

[First Reprint]

**SENATE, No. 3459**

---

**STATE OF NEW JERSEY**  
**219th LEGISLATURE**

---

INTRODUCED FEBRUARY 16, 2021

**Sponsored by:**

**Senator TROY SINGLETON**

**District 7 (Burlington)**

**Senator JOSEPH A. LAGANA**

**District 38 (Bergen and Passaic)**

**Co-Sponsored by:**

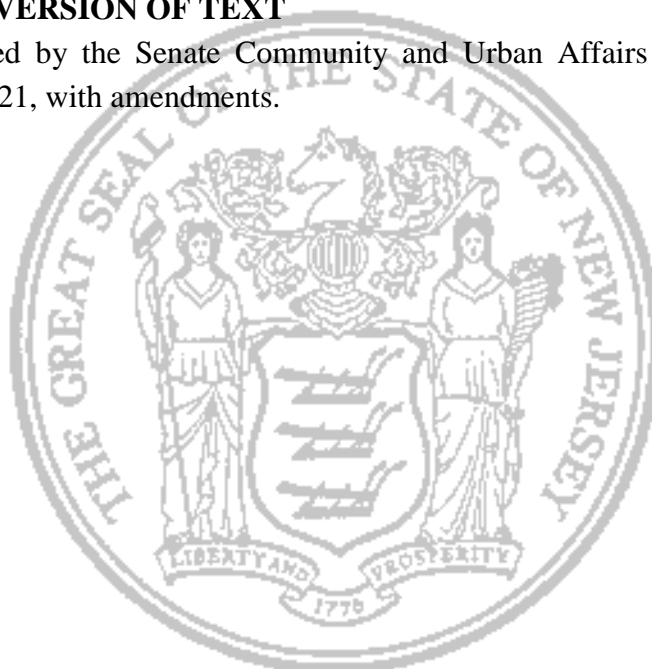
**Senators Rice, Stack and Turner**

**SYNOPSIS**

Removes restrictions on special assessments and bond issuances for replacement of residential lead service lines; revises budgetary requirements for operators of certain water systems.

**CURRENT VERSION OF TEXT**

As reported by the Senate Community and Urban Affairs Committee on March 11, 2021, with amendments.



**(Sponsorship Updated As Of: 4/26/2021)**

1 AN ACT concerning the financing and operation of water systems,  
 2 supplementing Title 40A of the New Jersey Statutes, <sup>1</sup>and<sup>1</sup>  
 3 amending various parts of the statutory law <sup>1</sup>[and repealing  
 4 section 5 of P.L.2017, c.133]<sup>1</sup>.

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

8  
 9 1. Section 3 of P.L.1957, c.183 (C.40:14B-3) is amended to  
 10 read as follows:

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

13 (1) "Municipality" shall mean any city of any class, any  
 14 borough, village, town, township, or any other municipality other  
 15 than a county or a school district, and except when used in section  
 16 4, 5, 6, 11, 12, 13, 42 or 45 of **[this act]** P.L.1957, c.183  
 17 (C.40:14B-4, C.40:14B-5, C.40:14B-6, C.40:14B-11, C.40:14B-12,  
 18 C.40:14B-13, C.40:14B-42, or C.40:14B-45) , any agency thereof  
 19 or any two or more thereof acting jointly or any joint meeting or  
 20 other agency of any two or more thereof;

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

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

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

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

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

**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:

<sup>1</sup>Senate SCU committee amendments adopted March 11, 2021.

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

4 (8) "Water system" shall mean the plants, structures and other  
5 real and personal property acquired, constructed or operated or to be  
6 acquired, constructed or operated by a municipal authority or by  
7 any person to whom a municipal authority has extended credit for  
8 this purpose for the purposes of the municipal authority, including  
9 reservoirs, basins, dams, canals, aqueducts, standpipes, conduits,  
10 pipelines, mains, pumping stations, water distribution systems,  
11 compensating reservoirs, waterworks or sources of water supply,  
12 wells, purification or filtration plants or other plants and works,  
13 connections, rights of flowage or division, and other plants,  
14 structures, boats, conveyances, and other real and personal property,  
15 and rights therein, and appurtenances necessary or useful and  
16 convenient for the accumulation, supply and redistribution of water.

17 The term "water system" shall include the replacement of service  
18 connections to a publicly-owned water system, from the distribution  
19 main onto privately-owned real property and into a privately-owned  
20 structure, when used in reference to a project undertaken for the  
21 purpose of replacing **【lead-contaminated】** residential lead service  
22 **【connections】** lines, regardless of possible private service  
23 connection ownership **【**, so long as the project is (a) an  
24 environmental infrastructure project, as defined under section 3 of  
25 P.L.1985, c.334 (C.58:11B-3), and (b) funded either by loans from  
26 the New Jersey Infrastructure Bank, created pursuant to section 4 of  
27 P.L.1985, c.334 (C.58:11B-4), or by loans issued through the  
28 Department of Environmental Protection**】**;

29 (9) "Sewerage system" shall mean the plants, structures, on-site  
30 wastewater systems and other real and personal property acquired,  
31 constructed or operated or to be acquired, constructed, maintained  
32 or operated by a municipal authority or by any person to whom a  
33 municipal authority has extended credit for this purpose for the  
34 purposes of the municipal authority, including sewers, conduits,  
35 pipelines, mains, pumping and ventilating stations, sewage  
36 treatment or disposal systems, plants and works, connections,  
37 outfalls, compensating reservoirs, and other plants, structures,  
38 boats, conveyances, and other real and personal property, and rights  
39 therein, and appurtenances necessary or useful and convenient for  
40 the collection, treatment, purification or disposal in a sanitary  
41 manner of any sewage, liquid or solid wastes, night soil or  
42 industrial wastes;

43 (10) "Utility system" shall mean a water system, solid waste  
44 system, sewerage system, or a hydroelectric system or any  
45 combination of such systems, acquired, constructed or operated or  
46 to be acquired, constructed or operated by a municipal authority or  
47 by any person to whom a municipal authority has extended credit  
48 for this purpose;

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

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

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

35 (14) "Industrial wastes" shall mean liquid or other wastes  
36 resulting from any processes of industry, manufacture, trade or  
37 business or from the development of any natural resource, and shall  
38 include any chemical wastes or hazardous wastes;

39 (15) "Sewage" shall mean the water-carried wastes created in  
40 and carried, or to be carried, away from, or to be processed by on-  
41 site wastewater systems, residences, hotels, apartments, schools,  
42 hospitals, industrial establishments, or any other public or private  
43 building, together with such surface or ground water and industrial  
44 wastes and **leacheate** leachate as may be present;

45 (16) "On-site wastewater system" means any of several  
46 facilities, septic tanks or other devices, used to collect, treat,  
47 reclaim, or dispose of wastewater or sewage on or adjacent to the  
48 property on which the wastewater or sewage is produced, or to

1 convey such wastewater or sewage from said property to such  
2 facilities as the authority may establish for its disposal;

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

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

9 (19) "Service charges" shall mean water service charges, solid  
10 waste service charges, sewer service charges, hydroelectric service  
11 charges or any combination of such charges, as said terms are  
12 defined in section 21 or 22 of **【this act】** P.L.1957, c.183 (C.40:14B-  
13 21 or C.40:14B-22) or in section 7 of **【this amendatory and**  
14 **supplementary act】** P.L.1980, c.34 (C.40:14B-21.1) ;

15 (20) "Compensating reservoir" shall mean the structures,  
16 facilities and appurtenances for the impounding, transportation and  
17 release of water for the replenishment in periods of drought or at  
18 other necessary times of all or a part of waters in or bordering the  
19 State diverted into a utility system operated by a municipal  
20 authority;

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

25 (22) "County sewer authority" shall mean a sanitary sewer  
26 district authority created pursuant to the act entitled "An act relating  
27 to the establishment of sewerage districts in first- and second-class  
28 counties, the creation of Sanitary Sewer District Authorities by the  
29 establishing of such districts, prescribing the powers and duties of  
30 any such authority and of other public bodies in connection with the  
31 construction of sewers and sewage disposal facilities in any such  
32 district, and providing the ways and means for paying the costs of  
33 construction and operation thereof," approved April 23, 1946  
34 (P.L.1946, c.123), or the acts amendatory thereof or supplemental  
35 thereto;

36 (23) "Chemical waste" shall mean a material normally generated  
37 by or used in chemical, petrochemical, plastic, pharmaceutical,  
38 biochemical or microbiological manufacturing processes or  
39 petroleum refining processes, which has been selected for waste  
40 disposal and which is known to hydrolize, ionize or decompose,  
41 which is soluble, burns or oxidizes, or which may react with any of  
42 the waste materials which are introduced into the landfill, or which  
43 is buoyant on water, or which has a viscosity less than that of water  
44 or which produces a foul odor. Chemical waste may be either  
45 hazardous or nonhazardous;

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

1 (25) "Hazardous wastes" shall mean any waste or combination  
2 of waste which poses a present or potential threat to human health,  
3 living organisms or the environment. "Hazardous waste" shall  
4 include, but not be limited to, waste material that is toxic, corrosive,  
5 irritating, sensitizing, radioactive, biologically infectious, explosive  
6 or flammable;

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

10 (27) "Recycling" shall mean the separation, collection,  
11 processing or recovery of metals, glass, paper, solid waste and other  
12 materials for reuse or for energy production and shall include  
13 resource recovery;

14 (28) "Sludge" shall mean any solid, semisolid, or liquid waste  
15 generated from a municipal, industrial or other sewage treatment  
16 plant, water supply treatment plant, or air pollution control facility,  
17 or any other such waste having similar characteristics and effects;  
18 "sludge" shall not include effluent;

19 (29) "Solid waste" shall mean garbage, refuse, and other  
20 discarded materials resulting from industrial, commercial and  
21 agricultural operations, and from domestic and community  
22 activities, and shall include all other waste materials including  
23 sludge, chemical waste, hazardous wastes and liquids, except for  
24 liquids which are treated in public sewage treatment plants and  
25 except for solid animal and vegetable wastes collected by swine  
26 producers licensed by the State Department of Agriculture to  
27 collect, prepare and feed such wastes to swine on their own farms;

28 (30) "Solid waste system" shall mean and include the plants,  
29 structures and other real and personal property acquired,  
30 constructed or operated or to be acquired, constructed or operated  
31 by an authority or by any person to whom a municipal authority has  
32 extended credit for this purpose pursuant to the provisions of **[this**  
33 **act]** P.L.1957, c.183 (C.40:14B-1 et seq.) , including transfer  
34 stations, incinerators, recycling facilities, including facilities for the  
35 generation, transmission and distribution of energy derived from the  
36 processing of solid waste, sanitary landfill facilities or other  
37 property or plants for the collection, recycling or disposal of solid  
38 waste and all vehicles, equipment and other real and personal  
39 property and rights thereon and appurtenances necessary or useful  
40 and convenient for the collection, recycling, or disposal of solid  
41 waste in a sanitary manner;

