Chapter 397

[OFFICIAL COPY REPRINT]

ASSEMBLY, No. 553

STATE OF NEW JERSEY

INTRODUCED AUGUST 23, 1948

By Mr. KATES

Referred to Committee on Municipalities

AN ACT concerning the lease or sale of public utility plants or systems owned by municipalities, and amending section 40:62–3 of the Revised Statutes.

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

1. Section 40:62–3 of the Revised Statutes is amended to read as follows:

40:62–3. Any municipality owning a sewer plant, water plant, heat, light or power plant, system of transportation, or other public utility plant or system, may lease or sell such plant or system. Such a lease or sale to another municipality, a sanitary sewerage authority, a sewerage authority or any other authority, commission or public body shall be authorized by ordinance and may be made upon such terms as said ordinance shall provide and the provisions of sections 40:62–4 and 40:62–5 of this Title shall not apply thereto. Such a lease or sale to any person except another municipality, a sanitary sewerage authority, a sewerage authority or any other authority, commission or public body shall be made only upon compliance with the provisions of sections 40:62–4 and 40:62–5 of this Title and after the same is authorized by the legal voters of the municipality in accordance with said sections.

2. This act shall take effect immediately.

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STATEMENT

The purpose of this bill is to authorize municipalities owning a utility plant, particularly a sewage treatment plant, to convey or lease it to another municipality or an authority authorized to operate such utility by ordinance without incurring the expense and delay of a referendum on the proposal. The 1917 Home Rule Act (now in R. S. 40:62–3 to 40:62–5) prohibited all such sales or leases except after a cumbersome proceeding involving bids therefor, and a referendum vote at a general election. These requirements are perhaps desirable and in the bill are preserved in connection with sales or leases to private interest, but they have no justification as between two municipalities or a municipality and an authority authorized to operate such utility where engineering and economic considerations show the need to revise their sanitation or other utility arrangements in order to meet new conditions and the shifting growth in population.

Letter from James J. Smith, Executive Secretary,
New Jersey State League of Municipalities,
to Hon. John M. Summerill, Jr., Acting Governor,
September 16, 1948, in the newspaper articles folder.

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Special Correspondence -- Governor Alfred E. Driscoll -- Assembly 500 to 564 -- 1948

MEMORANDUM

Trenton

Harold Saum, Esq. - Governor's Office

Walter R. Darby, Director of Local Government

Date September 15, 1948

Assembly No. 553

Assembly 553 amends section R.S. 40:62-3 to empower a municipality owning a sewer plant, water plant, heat, light or power plant, system of transportation, or other public utility plant or system to lease or sell such plant or system to another municipality, sanitary sewerage authority, a sewerage authority, or any other authority, commission or public body by ordinance, upon such terms as said ordinance shall provide, without regard to the provisions of Sections 40:62-4 and 40:62-5.

On the other hand, the bill provides that such lease or sale shall not be made to any person except another municipality, a sanitary sewerage authority, a sewerage authority or any other authority, commission or public body except upon compliance with the provisions of Sections 40:62-4 and 40:62-5.

The obvious purpose of the bill appears to be to provide a less cumbersome method of leasing or selling a municipally owned public utility to a public body than is required by the present law. Chapter 138, P. L. 1946, provides for the creation of a sewerage authority by a county, a municipality or two or more municipalities.

This bill would facilitate the transfer of a municipally owned sewerage system to a sewerage authority created under the provisions of Chapter 138, Laws of 1946, by providing that such sale or lease might be made without the necessity of complying with the rather cumbersome provisions of R.S. 40:62-4 and 40:62-5, the provisions of which sections would still apply to the sale or lease of a municipally owned utility to any individual, corporation, etc. other than a public body.

In my opinion the provisions of the bill are beneficial.

...NGELER
...LINDEN
...SENT

SAMUEL F. ELDREDGE, COMMISSIONER, CAPE MAY, FIRST VICE-PRESIDENT
JOHN A. DELANEY, MAYOR, PERTH AMBOY, SECOND VICE-PRESIDENT
DAVID W. JENKINS, MAYOR, FRANKLIN, THIRD VICE-PRESIDENT
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September 16, 1948

Hon. John M. Summerill, Jr.
Acting Governor
State House
Trenton, New Jersey

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Hon. Emory S. Kates ~~September 14~~ 19~~48~~

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...or No. *Place* ~~Camden, New Jersey~~

~~Acting Governor Summerill wishes me to advise you he has signed~~

your Assembly 553.

~~P. J. Abbott~~

~~Secretary to the Governor~~

FG

(*Signed*)

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