ASSEMBLY, No. 5131 **STATE OF NEW JERSEY** 219th LEGISLATURE

INTRODUCED DECEMBER 10, 2020

Sponsored by: Assemblyman JOHN F. MCKEON District 27 (Essex and Morris) Assemblyman JOE DANIELSEN District 17 (Middlesex and Somerset) Assemblywoman MILA M. JASEY District 27 (Essex and Morris)

SYNOPSIS

Authorizes imposition of fee for connection to municipal electric distribution system.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 12/10/2020)

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AN ACT authorizing the imposition of a fee for connection to a municipal electric distribution system, supplementing chapter 62 of Title 40 of the Revised Statutes, and amending R.S.40:62-14.

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

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8 1. (New section) In addition to rates, rents, or charges, the 9 municipal governing body may impose a separate charge in the 10 nature of a connection fee upon the owner or occupant of the 11 property being connected to the municipal electric distribution 12 system. The connection charges shall be uniform within each class of users and the amount thereof shall not exceed the actual cost of 13 14 the physical connection plus an amount representing a fair payment 15 towards the cost of the system and computed in the following 16 manner:

17 a. The amount representing all debt service, including but not 18 limited to sinking funds, reserve funds, the principal and interest on 19 bonds, and the amount of any loans and interest thereon, paid by the 20 municipality to defray the capital cost of developing the system as 21 of the end of the immediately preceding budget year shall be added 22 to all capital expenditures made by a municipality not funded by a 23 bond ordinance or debt for the development of the system as of the 24 end of the immediately preceding budget year;

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

32 c. The remainder shall be divided by the total number of 33 service units served by the municipality at the end of the 34 immediately preceding budget year, and the results shall then be 35 apportioned to each new customer according to the number of 36 service units attributed to that connector, to produce the connector's 37 contribution to the cost of the system. In attributing service units to 38 each connector, the estimated average daily electric usage for the 39 connector shall be divided by the average daily electric usage for 40 the average single family residence in the municipality to produce 41 the number of service units to be attributed.

The connection fee shall be recomputed at the end of each budget year, after a public hearing is held. The revised connection fee may be imposed upon those who subsequently connect to the system in that budget year.

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.

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1 The combination of the connection fee and the rates, rents, or 2 charges for supplying electricity shall be such that the revenues 3 derived shall be adequate to pay the expenses of operation and maintenance of the electric distribution system, including 4 improvements, extensions, enlargements and replacements to the 5 electric distribution system, reserves, insurance, principal and 6 7 interest on any bonds, and to maintain reserves or sinking funds 8 therefor as may be required under the bond covenants or any contracts, or as may be deemed necessary or desirable. 9

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2. R.S.40:62-14 is amended to read as follows:

The rates, rents, <u>connections fees</u>, or charges shall remain, until paid, municipal liens against the property and premises where such light, heat or power is furnished, and shall draw interest at the rate of seven per cent per annum from and after the time when they shall become due, and shall, in addition to all other remedies, be collectible in the same manner as arrearages of taxes.

18 (cf: R.S.40:62-14)

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3. This act shall take effect immediately.

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STATEMENT

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This bill authorizes municipalities to impose connection fees on properties being connected to a municipal electric distribution system.

Under current law, municipalities have the authority to impose connection fees to owners or occupants of properties for sewer connections and water service connections. This bill would extend that authority to charge fees for electric service connections as well.