42 (31) "Hydroelectric system" shall mean the plants, structures  
43 and other real and personal property acquired, constructed or  
44 operated or to be acquired, constructed or operated by an authority  
45 pursuant to the provisions of **[this act]** P.L.1957, c.183 (C.40:14B-  
46 1 et seq.) , including all that which is necessary or useful and  
47 convenient for the generation, transmission and sale of  
48 hydroelectric power at wholesale;

1 (32) "Hydroelectric power" shall mean the production of electric  
2 current by the energy of moving water;

3 (33) "Sale of hydroelectric power at wholesale" shall mean any  
4 sale of hydroelectric power to any person for purposes of resale of  
5 such power;

6 (34) "Alternative electrical energy" shall mean electrical energy  
7 produced from solar, photovoltaic, wind, geothermal, or biomass  
8 technologies, provided that in the case of biomass technology, the  
9 biomass is cultivated and harvested in a sustainable manner;

10 (35) "Alternative electrical energy system" shall mean any  
11 system which uses alternative electrical energy to provide all or a  
12 portion of the electricity for the heating, cooling, or general  
13 electrical energy needs of a building;

14 (36) "Pilot county" shall mean a county of the second class  
15 having a population between 280,000 and 290,000, a population  
16 between 510,000 and 520,000, and a population between 530,000  
17 and 540,000 according to the 2010 federal decennial census; **[and]**

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

20 (38) "Lead service line" means a water supply connection that is  
21 made of, or lined with, materials consisting of lead and that  
22 connects a water main to a building inlet. A lead pigtail, lead  
23 gooseneck, or other lead fitting shall be considered a lead service  
24 line, regardless of the other materials in the service line. A  
25 galvanized service line shall be considered a lead service line. A  
26 lead service line may be owned by the supplier of water, a property  
27 owner, or both.

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

29

30 2. Section 20 of P.L.1957, c.183 (C.40:14B-20) is amended to  
31 read as follows:

32 20. Every municipal authority shall be a public body politic and  
33 corporate constituting a political subdivision of the State  
34 established as an instrumentality exercising public and essential  
35 governmental functions to provide for the public health and welfare  
36 and shall have perpetual succession and have the following powers:

37 (1) To adopt and have a common seal and to alter the same at  
38 pleasure;

39 (2) To sue and be sued;

40 (3) In the name of the municipal authority and on its behalf, to  
41 acquire, hold, use and dispose of its service charges and other  
42 revenues and other moneys;

43 (4) In the name of the municipal authority but for the local unit  
44 or units, to acquire, rent, hold, lease as lessor, use and dispose of  
45 other personal property for the purposes of the municipal authority;

46 (5) In the name of the municipal authority but for the local unit  
47 or units and subject to the limitations of **[this act]** P.L.1957, c.183  
48 (C.40:14B-1 et seq.) , to acquire by purchase, gift, condemnation or

1 otherwise, or lease as lessee, real property and easements therein,  
2 necessary or useful and convenient for the purposes of the  
3 municipal authority, and subject to mortgages, deeds of trust or  
4 other liens, or otherwise, and to hold, lease as lessor, and to use the  
5 same, and to dispose of property so acquired no longer necessary  
6 for the purposes of the municipal authority;

7 (6) To produce, develop, purchase, accumulate, distribute and  
8 sell water and water services, facilities and products within or  
9 without the district, provided that no water shall be sold at retail in  
10 any municipality or county without the district unless the governing  
11 body of such municipality or county shall have adopted a resolution  
12 requesting the municipal authority to sell water at retail in such  
13 municipality or county, and the board of public utility  
14 commissioners shall have approved such resolution as necessary  
15 and proper for the public convenience;

16 (7) To provide for and secure the payment of any bonds and the  
17 rights of the holders thereof, and to purchase, hold and dispose of  
18 any bonds;

19 (8) To accept gifts or grants of real or personal property, money,  
20 material, labor or supplies for the purposes of the municipal or  
21 county authority, and to make and perform such agreements and  
22 contracts as may be necessary or convenient in connection with the  
23 procuring, acceptance or disposition of such gifts or grants;

24 (9) To enter on any lands, waters or premises for the purpose of  
25 making surveys, borings, soundings and examinations for the  
26 purposes of the municipal authority, and whenever the operation of  
27 a septic tank or other component of an on-site wastewater system  
28 shall result in the creation of pollution or contamination source on  
29 private property such that under the provisions of R.S.26:3-49, a  
30 local board of health would have the authority to notify the owner  
31 and require said owner to abate the same, representatives of an  
32 authority shall have the power to enter, at all reasonable times, any  
33 premises on which such pollution or contamination source shall  
34 exist, for the purpose of inspecting, rehabilitating, securing samples  
35 of any discharges, improving, repairing, replacing, or upgrading  
36 such septic tank or other component of an on-site wastewater  
37 system;

38 (10) To establish an inspection program to be performed at least  
39 once every three years on all on-site wastewater systems installed  
40 within the district which inspection program shall contain the  
41 following minimum notice provisions: (i) not less than 30 days  
42 prior to the date of the inspection of any on-site wastewater system  
43 as described herein, the authority shall notify the owner and  
44 resident of the property that the inspection will occur; and (ii) not  
45 less than 60 days prior to the date of the performance of any work  
46 other than an inspection, the municipal authority shall provide  
47 notice to the owner and resident of the property in which the work  
48 will be performed. The notice to be provided to such owner and



1 resident under this subsection shall include a description of the  
2 deficiency which necessitates the work and the proposed remedial  
3 action, and the proposed date for beginning and duration of the  
4 contemplated remedial action;

5 (11) To prepare and file in the office of the municipal authority  
6 records of all inspections, rehabilitation, maintenance, and work,  
7 performed with respect to on-site wastewater disposal systems;

8 (12) To make and enforce bylaws or rules and regulations for  
9 the management and regulation of its business and affairs and for  
10 the use, maintenance and operation of the utility system and any  
11 other of its properties, and to amend the same;

12 (13) To do and perform any acts and things authorized by **[this**  
13 **act]** P.L.1957, c.183 (C.40:14B-1 et seq.) under, through, or by  
14 means of its own officers, agents and employees, or by contracts  
15 with any person;

16 (14) To enter into any and all contracts, execute any and all  
17 instruments, and do and perform any and all acts or things  
18 necessary, convenient or desirable for the purposes of the municipal  
19 authority or to carry out any power expressly given in **[this act]**  
20 P.L.1957, c.183 (C.40:14B-1 et seq.) subject to the "Local Public  
21 Contracts Law," P.L.1971, c.198 (C.40A:11-1 et seq.);

22 (15) To extend credit or make loans to any person for the  
23 planning, designing, acquiring, constructing, reconstructing,  
24 improving, equipping, furnishing, and operating by that person of  
25 any part of a solid waste system, sewage treatment system,  
26 wastewater treatment or collection system for the provision of  
27 services and facilities within or without the district, which in the  
28 case of a solid waste system shall be in a manner consistent with the  
29 "Solid Waste Management Act," P.L.1970, c.39 (C.13:1E-1 et seq.)  
30 and in conformance with the solid waste management plans adopted  
31 by the solid waste management districts created therein. The  
32 credits or loans may be secured by loan and security agreements,  
33 mortgages, leases and any other instruments, upon such terms as the  
34 authority shall deem reasonable, including provision for the  
35 establishment and maintenance of reserve and insurance funds, and  
36 to require the inclusion in any mortgage, lease, contract, loan and  
37 security agreement or other instrument, provisions for the  
38 construction, use, operation and maintenance and financing of that  
39 part of the aforementioned systems as the authority may deem  
40 necessary or desirable;

41 (16) Upon the request of a customer: (i) to offer the customer  
42 the ability to receive or access, in electronic format, any periodic  
43 bill for service sent by the municipal authority to its customers and  
44 any additional information sent by the municipal authority to its  
45 customers as required by law, provided that any notice of  
46 disconnection, discontinuance or termination of service shall be  
47 sent to a customer in written form at the customer's legal mailing  
48 address in addition to being sent or being made available in

1 electronic format; and (ii) to provide the customer the option of  
2 paying any such periodic bill via electronic means;

3 (17) In the case of an authority that is a pilot county utilities  
4 authority, to fund improvements to county infrastructure pursuant to  
5 the provisions of subsection b. of section 40 of P.L.1957, c.183  
6 (C.40:14B-40); and

7 (18) To **【construct or reconstruct and】** finance the replacement  
8 of service connections to a publicly-owned water system, from the  
9 distribution main onto privately-owned real property and into the  
10 privately-owned structure, for the purpose of replacing residential  
11 lead **【contaminated】** service **【connections】** lines, regardless of  
12 possible private service connection ownership **【**, so long as the  
13 project is (a) undertaken as an environmental infrastructure project,  
14 as defined under section 3 of P.L.1985, c.334 (C.58:11B-3), and (b)  
15 funded either by loans from the New Jersey Infrastructure Bank,  
16 created pursuant to section 4 of P.L.1985, c.334 (C.58:11B-4), or by  
17 loans issued through the Department of Environmental Protection**】**.  
18 (cf: P.L.2018, c.114, s.2)

19

20 3. R.S.40:56-1 is amended to read as follows:

21 R.S.40:56-1. A local improvement is one, the cost of which, or a  
22 portion thereof, may be assessed upon the lands in the vicinity  
23 thereof benefited thereby.

24 Any municipality may undertake any of the following works as a  
25 local improvement; and the governing body thereof may make,  
26 amend, repeal and enforce ordinances for carrying into effect all  
27 powers granted in this section:

28 a. The laying out, opening or establishing of a new street,  
29 alley, or other public highway, or portion thereof.

30 b. The widening, straightening, extension, alteration or  
31 changing in any manner of the location of a street, alley or other  
32 public highway, or portion thereof.

33 c. The grading or alteration of the grade of a street, alley or  
34 other public highway, or portion thereof.

35 d. The paving, repaving, or otherwise improving or  
36 reimproving a street, alley or other public highway, or portion  
37 thereof.

38 e. The curbing or recurbing, guttering or reguttering of a  
39 sidewalk in, upon, or along a street, alley or other public highway,  
40 or portion thereof.

