Chapter 232

[OFFICIAL COPY REPRINT]

ASSEMBLY, No. 499

STATE OF NEW JERSEY

INTRODUCED MAY 3, 1948

By Mr. KATES

(Without Reference)

AN ACT concerning the lease or sale of public utility plants or systems owned by municipalities, and amending section 40:62–3 and section 40:63–31 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 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 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. Section 40:63–31 of the Revised Statutes is amended to read as follows:

40:63–31. Any municipality owning a sewer plant or system may sell or lease the same in the manner or mode of procedure prescribed by section 40:62–3 of this Title.

3. This act shall take effect immediately.

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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. Lease or sale of utility plants; referendum. 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 [, provided the]. Such a lease or sale to another municipality 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 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. Section 40:63–31 of the Revised Statutes is amended to read as follows:

40:63–31. Sale or lease of plants. Any municipality owning a sewer plant or system may sell or lease the same [if such sale or lease shall have

been authorized by] in the [legal voters of such municipality. The] manner or mode of procedure [shall be as provided in sections] prescribed by section 40:62–3 [to 40:62–5 of this Title and the proceeds shall be used and disposed of as provided in section 40:62–6] of this Title.

3. This act shall take effect immediately.

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 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 interests, but they have no justification as between two municipalities 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.