to
45 determining the feasibility or practicability of acquiring or
46 constructing a project, administrative expense, and such other
47 expense as may be necessary or incident to the acquisition or
48 construction of the project;

- 1 e. "Construct" and "construction" means and includes acts of
2 construction, reconstruction, replacement, extension, improvement,
3 and betterment of a project;
- 4 f. "Department" means the Department of Environmental
5 Protection;
- 6 g. "Governmental agency" means any municipality, county, or
7 any agency thereof, the State Government and any instrumentality
8 or subdivision thereof;
- 9 h. "Prevailing municipal bond yield" means the average
10 estimated yield that would be offered on 20-year general obligation
11 bonds with a composite rating of approximately "A" as reflected by
12 the Bond Buyer 20-Bond Municipal Bond Index during the first
13 week of the last month of the calendar year immediately preceding
14 the calendar year in which the rent, fee, or charge was due;
15 provided however, that, if the authority determines that the average
16 estimated yield decreases by more than one percentage point from
17 the yield previously determined, the authority shall redetermine the
18 prevailing municipal bond yield to be that average estimated yield
19 for subsequent calendar quarters of the calendar year in which rents,
20 fees, or charges become due.
- 21 **[h.] i.** "Project" means a water system or any part thereof;
- 22 **[i.] j.** "Real property" means lands both within or without the
23 State, and improvements thereof or thereon, or any rights or
24 interests therein;
- 25 **[j.] k.** "Revenue" means all rents, fees, and charges for water
26 sold from, or for the use and services of any project of the authority
27 and payments in respect of any loans or advances made to
28 governmental agencies pursuant to **[this act]** P.L.1981, c.293
29 (C.58:1B-1 et seq.);
- 30 **[k.] l.** "Service charges" means water service charges
31 established or collected by the authority pursuant to **[this act]**
32 P.L.1981, c.293 (C.58:1B-1 et seq.);
- 33 **[l.] m.** "Water system" means the plants, structures, and other
34 real and personal property financed, acquired, constructed, or
35 operated or to be financed, acquired, constructed, or operated by the
36 authority under **[this act]** P.L.1981, c.293 (C.58:1B-1 et seq.) or
37 additions and improvements thereto, including reservoirs, basins,
38 dams, canals, aqueducts, standpipes, conduits, pipelines, mains,
39 pumping stations, water transmission systems, compensating
40 reservoirs, waterworks or sources of water supply, wells,
41 purification or filtration plants or other plants, equipment and
42 works, connections, rights of flowage or diversion, and other plants,
43 structures, boats, conveyances, and other real and personal property
44 and rights therein, and appurtenances necessary or useful and
45 convenient for the accumulation, supply, treatment, or transmission
46 of water.
- 47 (cf: P.L.1981, c.293, s.3)

1 paid to a local unit or units operating a county or municipal
2 sewerage facility or a county or municipal water supply will be
3 equal to the prevailing municipal bond yield, and will be assessed
4 for each month or fraction thereof, compounded annually at the end
5 of each year, from the date the payment was due until the date the
6 payment is made. The current interest rate on unpaid rates, rentals,
7 connection fees, or other charges is set by statute at a rate that is at
8 least equal to the monthly index for the immediately preceding
9 month for 20-year tax exempt bond yields as compiled by the
10 “Bond Buyer” or any similar index, and has remained unchanged
11 since the laws were enacted in 1992 and 1989, respectively.

12 The bill amends a section of the laws concerning real property
13 taxation, R.S.54:4-67, to provide that the interest rate permitted to
14 accrue on unpaid municipal taxes, assessments, and other municipal
15 liens or charges due to the governing body of a municipality will
16 not exceed three percentage points above the prime rate, and will be
17 assessed for each month or fraction thereof, based upon a 360 day
18 calendar year, from the date the tax was payable until the date
19 payment is made. The current interest rate on unpaid municipal
20 taxes, assessments, and other municipal liens or charges is fixed by
21 statute at a rate that cannot exceed 8 percent per annum on the first
22 \$1,500 of the delinquency and that cannot exceed 18 percent per
23 annum on any amount in excess of \$1,500, and has remained
24 unchanged since 1979.