41 f. The construction, reconstruction, improvement and  
42 reimprovement of bridges and viaducts.

43 g. The construction, reconstruction, improvement,  
44 reimprovement or relocation of a public walk or driveway on any  
45 beach, or along the ocean or any river or other waterway.

46 h. The improvement or reimprovement of any beach or water  
47 front, and the providing of suitable protection to prevent damage to

1 lands or property by the ocean or other waters, including the filing  
2 in and grading necessary for the protection of such improvements.

3 i. The construction, reconstruction, enlargement or extension  
4 of a sewer or drain in, under or along a street, alley or public  
5 highway, or portion thereof, or in, under or along any public or  
6 private lands; the construction, reconstruction, enlargement or  
7 extension of a system of sewerage or drainage or both combined;  
8 the construction, reconstruction, enlargement or extension of a  
9 system of drainage of the marshes and wet lowlands within the  
10 municipality; the construction, reconstruction, enlargement or  
11 alteration of a system of works for the sanitary disposal of sewage  
12 or drainage.

13 j. (1) The installation of service connections to a system of  
14 water, gas, light, heat or power works owned by a municipality or  
15 otherwise, including all such works as may be necessary for  
16 supplying water, gas, light, heat or power to real estate for whose  
17 benefit such services are provided. This authorization includes, but  
18 shall not be limited to, the installation of service connections to a  
19 publicly-owned water system, from the distribution main onto  
20 privately-owned real property and into the privately-owned  
21 structure, for the purpose of replacing **【lead-contaminated】**  
22 residential lead service **【connections】** lines, regardless of possible  
23 private service connection ownership **【**, so long as the project is (a)  
24 undertaken as an environmental infrastructure project, as defined  
25 under section 3 of P.L.1985, c.334 (C.58:11B-3), and (b) funded  
26 either by loans from the New Jersey Infrastructure Bank, created  
27 pursuant to section 4 of P.L.1985, c.334 (C.58:11B-4), or by loans  
28 issued through the Department of Environmental Protection**】**;

29 (2) The installation of service connections including the laying,  
30 construction or placing of mains, conduits or cables in, under or  
31 along a street, alley or other public highway or portion thereof.

32 k. The construction, reconstruction, enlargement or extension  
33 of any water main or other works for the distribution of water  
34 supplied by the State or any of its political subdivisions, or any  
35 public agency of any of the same.

36 l. The installation of such lighting standards, appliances and  
37 appurtenances as may be required for the brilliant illumination of  
38 the streets in those parts of the municipality where the governing  
39 body of the municipality may deem it necessary or proper to  
40 establish what is commonly called a "white way."

41 m. The widening, deepening or improvement of any stream,  
42 creek, river or other waterway.

43 n. The removal of obstructions in, and the constructing,  
44 reconstructing, enlarging or extending of any waterway, of  
45 enclosing walls, or of a pipe or conduit or any brook or  
46 watercourse, or part of same.

1       o. The defining of the location and the establishment of widths,  
2 grades and elevations of any stream, creek, river or other waterway,  
3 and the preventing of encroachments upon the same.

4       p. The reclaiming, filling and improving and bulkheading and  
5 filling in lands lying under tidal or other water, in whole or in part,  
6 within the municipality; the reclaiming or filling or bulkheading  
7 and filling those lands or lands adjacent to such reclaimed or filled  
8 lands; to dredge channels or improve harbor approaches in the  
9 waters abounding the lands to be reclaimed, filled and improved, or  
10 bulkheaded and filled; provided, the approval of the **【Planning and**  
11 **Development Council of the Division of Planning and Development**  
12 **in the Department of Conservation and Economic Development of**  
13 **the State of New Jersey】 Tidelands Resource Council established**  
14 **pursuant to section 10 of P.L.1948, c.448 (C.13:1B-10)** , and when  
15 necessary, the permission of the **【Federal】 federal** authorities in  
16 charge of the district port in which the improvements are proposed  
17 to be made, to improve and dredge channels and construct and  
18 improve the harbor approaches to those lands, shall be first had and  
19 obtained.

20       The governing body may enter into agreements with the **【Federal**  
21 **Government】 federal government** for reimbursement to the  
22 municipality for all or a portion of the cost of dredging channels or  
23 improving harbor approaches in waters under the jurisdiction of the  
24 **【Federal Government】 federal government** .

25       If any portion of the amount assessed against the lands within the  
26 municipality for the improvement shall be reimbursed to the  
27 municipality by the **【Federal Government】 federal government** after  
28 the assessment has been made, then a credit shall be made on each  
29 assessment levied in proportion to the amount so received from the  
30 **【Federal Government】 federal government** ; provided, the amount  
31 received by the municipality from the **【Federal Government】**  
32 **federal government** shall be in excess of the amount fixed in the  
33 assessment to be borne by the municipality at large.

34       If any portion of the land included within lands benefited or  
35 improved by any work done in connection with the reclaiming,  
36 filling or bulkheading and filling shall be riparian lands or lands  
37 under water, for which the riparian grant has not theretofore been  
38 made by the State, the municipal board or body authorized to make  
39 assessments for improvements in accordance with this subtitle may  
40 include in any such assessment a prospective assessment against the  
41 riparian lands or lands under water, and a copy of such prospective  
42 assessment shall be filed with the **【Planning and Development**  
43 **Council of the Division of Planning and Development in the**  
44 **Department of Conservation and Economic Development of the**  
45 **State of New Jersey】 Tidelands Resource Council** and shall be a  
46 part of the records of that council. Upon the sale or grant by the  
47 State of the riparian rights to any such lands for which a prospective

1 assessment has been filed with the council, the amount of such  
2 prospective assessment together with interest at the rate of five [per  
3 centum (5%) per annum] percent annually from the time of the  
4 confirmation of the assessment for the improvement shall be  
5 included by [said Planning and Development Council] the  
6 Tidelands Resource Council in the purchase price fixed for such  
7 lands and made a part of the payment for the grant, and the amount  
8 of the assessment with interest, when paid, shall be turned over by  
9 [said Planning and Development Council] the Tidelands Resource  
10 Council to the municipality making the assessment. Such  
11 prospective assessment shall also be included in the general  
12 assessment for and against any such riparian lands or lands under  
13 water for which an annual rental or fee is being charged or collected  
14 by [said Planning and Development Council] the Tidelands  
15 Resource Council under any agreement by which the fee of any  
16 such riparian lands is passed, and when the fee does so pass by  
17 grant from the State the prospective assessment shall become  
18 immediately due and payable, together with interest thereon at the  
19 rate of five [per centum (5%) per annum] percent annually from  
20 the time of the confirmation of the assessment for the improvement  
21 and the assessment shall become a lien upon those lands until paid  
22 and shall be collectible as other liens for public improvements in  
23 the municipality. Should [said Planning and Development  
24 Council] the Tidelands Resource Council lease for a term of years  
25 any such riparian lands or lands under water, included within lands  
26 benefited or improved by any work done in connection with the  
27 reclaiming, filling or bulkheading and filling, it shall include in the  
28 annual rental to be charged therefor one-tenth of the amount of the  
29 prospective assessment for each year of the term not exceeding ten  
30 years until the prospective assessment and the interest thereon at the  
31 rate of five [per centum (5%) per annum] percent annually from  
32 the time of confirmation of the assessment for the improvement,  
33 shall be paid. If the lease shall be for a period less than ten years,  
34 such provision shall be contained in any and all extensions and  
35 renewals thereof, or in any new leases until the full prospective  
36 assessment with such interest shall have been paid. Nothing  
37 contained in this subparagraph shall apply to lands owned by a  
38 company whose rates are subject to regulation by the Board of  
39 Public [Utility Commissioners] Utilities.

40 Whenever convenient more than one of the works provided for in  
41 this section may be carried on as one improvement. Any  
42 municipality may undertake any or all of the works mentioned in  
43 this section as a general improvement to be paid for by general  
44 taxation, and any municipality may provide for the maintenance,  
45 repair and operation of any or all of said works by taxation whether  
46 the same are undertaken as local or general improvements.

47 (cf: P.L.2018, c.114, s.3)

1 4. R.S.40:56-35 is amended to read as follows:

2 40:56-35. The governing body may by resolution provide that  
3 the owner of any real estate upon which any assessments for any  
4 improvement shall have been made may pay such assessments in  
5 such equal yearly or quarterly installments, not exceeding ten years  
6 in duration, except as hereinafter provided, with legal interest  
7 thereon, and at such time in each year as the governing body shall  
8 determine, but any person assessed may pay the whole of any  
9 assessment, or any balance of installments, with accrued interest  
10 thereon, at one time. If any such installment shall remain unpaid  
11 for 30 days after the time when the same shall have become due,  
12 either:

13 a. the whole assessment or balance due thereon shall become  
14 and be immediately due, shall draw interest at the rate imposed  
15 upon the arrearage of taxes in such municipality and be collected in  
16 the same manner as is provided by this subtitle for other past due  
17 assessments; or

18 b. the governing body may, by resolution, permit any person  
19 who is delinquent in the payment of such an installment to pay only  
20 the amount of the delinquent payment and any interest on the  
21 delinquent payment that has accrued from the date that the  
22 installment was due and payable until the date that payment of the  
23 delinquent installment is made. After the delinquent installment is  
24 satisfied, the person assessed shall be reinstated on a regular  
25 installment payment schedule.

26 Whenever any owner shall be given the privilege of paying any  
27 assessment in installments such assessment shall remain a lien upon  
28 the land described therein until the same with all installments and  
29 accrued interest thereon shall be paid, and no proceedings to collect  
30 or enforce the same need be taken until default shall be made in the  
31 payment of any installment as hereinbefore in this subtitle provided.

32 In any municipality which is constructing a local improvement  
33 with funds secured from the **【Federal Government】** federal  
34 government , through the public works administration, under the  
35 terms of the national recovery act, the governing body may provide  
36 that the assessments may be payable in yearly or quarterly  
37 installments, with legal interest thereon, over a period of years up to  
38 but in no event exceeding the term of years for which the funds  
39 therefor are borrowed from the Federal Government, and at such  
40 time in each year as the governing body shall determine. The  
41 governing body may fix the yearly installments in such amounts as  
42 in its opinion are equitable and just.

43 In any municipality in which the local improvement is being  
44 financed by the sale of bonds, the governing body may provide that  
45 the assessments may be payable in yearly or quarterly installments,  
46 with legal interest thereon, over a period of years up to but in no  
47 event exceeding the period of years for which the bonds were  
48 issued, or for 20 years, whichever shall be less, and at such time in

1 each year as the governing body shall determine. In the case of  
2 assessments for the replacement of service connections to a  
3 publicly-owned water system, from the distribution main onto  
4 privately-owned real property and into a privately-owned structure,  
5 when used in reference to a project undertaken for the purpose of  
6 replacing residential lead service lines, regardless of possible  
7 private service connection ownership, the period of years may be  
8 greater than 20 years but shall not exceed 30 years. The governing  
9 body may fix the yearly installments in such amounts as in its  
10 opinion are equitable and just.

11 (cf: P.L.1997, c.5, s.1)

12

13 5. N.J.S.40A:2-22 is amended to read as follows:

14 40A:2-22. The governing body of the local unit shall determine  
15 the period of usefulness of any purpose according to its reasonable  
16 life computed from the date of the bonds, which period shall not be  
17 greater than the following:

18 a. Buildings and structures.

19 1. Bridges, including retaining walls and approaches, or  
20 permanent structures of brick, stone, concrete or metal, or similar  
21 durable construction, 30 years.

22 2. Buildings, including the original furnishings and equipment  
23 therefor:

24 Class A: A building, of which all walls, floors, partitions, stairs  
25 and roof are wholly of incombustible material, except the window  
26 frames, doors, top flooring and wooden handrails on the stairs, 40  
27 years;

28 Class B: A building, the outer walls of which are wholly of  
29 incombustible material, except the window frames and doors, 30  
30 years;

31 Class C: A building which does not meet the requirements of  
32 Class A or Class B, 20 years.

33 3. Buildings or structures acquired substantially reconstructed  
34 or additions thereto, one-half the period fixed in this subsection for  
35 such buildings or structures.

36 4. Additional furnishings, five years.

37 b. Marine improvements.

38 1. Harbor improvements, docks or marine terminals, 40 years.

39 2. Dikes, bulkheads, jetties or similar devices of stone,  
40 concrete or metal, 15 years; of wood or partly of wood, 10 years.

41 c. Additional equipment and machinery.

42 1. Additional or replacement equipment and machinery, 15  
43 years.

44 2. Voting machines, 15 years.

45 3. Information technology and telecommunications equipment,  
46 7 years, except that for items with a unit cost of less than \$5,000, 5  
47 years.

48 d. Real property.

- 1       1. Acquisition for any public purpose of lands or riparian  
2 rights, or both, and the original dredging, grading, draining or  
3 planting thereof, 40 years.
- 4       2. Improvement of airport, cemetery, golf course, park,  
5 playground, 15 years.
- 6       3. Stadia of concrete or other incombustible materials, 20  
7 years.
- 8       e. Streets or thoroughfares.
- 9       1. Elimination of grade crossings, 35 years.
- 10      2. Streets or roads:  
11       Class A: Rigid pavement. A pavement of not less than eight  
12 inches of cement concrete or a six-inch cement concrete base with  
13 not less than three-inch bituminous concrete surface course, or  
14 equivalent wearing surface, 20 years.  
15       Flexible pavement. A pavement not less than 10 inches in depth  
16 consisting of five-inch macadam base, three-inch modified  
17 penetration macadam and three-inch bituminous concrete surface  
18 course or other pavements of equivalent strength, in accordance  
19 with the findings of the American Association of State Highway  
20 Officials (AASHO) Road Test, 20 years.  
21       Class B: Mixed surface-treated road. An eight-inch surface of  
22 gravel, stone or other selected material under partial control mixed  
23 with cement or lime and fly ash, six inches in compacted thickness  
24 with bituminous surface treatment and cover, 10 years.  
25       Bituminous penetration road. A five-inch gravel or stone base  
26 course and a three-inch course bound with a bituminous or  
27 equivalent binder, 10 years.  
28       Class C: Mixed bituminous road. An eight-inch surface of  
29 gravel, stone, or other selected material under partial control mixed  
30 with bituminous material one inch or more in compacted thickness,  
31 five years.  
32       Penetration macadam road. A road of sand, gravel or water-  
33 bound macadam, or surfacing with penetration macadam, five years.
- 34      3. Sidewalks, curbs and gutters of stone, concrete or brick, 10  
35 years.
- 36      The period of usefulness in this subsection shall apply to  
37 construction and reconstruction of streets and thoroughfares.
- 38      f. Utilities and municipal systems.
- 39      1. Sewerage system, whether sanitary or storm water, water  
40 supply or distribution system, 40 years.
- 41      2. Electric light, power or gas systems, garbage, refuse or ashes  
42 incinerator or disposal plant, 25 years.
- 43      3. Communication and signal systems, 10 years.
- 44      4. **【House】** Service connections to publicly-owned gas, water  
45 or sewerage systems from the service main in the street to the curb  
46 or property lines where not part of original installation, five years.
- 47      5. **【House】** Service connections to publicly-owned water  
48 systems, from the distribution main onto privately-owned real



1 property and into the privately-owned structure, for the purpose of  
2 replacing **l**lead-contaminated house connections, so long as the  
3 project is (a) undertaken as an environmental infrastructure project,  
4 as defined under section 3 of P.L.1985, c.334 (C.58:11B-3), and (b)  
5 funded either by loans from the New Jersey Infrastructure Bank,  
6 created pursuant to section 4 of P.L.1985, c.334 (C.58:11B-4), or by  
7 loans issued through the Department of Environmental Protection **l**  
8 residential lead service lines, 30 years.

9 g. Vehicles and apparatus.

10 1. Fire engines, apparatus and equipment, when purchased  
11 new, but not fire equipment purchased separately, 10 years.

12 2. Automotive vehicles, including original apparatus and  
13 equipment (other than passenger cars and station wagons), when  
14 purchased new, five years.

15 3. Major repairs, reconditioning or overhaul of fire engines and  
16 apparatus, ambulances, rescue vehicles, and similar public safety  
17 vehicles (other than passenger cars and station wagons) which may  
18 reasonably be expected to extend for at least five years the period of  
19 usefulness thereof, five years.

20 h. The closure of a sanitary landfill facility utilized, owned or  
21 operated by a county or municipality, 15 years; provided that the  
22 closure has been approved by the Board of Public Utilities and the  
23 Department of Environmental Protection. For the purposes of this  
24 subsection "closure" means all activities associated with the design,  
25 purchase or construction of all measures required by the  
26 Department of Environmental Protection, pursuant to law, in order  
27 to prevent, minimize or monitor pollution or health hazards  
28 resulting from sanitary landfill facilities subsequent to the  
29 termination of operations at any portion thereof, including, but not  
30 necessarily limited to, the costs of the placement of earthen or  
31 vegetative cover, and the installation of methane gas vents or  
32 monitors and leachate monitoring wells or collection systems at the  
33 site of any sanitary landfill facility.

34 i. (Deleted by amendment, P.L.2007, c.62.)

35 j. The prefunding of a claims account for environmental  
36 liability claims by an environmental impairment liability insurance  
37 pool pursuant to P.L.1993, c.269 (C.40A:10-38.1 et al.), 20 years.  
38 (cf: P.L.2018, c.114, s.4)

39

40 6. (New section) a. A local unit shall be required to conduct a  
41 periodic study of the adequacy and reasonableness of the rates, fees,  
42 rents, and charges for <sup>1</sup>**l**each <sup>1</sup>a<sup>1</sup> water <sup>1</sup>**l**utility <sup>1</sup>**l**system<sup>1</sup> that the  
43 local unit owns or operates <sup>1</sup>through a utility<sup>1</sup>. The Local Finance  
44 Board in the Department of Community Affairs shall adopt,  
45 pursuant to the "Administrative Procedure Act," P.L.1968, c.410  
46 (C.52:14B-1 et seq.), the procedures, requirements, and frequency  
47 of the study. Each completed study shall be submitted to the  
48 Director of the Division of Local Government Services in the

1 Department of Community Affairs along with the annual budget of  
2 the local unit.

3 b. The director may summon appropriate officials of the local  
4 unit to a hearing before the Local Finance Board if the director  
5 determines that the rates, fees, rents, or charges for a water <sup>1</sup>system  
6 that the local unit owns or operates through a<sup>1</sup> utility may not be  
7 adequate or reasonable as determined by the study conducted  
8 pursuant to subsection a. of this section, or if the local unit fails to  
9 conduct a study pursuant to subsection a. of this section. The Local  
10 Finance Board may require the production of papers, documents,  
11 witnesses, or information and may take or cause to be made an audit  
12 or investigation of the circumstances with respect to which the  
13 hearing was called. After the hearing, the Local Finance Board  
14 shall have the power to order the local unit to adjust the <sup>1</sup>utility's  
15 water system-related<sup>1</sup> rents, rates, fees, or charges <sup>1</sup>of a water  
16 utility<sup>1</sup>, or take such other action as the Local Finance Board  
17 deems appropriate to ensure the integrity of the utility's water  
18 infrastructure, and this order shall be valid and enforceable  
19 notwithstanding any provision of R.S.48:2-1 et seq. to the contrary.  
20

21 7. N.J.S.40A:4-43 is amended to read as follows:

22 40A:4-43. The governing body may and shall, when directed by  
23 the local government board, prepare, approve and adopt a budget  
24 for the expenditure of public funds for capital purposes to give  
25 effect to general improvement programs.

26 A capital budget shall be a plan for the expenditure of public  
27 funds for capital purposes, showing as income the revenues, special  
28 assessments, free surplus, and down payment appropriations to be  
29 applied to the cost of a capital project or projects, expenses of  
30 issuance of obligations, engineering supervision, contracts and any  
31 other related expenditures. The capital budget for a local unit that  
32 is required to prepare an asset management plan pursuant to section  
33 7 of the "Water Quality Accountability Act," P.L.2017, c.133  
34 (C.58:31-7) or that holds a permit pursuant to the "Water Pollution  
35 Control Act," P.L.1977, c.74 (C.58:10A-1 et seq.) shall identify the  
36 infrastructure improvements to be undertaken in accordance with  
37 the local unit's asset management plan or pursuant to any rule or  
38 regulation pertaining to asset management adopted by the  
39 Commissioner of Environmental Protection pursuant to P.L.1977,  
40 c.74 (C.58:10A-1 et seq.), as applicable, and their cost.