25 The bill amends various sections of the laws concerning
26 municipally owned sewer and water utilities, including section 1 of
27 P.L.1952, c.324 (C.40:62-83.1), R.S.40:62-107, R.S.40:62-107.6,
28 R.S.40:62-141, and R.S.40:62-142, to stipulate the rates of interest
29 and penalties due on rents, rates, and other service charges required
30 to be paid to municipalities or a water or sewerage commission of a
31 municipality. Under the bill, interest and penalties will be charged
32 and assessed as permitted for unpaid municipal taxes, assessments,
33 and other municipal liens or charges in accordance with R.S.54:4-
34 10 67.

35 The bill supplements the “New Jersey Water Supply Authority
36 Act,” P.L.1981, c.293 (C.58:1B-1 et seq.) to establish that the
37 interest rate permitted to accrue on unpaid rents, fees, and charges
38 required to be paid to the authority for water sold from, or for the
39 use of services of, a water system project will be equal to the
40 prevailing municipal bond yield, and will be assessed for each
41 month or fraction thereof, compounded annually at the end of each
42 year, from the date the bill is originally payable until the actual date
43 of payment. Currently, interest accrues on unpaid rents, fees, and
44 charges at two separate rates set by regulations: the authority
45 charges interest on unpaid payments related to the sale of water
46 from the Raritan Basin System at a rate tied to the interest rate
47 accruing on the authority’s short-term deposits and charges interest

1 on unpaid payments related to the sale of water from the
2 Manasquan Reservoir Water Supply System at a rate that cannot
3 exceed 18 percent per annum.

4 The bill defines “prevailing municipal bond yield” as the average
5 estimated yield that would be offered on 20-year general obligation
6 bonds with a composite rating of approximately “A” as reflected by
7 the “Bond Buyer 20-Bond Municipal Bond Index” during the first
8 week of the last month of the calendar year immediately preceding
9 the calendar year in which the rates, rents, or sewer and water
10 services charges were due or otherwise required to be paid. During
11 the first week of December 2014, the average estimated yield
12 offered on 20-year general obligation bonds with a composite rating
13 of approximately “A” was 3.83 percent; during the first week of
14 December 2015 that yield was 3.57 percent.

15 The bill defines “prime rate” as that term is defined by the State
16 Uniform Tax Procedure Law, R.S.54:48-1 et seq., and as is
17 determined and redetermined by Director of the Division of
18 Taxation in the Department of the Treasury for purposes of setting
19 and assessing interest due and required to be paid in connection
20 with a delinquent or deficient payment of a State tax pursuant to
21 R.S.54:49-3 or R.S.54:49-6, respectively. During the first week of
22 December 2014, the prime rate as determined by the Director of the
23 Division of Taxation for purposes of setting and assessing interest
24 was 3.25 percent; during the first week of December 2015 that rate
25 was 3.25 percent.

26 In addition, the bill amends the “sewerage authorities law,”
27 P.L.1946, c.138 (C.40:14A-1 et seq.) and the “municipal and county
28 utilities authorities law,” P.L.1957, c.183 (C.40:14B-1 et seq.), and
29 supplements the “New Jersey Water Supply Authority Act,”
30 P.L.1981, c.293 (C.58:1B-1 et seq.), to specify the period of time
31 required to elapse before interest accrues on unpaid utility bills
32 issued by those providers of services. The bill requires at least 30
33 days to elapse following the date the payment or charge is
34 originally due before interest on the unpaid balance is permitted to
35 accrue.

36 The bill takes effect immediately and applies to all charges,
37 rates, rents, fees, and payments and all municipal taxes,
38 assessments, and other municipal liens and charges that become due
39 or otherwise are first required to be paid on or after the first day of
40 the first fiscal year, of the sewerage authority, municipal authority,
41 governing body or bodies of a local unit or unity, municipality, or
42 authority to which the charge, rate, rent, fee, municipal tax,
43 assessment, or other municipal lien or charge is due or otherwise
44 required to be paid, beginning at least 120 days after the date of
45 enactment.

46 The purpose of this bill is to provide a more standard, consistent
47 approach to setting and assessing interest rates on unpaid water and
48 sewer service bills issued by certain providers of water and sewer

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- 1 services as well as unpaid municipal taxes, assessments, and other
- 2 municipal liens and charges that allows interest rates to rise and fall
- 3 based on prevailing rates in the current marketplace.