41 (cf: N.J.S.40A:4-43)  
42

43 8. N.J.S.40A:4-44 is amended to read as follows:

44 40A:4-44. The local government board shall adopt, and may  
45 from time to time amend, reasonable rules and regulations for  
46 capital budgets. Regulations may classify the type of budget  
47 required, according to the size of the local unit, the nature of the

1 capital projects or any other reasonable basis of distinction, and  
2 shall require a statement of capital undertakings underway or  
3 projected for a period not greater than over the next ensuing 6 years  
4 as a general improvement program. The statement of capital  
5 undertakings for local unit that is required to prepare an asset  
6 management plan pursuant to section 7 of the "Water Quality  
7 Accountability Act," P.L.2017, c.133 (C.58:31-7) or that holds a  
8 permit pursuant to the "Water Pollution Control Act," P.L.1977,  
9 c.74 (C.58:10A-1 et seq.) shall identify the infrastructure  
10 improvements to be undertaken in accordance with the local unit's  
11 asset management plan or pursuant to any rule or regulation  
12 pertaining to asset management adopted by the Commissioner of  
13 Environmental Protection pursuant to P.L.1977, c.74 (C.58:10A-1  
14 et seq.), as applicable, and their cost.

15 After promulgation of regulations by the local government  
16 board, the governing body shall expend or incur obligations for  
17 capital purposes only after the adoption of a capital budget and in  
18 accordance with such budget except for the preliminary expense of  
19 plans, specifications and estimates.  
20 (cf: N.J.S.40A:4-44)

21

22 9. N.J.S.40A:4-78 is amended to read as follows:

23 40A:4-78. a. If the director finds that all requirements of law and  
24 of the regulations of the local government board have been met,  
25 **[he]** the director shall approve the budget, otherwise **[he]** the  
26 director shall refuse to approve it.

27 The director, in refusing to approve a budget, shall not substitute  
28 **[his]** the director's discretion with respect to the amount of an  
29 appropriation when such amount is not made mandatory because of  
30 the requirements of law. If a budget fails to incorporate  
31 infrastructure improvements identified in an asset management plan  
32 required pursuant to section 7 of P.L.2017, c.133 (C.58:31-7) or any  
33 rule or regulation pertaining to asset management adopted by the  
34 Commissioner of Environmental Protection pursuant to P.L.1977,  
35 c.74 (C.58:10A-1 et seq.), as applicable, the director may order the  
36 inclusion of the improvements, along with any revenues or  
37 appropriations necessary to fund and effectuate the improvements.  
38 The director may order such other measures as the director deems  
39 necessary to ensure the integrity of the local unit's water  
40 infrastructure; however, the director may take into account the local  
41 unit's fiscal circumstances in determining appropriate measures.

42 b. Notwithstanding the provisions of N.J.S.40A:4-10 and  
43 N.J.S.40A:4-76 through 40A:4-79, the Local Finance Board is  
44 authorized to adopt rules, pursuant to the "Administrative Procedure  
45 Act," P.L.1968, c.410 (C.52:14B-1 et seq.), to exempt certain  
46 municipalities from the requirement that the director approve their  
47 annual budgets and to provide instead for a system of local

1 examination and approval of such budgets by municipal officials,  
2 provided that:

3 (1) the director finds that such municipalities are fiscally sound  
4 and that their fiscal practices are conducted in accordance with law  
5 and sound administrative practice;

6 (2) the director shall examine the budgets of such municipalities  
7 in accordance with the provisions of N.J.S.40A:4-10 and  
8 N.J.S.40A:4-76 through 40A:4-79, at least every third year;

9 (3) the governing body and chief financial officer of each such  
10 municipality shall each file a certification with the director stating  
11 that, with reference to the adopted budget of the municipality, they  
12 have:

13 (a) examined the budget in the manner prescribed under  
14 N.J.S.40A:4-76;

15 (b) determined that the budget complies with the requirements  
16 set forth in N.J.S.40A:4-77; and

17 (c) determined that the budget complies with all other  
18 provisions of law, including, but not limited to, the "Local Budget  
19 Law," N.J.S.40A:4-1 et seq., P.L.1976, c.68 (C.40A:4-45.1 et seq.),  
20 and the regulations of the Local Finance Board;

21 (4) all budget documents required by law or the regulations  
22 adopted by the Local Finance Board shall be filed with the director  
23 on a timely basis;

24 (5) other criteria and responsibilities as established by the  
25 regulations adopted by the Local Finance Board are met.

26 c. The director shall act to require immediate compliance with  
27 the "Local Budget Law," N.J.S.40A:4-1 et seq., if the director finds  
28 that any such exemption impairs the fiscal integrity or solvency of  
29 any such municipality. Any appeal of a governing body's action in  
30 adopting an annual budget shall be made to the director.

31 d. If a municipality has received approval for a special  
32 emergency appropriation pursuant to subsection m. of N.J.S.40A:4-  
33 53, that municipality shall not be eligible for local examination and  
34 approval pursuant to subsection b. of this section until the fiscal  
35 year after the final appropriation is made.

36 (cf: P.L.2020, c.74, s.4)

37

38 10. Section 10 of P.L.1983, c.313 (C.40A:5A-10) is amended to  
39 read as follows:

40 10. a. Each authority shall submit a budget for each fiscal year  
41 to the director prior to its adoption thereof. The budget shall  
42 comply with the terms and provisions of any bond resolutions, and  
43 shall be in such form and detail as to items of revenue, expenditure  
44 and other content as shall be required by law or by rules and  
45 regulations of the Local Finance Board.

46 b. The Local Finance Board shall prescribe by rule or  
47 regulation the procedure for the adoption of budgets by authorities.  
48 The rules and regulations may include or be similar to any

1 provisions of the "Local Budget Law" (N.J.S.40A:4-1 et seq.) which  
2 the Local Finance Board shall deem to be practicable or necessary,  
3 and may further include any other provisions and requirements  
4 which the Local Finance Board shall deem appropriate or necessary.  
5 The rules and regulations shall provide for approval or disapproval  
6 of a budget within 45 days of the director's receipt thereof.

7 c. The Local Finance Board shall also prescribe by rule or  
8 regulation the procedures and requirements for execution of any  
9 budget after adoption, and for the administration of financial affairs  
10 of authorities. The rules and regulations may include, without  
11 limitation, any provisions of the "Local Budget Law" (N.J.S.40A:4-  
12 1 et seq.), and the "Local Fiscal Affairs Law" (N.J.S.40A:5-1 et  
13 seq.), which the Local Finance Board shall deem to be practicable  
14 and necessary.

15 d. Notwithstanding the provisions of subsection a. of this  
16 section and **【N.J.S.40A:5A-11】** section 11 of P.L.1983, c.313  
17 (C.40A:5A-11) , the Local Finance Board is authorized to adopt  
18 rules and regulations, pursuant to the "Administrative Procedure  
19 Act," P.L.1968, c.410 (C.52:14B-1 et seq.), to exempt certain  
20 authorities from the requirement that the director approve their  
21 annual budgets and to provide instead for a system of local  
22 examination and approval of such budgets by authority officials,  
23 provided that:

24 (1) the director finds that such authorities are fiscally sound and  
25 that their fiscal practices are conducted in accordance with law and  
26 sound administrative practice;

27 (2) the director shall examine the budgets of such authorities in  
28 accordance with the provisions of this section and **【N.J.S.40A:5A-  
29 11】** section 11 of P.L.1983, c.313 (C.40A:5A-11) , at least every  
30 third year;

31 (3) the governing body and chief financial officer of each such  
32 authority shall each file a certification with the director stating that,  
33 with reference to the adopted budget of the authority, they have:

34 (a) examined the budget in the manner prescribed under this  
35 section and **【N.J.S.40A:5A-11】** section 11 of P.L.1983, c.313  
36 (C.40A:5A-11) , and determined that the budget complies with  
37 requirements set forth therein; and

38 (b) determined that the budget complies with all other  
39 provisions of law, including, but not limited to, the "Local  
40 Authorities Fiscal Control Law," P.L.1983, c.313 (C.40A:5A-1 et  
41 seq.), and the regulations of the Local Finance Board;

42 (4) all budget documents required by law or the regulations  
43 adopted by the Local Finance Board shall be filed with the director  
44 on a timely basis;

45 (5) other criteria and responsibilities as established by the  
46 regulations adopted by the Local Finance Board are met.

47 The director shall act to require immediate compliance with the  
48 "Local Authorities Fiscal Control Law," P.L.1983, c.313

1 (C.40A:5A-1 et seq.), if the director finds that any such exemption  
2 impairs the fiscal integrity or solvency of any such authority. Any  
3 appeal of a governing body's action in adopting an annual budget  
4 shall be made to the director.

5 e. The budget for an authority that is required to prepare an  
6 asset management plan pursuant to section 7 of the "Water Quality  
7 Accountability Act," P.L.2017, c.133 (C.58:31-7) or that holds a  
8 permit pursuant to the "Water Pollution Control Act," P.L.1977,  
9 c.74 (C.58:10A-1 et seq.) shall identify the infrastructure  
10 improvements to be undertaken in accordance with the authority's  
11 asset management plan or pursuant to any rule or regulation  
12 pertaining to asset management plans adopted by the Commissioner  
13 of Environmental Protection pursuant to P.L.1977, c.74 (C.58:10A-  
14 1 et seq.), as applicable.

15 (cf: P.L.2015, c.95, s.18)

16

17 11. (New section) a. A <sup>1</sup>**【water】 municipal utilities<sup>1</sup>** authority  
18 <sup>1</sup>with a water supply operation<sup>1</sup> shall be required to conduct a  
19 periodic study of the adequacy and reasonableness <sup>1</sup>**【its】 of the<sup>1</sup>**  
20 rates, fees, rents, or charges <sup>1</sup>for the operation<sup>1</sup>. The Local Finance  
21 Board in the Department of Community Affairs shall adopt,  
22 pursuant to the "Administrative Procedure Act," P.L.1968, c.410  
23 (C.52:14B-1 et seq.), the procedures, requirements, and frequency  
24 of the study. Each completed study shall be submitted to the  
25 Director of the Division of Local Government Services in the  
26 Department of Community Affairs along with the annual budget of  
27 the authority.

28 b. The director may summon appropriate officials of the  
29 authority to a hearing before the Local Finance Board if the director  
30 determines that the authority's rates, fees, rents, or charges may not  
31 be adequate or reasonable as supported by a study conducted  
32 pursuant to subsection a. of this section, or if the authority fails to  
33 conduct a study pursuant to subsection a. of this section. The Local  
34 Finance Board may require the production of papers, documents,  
35 witnesses, or information and may take or cause to be made an audit  
36 or investigation of the circumstances with respect to which the  
37 hearing was called. After the hearing, the Local Finance Board  
38 shall have the power to order <sup>1</sup>**【a water】 the<sup>1</sup>** authority to adjust the  
39 rents, rates, fees, or charges <sup>1</sup>**【of the authority】 for its water supply**  
40 operation<sup>1</sup>, or take such other action as the Local Finance Board  
41 deems appropriate to ensure the integrity of the water infrastructure  
42 owned by the <sup>1</sup>**【utility】 authority<sup>1</sup>**, and this order shall be valid and  
43 enforceable notwithstanding any provision of R.S.48:2-1 et seq. to  
44 the contrary.

45

46 12. Section 11 of P.L.1983, c.313 (C.40A:5A-11) is amended to  
47 read as follows:

1 11. No authority budget subject to the provisions of subsection  
2 a. of section 10 of P.L.1983, c.313 (C.40A:5A-10) shall be finally  
3 adopted until the director shall have approved same. In granting the  
4 approval, the director shall consider whether or not:

5 a. All estimates of revenue are reasonable, accurate and  
6 correctly stated;

7 b. Items of appropriation are properly set forth;

8 c. In itemization, form and content, the budget will permit the  
9 exercise of the comptroller function within the authority;

10 d. The schedule of rates, fees and charges then in effect will  
11 produce sufficient revenues, together with all other anticipated  
12 revenues, to satisfy all obligations to the holders of bonds of the  
13 authority, to meet operating expenses, capital outlays, debt service  
14 requirements, and to provide for such reserves, all as may be  
15 required by law, regulation or terms of contracts and agreements.

16 The director may require such documentation, records and other  
17 information, and undertake any audit or investigation, as **【he】** the  
18 director may deem necessary in connection with **【his】** the review.

19 If the director finds that all requirements of law and the rules and  
20 regulations of the Local Finance Board have been met, **【he】** the  
21 director shall, within 45 days **【of his】** after receipt of the budget,  
22 approve it; otherwise **【he】** the director shall within that time refuse  
23 to approve it. The director, in refusing to approve the budget, shall  
24 not substitute **【his】** the director's discretion with respect to the  
25 amount of an appropriation when that amount is not made  
26 mandatory by law or regulation. If a budget fails to incorporate  
27 infrastructure improvements identified in an asset management plan  
28 required pursuant to section 7 of P.L.2017, c.133 (C.58:31-7) or any  
29 regulations adopted by the Commissioner of Environmental  
30 Protection pursuant to P.L.1977, c.74 (C.58:10A-1 et seq.)  
31 pertaining to asset management, as applicable, the director may  
32 order the inclusion of the improvements, along with any revenues or  
33 appropriations necessary to fund and effectuate the improvements.  
34 The director may order other measures as the director deems  
35 necessary to ensure the integrity of the authority's water  
36 infrastructure; however, the director may take into account the  
37 authority's fiscal circumstances in determining appropriate  
38 measures.

39 Any decision of the director in the course of budget review under  
40 this section may be appealed to the Local Finance Board in the  
41 manner generally provided by law.

42 (cf: P.L.2015, c.95, s.19)

43  
44 13. (New section) a. Whenever there is available an  
45 undesignated fund balance or unreserved retained earnings held by  
46 a municipal **【water】** utilities<sup>1</sup> authority <sup>1</sup>with a water supply  
47 operation<sup>1</sup> that is being dissolved by a municipality, no more than

1 five percent of the annual costs of operation of the authority, as set  
2 forth in the final adopted budget of the authority, may be  
3 appropriated therefrom for uses not directly related to drinking  
4 water management, unless the Local Finance Board determines that  
5 the municipality has demonstrated a need for greater than five  
6 percent based on a showing of significant fiscal distress.

7 b. The Local Finance Board may condition its approval for a  
8 municipality's proposal to dissolve a municipal <sup>1</sup>~~["water"] utilities~~<sup>1</sup>  
9 authority on the municipality's proposal to comply with subsection  
10 a. of this section.

11 c. This section shall not apply to a regional authority.

12  
13 14. N.J.S.40A:31-3 is amended to read as follows:

14 40A:31-3. As used in **["this act"]** the "County and Municipal  
15 Water Supply Act," N.J.S.40A:31-1 et seq. :

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

18 b. "Cost" as applied to water supply facilities or extensions or  
19 additions thereto, means the cost of acquisition or the construction,  
20 including improvement, reconstruction, extension or enlargement,  
21 the cost of all labor materials, machinery and equipment, the cost of  
22 all lands, property, rights and easements acquired, the cost of  
23 demolition or removal of any buildings or structures thereon,  
24 financing charges, interest on bonds issued to finance water supply  
25 facilities prior to and during construction, the cost of plans and  
26 specifications, surveys or estimates of costs and revenues, the cost  
27 of engineering, legal services, and any other expenses necessary or  
28 incident to determining the feasibility of construction,  
29 administrative expenses and such other expenses as may be  
30 necessary or incident to the construction or acquisition of water  
31 supply facilities, and the financing thereof.

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

33 d. "Water supply facilities" means the plants, structures or  
34 other real and personal property acquired, constructed or operated,  
35 or to be financed, acquired, constructed or operated, or any parts  
36 thereof, including reservoirs, basins, dams, canals, aqueducts,  
37 standpipes, conduits, pipelines, mains, pumping stations, water  
38 distribution systems, compensating reservoirs, waterworks, or  
39 sources of water supply, well, purification or filtration plants, or  
40 other plants or works, connections, rights of flowage or diversion,  
41 and other plants, structures, boats, conveyances and other real and  
42 personal property, or rights therein, and appurtenances necessary or  
43 useful for the accumulation, supply or distribution of water.  
44 Source: C.40:14C-3 (P.L.1979, c.451, s.3).

45 The term "water supply facilities" includes the replacement of  
46 service connections to a publicly-owned water system, from the  
47 distribution main onto privately-owned real property and into a  
48 privately-owned structure, when used in reference to a project



1 undertaken for the purpose of replacing **【lead-contaminated】**  
2 residential lead service **【connections】** lines, regardless of possible  
3 private service connection ownership **【**, so long as the project is (1)  
4 an environmental infrastructure project, as defined under section 3  
5 of P.L.1985, c.334 (C.58:11B-3), and (2) funded either by loans  
6 from the New Jersey Infrastructure Bank, created pursuant to  
7 section 4 of P.L.1985, c.334 (C.58:11B-4), or by loans issued  
8 through the Department of Environmental Protection**】**.  
9 (cf: P.L.2018, c.114, s.5)

10

11 15. Section 5 of P.L.1995, c.101 (C.58:26-23) is amended to  
12 read as follows:

13 5. a. A public entity shall publish notice of its intent to enter  
14 into a contract pursuant to P.L.1995, c.101 (C.58:26-19 et al.) in at  
15 least one newspaper of general circulation in the jurisdiction or  
16 service area that will receive water supply services under the terms  
17 of a contract and one newspaper of broad regional circulation, at  
18 least 60 days prior to conducting the public hearing required under  
19 section 6 of P.L.1995, c.101 (C.58:26-24). In addition, a public  
20 entity that intends to enter into a contract with a private firm for the  
21 provision of water supply services shall notify in writing the board,  
22 department and division of its intent.

23 b. The public notice required under subsection a. of this section  
24 shall describe the type of services desired and provide the name,  
25 address and phone number of the person who can provide additional  
26 information and a proposal document to an interested party. The  
27 notice shall specify a deadline, that shall be not less than 30 days  
28 from the date of the publication of the notice for the submission of  
29 proposals by private firms to the public entity. The public entity  
30 may at any time revise the proposal document and each private firm  
31 that received a proposal document shall be provided with the  
32 revised proposal document.

33 c. The public entity shall conduct a review of the proposals  
34 submitted by private firms to determine which proposals meet the  
35 minimum qualifications and standards. The review shall be  
36 conducted in a manner that avoids disclosure of the contents of a  
37 proposal to any private firm submitting a competing proposal. The  
38 public entity may conduct discussions with a private firm  
39 submitting a qualified proposal for the purpose of clarifying the  
40 information submitted in the proposal. The public entity may at any  
41 time revise its proposal document after the review of the submitted  
42 proposals if it notifies simultaneously and in writing each private  
43 firm that submitted a proposal of the revision and provides a  
44 uniform time within which a firm may submit a revised proposal for  
45 review.

46 d. A public entity shall select one qualified proposal from  
47 among those submitted. The public entity shall negotiate a contract  
48 with the private firm that submitted the selected proposal. If the

1 public entity is unable to negotiate a satisfactory contract with the  
2 selected private firm, it may select another qualified proposal from  
3 among those submitted and proceed to negotiate a contract with the  
4 private firm that submitted the proposal. The public entity shall set  
5 forth in writing the reasons for the selection of the qualified  
6 proposal submitted by the private firm with which the public entity  
7 has negotiated a proposed contract and shall make this document  
8 available to the public along with the proposed contract upon  
9 request and during the public hearing conducted pursuant to section  
10 6 of P.L.1995, c.101 (C.58:26-24).

11 e. A contract entered into pursuant to P.L.1995, c.101 (C.58:26-  
12 19 et al.) shall include provisions addressing the following:

13 (1) The charges, rates, fees or formulas to be used to determine  
14 the charges, rates, or fees to be charged by the public entity for the  
15 water supply services to be provided **[.]** ;

16 (2) The allocation of the risks of financing and constructing  
17 planned capital additions or upgrades to existing water supply  
18 facilities **[.]** ;

19 (3) The allocation of the risks of operating and maintaining the  
20 water supply facility **[.]** ;

21 (4) The allocation of the risks associated with circumstances or  
22 occurrences beyond the control of the parties to the contract **[.]** ;

23 (5) The defaulting and termination of the contract **[.]** ;

24 (6) The employment of current employees of the public entity  
25 whose positions or employment will be affected by the terms of the  
26 contract **[.]** ;

27 (7) The private firm's authority and the extent, or the procedures  
28 for the use, of that authority to initiate, negotiate and finalize the  
29 terms for a bulk sale of surplus water. The contract shall either  
30 grant the private firm such authority or specifically state that the  
31 firm is denied that authority. Nothing in P.L.1995, c.101 (C.58:26-  
32 19. et al.) shall be construed to authorize a public entity that enters  
33 into a contract pursuant to P.L.1995, c.101 (C.58:26-19 et al.) to  
34 provide for the bulk sale, lease or transfer of water if the water  
35 being transferred, leased or sold has been supplied to the public  
36 entity either by the New Jersey Water Supply Authority or by the  
37 North Jersey District Water Supply Commission, unless the  
38 authority pursuant to P.L.1981, c.293 (C.58:1B-1 et seq.) or the  
39 district pursuant to R.S.58:5-1 et seq., as appropriate, has agreed to  
40 the bulk sale, lease or transfer **[.]** ;

41 (8) The requirements for the provision of a performance bond by  
42 the private firm, if so required by the public entity ; and

43 (9) The allocation of responsibility for compliance with the  
44 provisions of the "Water Quality Accountability Act," P.L.2017,  
45 c.133 (C.58:31-1 et seq.), if applicable .

46 A contract may contain any other terms and conditions that have  
47 been negotiated by the public entity and the private firm.

1 f. If a dispute over contract compliance, performance or  
2 termination cannot be resolved by the public entity and the private  
3 firm pursuant to the procedures set forth in the contract, either party  
4 to the contract may file with the Superior Court which has  
5 appropriate jurisdiction a request for an order either to terminate the  
6 contract based on the reasons stated in the request or for an order  
7 for other appropriate relief to the dispute. The court may take such  
8 action as it may deem necessary to facilitate the expeditious  
9 resolution of the dispute and an expeditious response to the request,  
10 including ordering the parties to undertake a dispute resolution or  
11 mediation process. The court shall use, as it deems necessary, the  
12 services of a financial expert in the area of water supply service  
13 contracts in its analysis of the contract and the issues before it.  
14 Within 90 days after the filing of a request, the court shall either  
15 grant the request or deny the request. If the request is granted, the  
16 court shall order such appropriate relief measures or remedies as it  
17 deems appropriate and necessary.

18 g. A public entity that has negotiated a contract with a private  
19 firm pursuant to P.L.1995, c.101 (C.58:26-19 et al.) shall obtain the  
20 written opinion of bond counsel as to effect of the contract on the  
21 tax exempt status of existing and future financing instruments  
22 executed by the public entity given the terms of the contract and the  
23 federal laws or regulations concerning this matter.

24 h. If a public entity entering a contract consists of multiple  
25 municipalities, a concession fee or other monetary benefit paid by a  
26 private firm as a result of the contract shall be paid directly to the  
27 municipalities constituting that public entity. Any concession fee or  
28 monetary benefit paid by a private firm to a public entity shall be  
29 used for the purpose of reducing or off-setting property taxes.

30 (cf: P.L.1995, c.101, s.5)

31

32 16. Section 7 of P.L.1995, c.101 (C.58:26-25) is amended to  
33 read as follows:

34 7. a. Within 60 days of receipt of the application, the board  
35 and division shall approve, or conditionally approve, an application  
36 submitted by a public entity pursuant to subsection f. of section 6 of  
37 P.L.1995, c.101 (C.58:26-24). Within 60 days of receipt of the  
38 hearing report, the department shall provide any comments on the  
39 hearing report it deems appropriate to the board, division and public  
40 entity. If the board or division fail to approve or conditionally  
41 approve the application within 60 days after receipt, the application  
42 shall be deemed approved, unless the public entity has agreed to an  
43 extension of the period.

44 b. If either the board or division conditionally approves the  
45 application, the board or division shall state in writing the revision  
46 to the proposed contract that is necessary in order for it to be  
47 approved. If the board or division determines that the required  
48 revision is substantial, the public entity shall hold a public hearing

1 on the revision and adhere to the provisions of section 6 of  
2 P.L.1995, c.101 (C.58:26-24) in so doing. A substantial revision  
3 shall be a change that results in an increase in the charges, rates or  
4 fees of the private firm or that materially changes other terms and  
5 conditions of the contract. The proposed revision to the contract  
6 shall be submitted to the board, division and department 15 days  
7 prior to the date of the public hearing. If the board or division  
8 determines that the required revision in the conditional approval is  
9 not substantial, the public entity shall submit the proposed revision  
10 to the contract to the board and the division for approval and to the  
11 department for review. The revision shall be approved if found to  
12 be consistent with the conditions set forth in the conditional  
13 approval, or disapproved with a written explanation as to why the  
14 revision is not consistent, within 15 days after the next public  
15 meeting of the board or division.

16 c. In its review of a contract, the board shall apply the following  
17 criteria in determining whether to approve the contract:

18 (1) The private firm entering into the contract has the financial  
19 capacity and technical and administrative experience to ensure  
20 continuity of service over the term of the contract and that the  
21 standards and requirements contained in the application documents  
22 concerning the financial, technical and administrative capacity of  
23 the private firm are necessary and sufficient to protect the public  
24 interest.

25 (2) The terms of the contract are not unreasonable. In  
26 determining whether the terms of the contract are not unreasonable,  
27 the board shall review the fees and charges to be charged or  
28 assessed under the contract to determine that they are reasonable to  
29 the public entity, taking into consideration all of the obligations  
30 undertaken by the private firm and all the benefits obtained by the  
31 public entity. In making this determination, the board shall not use  
32 the traditional rate based rate of return methodology.

33 (3) The franchise customers of a public utility participating in a  
34 contract are protected from the risks of the proposed contract and  
35 that they are not subsidizing the contract. If a private firm is not a  
36 public utility, the board shall ensure that under the terms of the  
37 proposed contract the users of water outside of the jurisdiction or  
38 service area that will receive water supply services under the  
39 contract are also protected from the risks of the contract and that  
40 water users outside the jurisdiction or service area are not  
41 subsidizing the contract through increased charges, rates or fees for  
42 the supply of water.

43 (4) The contract contains the provisions required by paragraphs  
44 (1), (2) and (6) of subsection e. of section 5 of P.L.1995, c.101  
45 (C.58:26-23).

46 Upon approval of a contract as proposed or as revised in  
47 response to a conditional approval, the jurisdiction of the board  
48 over the contract shall terminate until or unless the contract is

1 amended to change the formula or other basis of determining  
2 charges contained therein.

3 d. In its review of a contract, the division shall apply the  
4 following criteria in determining whether to approve the contract:

5 (1) The terms of the proposed contract do not materially impair  
6 the ability of the public entity to punctually pay principal and  
7 interest due on its outstanding indebtedness and to supply other  
8 essential public improvements and services.

9 (2) A concession fee or other monetary benefit paid by a private  
10 firm as a result of the contract is paid directly to the municipalities  
11 constituting that public entity, if a public entity consisting of  
12 multiple municipalities has entered into a contract. Any concession  
13 fee or monetary benefit paid by a private firm to a public entity is  
14 used for the purpose of reducing or off-setting property taxes.

15 (3) The contract contains the provisions required by paragraphs  
16 (3), (4), (5), (7) **and** (8) , and (9) of subsection e. of section 5 of  
17 P.L.1995, c.101 (C.58:26-23).

18 The division shall also review and specifically approve any  
19 contract provision pursuant to which a public entity will or may  
20 execute a financing instrument for the purposes set forth in the  
21 contract.

22 e. The board or division may provide the public entity with any  
23 non-binding comments or advice during or after the review of the  
24 application as the board or division deem appropriate.

25 f. The board or division shall assess and the applicant shall pay a  
26 fee equal to the cost incurred by the board or division for an  
27 analysis of an application by an independent person who has  
28 expertise in the area of water supply services if during the review of  
29 an application the board or division determine that such an analysis  
30 is required and a person with the required expertise is not readily  
31 available from within any executive department of the State  
32 government.

33 g. If the public entity and private firm would like to amend a  
34 contract after approval of an application by the board and division,  
35 the public entity shall submit proposed amendments to the board  
36 and division for approval and to the department for review. At the  
37 next public meeting of the board and of the division after receipt of  
38 proposed amendments, the board and the division shall determine  
39 whether the proposed amendments are substantial. If the  
40 amendments are substantial in nature as determined by either the  
41 board or the division, the public entity shall conduct a hearing  
42 pursuant to section 6 of P.L.1995, c.101 (C.58:26-24). Within 60  
43 days of the receipt of proposed amendments that are not determined  
44 to be substantial, or within 60 days of the receipt of an application  
45 for approval of proposed amendments that are determined to be  
46 substantial, the board and division shall approve or conditionally  
47 approve the amendments in accordance with the applicable

1 procedures established for approval of an original contract pursuant  
2 to this section [7 of P.L.1995, c.101 (C.58:26-19 et al.)] .  
3 (cf: P.L.1995, c.101, s.7)

4  
5 <sup>1</sup>[17. Section 2 of P.L.2017, c.133 (C.58:31-2) is amended to  
6 read as follows:

7 2. As used in [this act] P.L.2017, c.133 (C.58:31-1 et seq.) :

8 "Board" means the Board of Public Utilities.

9 "Department" means the Department of Environmental  
10 Protection.

11 "New Jersey Cybersecurity and Communications Integration  
12 Cell" means the New Jersey Cybersecurity and Communications  
13 Integration Cell established pursuant to Executive Order No. 178  
14 (2015) in the New Jersey Office of Homeland Security and  
15 Preparedness, or any successor entity.

16 "Public community water system" means the same as the term is  
17 defined in section 3 of P.L.1977, c.224 (C.58:12A-3).

18 "Water purveyor" means any person that owns a public  
19 community water system with more than 500 service connections.

20 (cf: P.L.2017, c.133, s.2)]<sup>1</sup>

21

22 <sup>1</sup>[18. Section 3 of P.L.2017, c.133 (C.58:31-3) is amended to  
23 read as follows:

24 3. a. Each water purveyor shall inspect each valve in its  
25 [public] water system in accordance with the provisions of  
26 subsection b. of this section in order to determine (1) accessibility  
27 of the valve for operational purposes, and (2) the valve's operating  
28 condition. A water purveyor shall repair or replace any valve found  
29 to be broken or otherwise not operational.

30 b. Each water purveyor shall inspect each valve that is 12 or  
31 more inches in diameter [at least] in accordance with industry  
32 standards and no less frequently than once every [two] four years,  
33 and shall inspect all other valves [at least] in accordance with  
34 industry standards and no less frequently than once every [four]  
35 eight years, except that the requirements of this subsection shall not  
36 apply to any service connection valve or customer shut-off valve.  
37 At a minimum, each valve inspection conducted pursuant to this  
38 subsection shall include:

39 (1) clearing of the area around the valve to ensure full access to  
40 the valve for operating purposes;

41 (2) cleaning out of the valve box;

42 (3) dynamic testing of the valve, by opening and then closing  
43 the valve for either of the following number of turns:

44 (a) the number of turns recommended by the valve manufacturer  
45 to constitute a credible test; or

1 (b) the number of turns which constitutes 15 percent of the total  
2 number of turns necessary to completely open or completely close  
3 the valve; and

4 (4) complying with any other criteria as may be required by the  
5 department pursuant to rules and regulations adopted pursuant to  
6 the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et  
7 seq.).

8 c. (1) Each water purveyor shall, once a year, test every fire  
9 hydrant in its system in order to determine the hydrant's working  
10 condition.

11 (2) Each water purveyor shall formulate and implement a plan  
12 for flushing every fire hydrant in the **【public】** water system, and  
13 every dead end of a main in the **【public】** water system. This plan  
14 for flushing may be combined with the periodic testing of fire  
15 hydrants required pursuant to paragraph (1) of this subsection.

16 d. Each water purveyor shall keep a record of all inspections,  
17 tests, and flushings conducted pursuant to this section for a period  
18 of at least **【six】** 10 years.

19 e. Each water purveyor that owns, solely or jointly, a fire  
20 hydrant shall mark each hydrant with the initials of its name,  
21 abbreviation of its name, corporate symbol, or other distinguishing  
22 mark or code by which ownership may be readily and definitely  
23 ascertained. Each fire hydrant shall be marked with a number or  
24 symbol, or both, by which the location of the hydrant may be  
25 determined on the water purveyor's office records. The markings  
26 may be made with paint, brand, **【or with】** a soft metal plate, or by  
27 another method approved by the department, and shall be of such  
28 size and so spaced and maintained as to be easily read.

29 f. Each water purveyor shall identify, to the extent possible,  
30 the geographic location of each valve and fire hydrant in its  
31 **【public】** water system using a global positioning system based on  
32 satellite or other location technology.

33 (cf: P.L.2017, c.133, s.3)<sup>1</sup>

34

35 <sup>1</sup>**【**19. Section 4 of P.L.2017, c.133 (C.58:31-4) is amended to  
36 read as follows:

37 4. a. Within 120 days after the effective date of **【this act】**  
38 P.L.2017, c.133 (C.58:31-1 et seq.) , each water purveyor shall  
39 develop a cybersecurity program, in accordance with requirements  
40 established by the board and the New Jersey Cybersecurity and  
41 Communications Integration Cell , that defines and implements  
42 organization accountabilities and responsibilities for cyber risk  
43 management activities, and establishes policies, plans, processes,  
44 and procedures for identifying and mitigating cyber risk to its  
45 **【public】** water system. As part of the program, a water purveyor  
46 shall conduct risk assessments and implement appropriate controls  
47 to mitigate identified risks to the **【public】** water system, maintain

1 situational awareness of cyber threats and vulnerabilities to the  
2 **【public】** water system, and create and exercise incident response  
3 and recovery plans.

4 A copy of the program developed pursuant to this subsection  
5 shall be provided to the New Jersey Cybersecurity and  
6 Communications Integration Cell **【**, established pursuant to  
7 Executive Order No. 178 (2015) in the New Jersey Office of  
8 Homeland Security and Preparedness**】** .

9 b. Within 60 days after developing the program required  
10 pursuant to subsection a. of this section, each water purveyor shall  
11 join the New Jersey Cybersecurity and Communications Integration  
12 Cell **【**, established pursuant to Executive Order No. 178 (2015),**】**  
13 and create a cybersecurity incident reporting process.

14 c. **【**A water purveyor that does not have an internet-connected  
15 control system shall be exempt from the requirements of this  
16 section.**】** (~~Deleted by amendment, P.L. , c. (C. ) (pending~~  
17 ~~before the Legislature as this bill))~~  
18 (cf: P.L.2017, c.133, s.4)**】**<sup>1</sup>

19

20 <sup>1</sup>**【**20. Section 6 of P.L.2017, c.133 (C.58:31-6) is amended to  
21 read as follows:

22 6. In addition to any other certifications required pursuant to  
23 law, rule, or regulation, the responsible corporate officer of **【the】** a  
24 public community water system with more than 500 service  
25 connections , if privately held, executive director, if an authority, or  
26 mayor or chief executive officer of the municipality, if municipally  
27 owned, as applicable, shall be required to certify in writing each  
28 year to the Department of Environmental Protection and, if  
29 applicable, the Board of Public Utilities that the water purveyor  
30 complies with: all federal and State drinking water regulations,  
31 including water quality sampling, testing, and reporting  
32 requirements; the hydrant and valve requirements set forth in  
33 section 3 of **【this act】** P.L.2017, c.133 (C.58:31-3) ; **【the notice of**  
34 **violation mitigation plan requirements set forth in section 5 of this**  
35 **act, if applicable;】** and the infrastructure improvement investment  
36 required pursuant to section 7 of **【this act】** P.L.2017, c.133  
37 (C.58:31-7) .

38 (cf: P.L.2017, c.133, s.6)**】**<sup>1</sup>

39

40 <sup>1</sup>**【**21. Section 7 of P.L.2017, c.133 (C.58:31-7) is amended to  
41 read as follows:

42 7. a. Beginning no later than 18 months after the effective date  
43 of **【this act】** P.L.2017, c.133 (C.58:31-1 et seq.) , **【every water**  
44 **purveyor】** an owner of a public community water system shall  
45 implement an asset management plan designed to inspect, maintain,  
46 repair, and renew its infrastructure consistent with standards



1 established by the American Water Works Association. The asset  
2 management plan shall include:

3 (1) a water main renewal program designed to achieve a [150-  
4 year] replacement cycle, [or other appropriate replacement cycle as  
5 determined by a detailed engineering analysis of the asset condition  
6 and estimated service lives of the water mains serving the public  
7 water system] the duration of which shall be determined by  
8 dividing the number of miles of water mains in the public  
9 community water system by 100 or another calculation determined  
10 to be appropriate by the department ;

11 (2) a water supply and treatment program designed to inspect,  
12 maintain, repair, renew, and upgrade wells, intakes, pumps, and  
13 treatment facilities in accordance with all federal and State  
14 regulations [,] and standards established by the American Water  
15 Works Association [, and any mitigation plan required pursuant to  
16 section 5 of this act] ; [and]

17 (3) a capital improvement plan identifying the annual cost of  
18 implementing each element of the asset management plan, along  
19 with the sources of funding for each element;

20 (4) a certification of the completeness of the asset management  
21 plan signed by the licensed operator or professional engineer of the  
22 public community water system and: the responsible corporate  
23 officer of the public community water system, if privately held; the  
24 executive director, if an authority; or the mayor or chief executive  
25 officer of the municipality, if municipally owned, as applicable; and

26 (5) any other programs, plans, or provisions as may be required  
27 by the department pursuant to rules and regulations adopted  
28 pursuant to the "Administrative Procedure Act," P.L.1968, c.410  
29 (C.52:14B-1 et seq.).

30 Each [water purveyor] owner of a public community water  
31 system shall dedicate adequate funds on an annual basis [to address  
32 and remediate] towards implementing its asset management plan,  
33 including addressing and remediating the highest priority projects  
34 as determined by its asset management plan.

35 [All asset management plans and system condition reports shall  
36 be certified to by the licensed operator or professional engineer of  
37 the public water system and the responsible corporate officer of the  
38 public water system, if privately held, executive director, if an  
39 authority, or mayor or chief executive officer of the municipality, if  
40 municipally owned, as applicable. The replacement cycle shall be  
41 determined by dividing the miles of water main located in the  
42 public water system by 150 or other appropriate demonstration set  
43 forth in the certified asset management plan prepared pursuant to  
44 this section.]

45 b. [At least once every three years, each] Each water purveyor  
46 shall provide to the department and the board, if applicable, [a] an  
47 annual report based on its asset management plan prepared pursuant

1 to subsection a. of this section identifying the infrastructure  
 2 improvements to be undertaken in the **【coming year】** subsequent  
 3 three years and the cost of those improvements, as well as  
 4 identifying the infrastructure improvements completed in the past  
 5 year and the cost of those improvements. If the water purveyor is a  
 6 municipality, a county, or an authority subject to the "Local  
 7 Authorities Fiscal Control Law" (C.40A:5A-1 et seq.), the report  
 8 shall also identify infrastructure improvements to be undertaken  
 9 pursuant to the asset management plan in the remaining years of the  
 10 water purveyor's capital improvement plan, along with the actual or  
 11 estimated cost of such improvements. A municipal water  
 12 department or municipal water authority shall also submit the report  
 13 required pursuant to this subsection to the Division of Local  
 14 Government Services in the Department of Community Affairs.

15 c. The department, the board, and the Department of  
 16 Community Affairs shall create a centralized portal allowing for  
 17 electronic submittal of the report required pursuant to subsection b.  
 18 of this section. The lack of a centralized portal pursuant to this  
 19 subsection shall not negate the requirement for a water purveyor to  
 20 submit a report pursuant to subsection b. of this section.

21 d. In consultation with the Director of the Division of Local  
 22 Government Services in the Department of Community Affairs and  
 23 the board, the Commissioner of Environmental Protection shall set a  
 24 deadline for submission of the completed annual report; however,  
 25 the deadline for submission shall be no later than December 31 for  
 26 counties and municipalities with a calendar year budget cycle, June  
 27 30 for municipalities with a State fiscal year budget cycle, or, for  
 28 authorities subject to the "Local Authorities Fiscal Control Law,"  
 29 P.L.1983, c.313 (C.40A:5A-1 et seq.), 15 days prior to the deadline  
 30 established by the Division of Local Government Services for an  
 31 authority to submit its introduced annual budget. Water purveyors  
 32 that are municipalities, counties, or authorities subject to P.L.1983,  
 33 c.313 (C.40A:5A-1 et seq.) shall submit the completed annual  
 34 report to the Director of the Division of Local Government Services  
 35 concurrent with the introduced annual budget for the budget year  
 36 next following the date on which the report is required to be  
 37 completed.

38 (cf: P.L.2017, c.133, s.7) <sup>1</sup>

39  
 40 <sup>1</sup>【22. (New section) Any person who violates the provisions of  
 41 P.L.2017, c.133 (C.58:31-1 et seq.), or any rule or regulation  
 42 adopted pursuant thereto, shall be subject to the penalties and other  
 43 remedies set forth in section 10 of P.L.1977, c.224 (C.58:12A-10).  
 44 No later than 18 months after the effective date of P.L. ,  
 45 c. (C. ) (pending before the Legislature as this bill), the  
 46 department shall adopt, pursuant to the "Administrative Procedure  
 47 Act," P.L.1968, c.410 (C.52:14B-1 et seq.), a schedule of civil

**S3459 [1R] SINGLETON, LAGANA**

35

1 administrative penalties to be applied pursuant to this section for  
2 specific violations of P.L.2017, c.133 (C.58:31-1 et seq.).<sup>1</sup>

3

4 <sup>1</sup>**[23. Section 5 of P.L.2017, c.133 (C.58:31-5) is repealed.]<sup>1</sup>**

5

6 <sup>1</sup>**[24.] 17.<sup>1</sup> This act shall take effect immediately.**