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Michael Sol Warren and Brent Johnson - For South Jersey Times, 'Murphy signs bills that target lead exposure in paint, pipes', South Jersey Times (online), 23 Jul 2021 001

Daniel J. Munoz, 'Murphy approves bill to replace all NJ lead pipes in next decade', NJBIZ (online), 22 Jul 2021

RH/CL

P.L. 2021, CHAPTER 183, *approved July 22, 2021*
Assembly, No. 5343 (*Second Reprint*)

1 AN ACT concerning the replacement of lead service lines and
2 supplementing Title 58 of the Revised Statutes.

3

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

6

7 1. The Legislature finds that the presence of lead in drinking
8 water represents a threat to the public health, especially the health
9 and development of New Jersey’s children; that pipes containing
10 lead that connect water mains to homes and other buildings, often
11 called lead service lines, are a primary source of lead in drinking
12 water; and that, due in part to the age of New Jersey’s housing,
13 there does not exist a full and complete inventory of all lead service
14 lines in the State.

15 The Legislature therefore declares that public water systems
16 should fully inventory all service lines and gradually replace all
17 lead services lines, portions of which may exist on private property;
18 and that, given the risk to public health and the resulting social
19 costs that lead exposure imposes upon society as a whole, it is in the
20 public interest that each public water system be obligated to replace
21 lead service lines, including those that exist on private property, and
22 be authorized to recoup the costs of lead service line replacements
23 from all subscribers of the public water system.

24

25 2. As used in this act:

26 “Board” means the Board of Public Utilities or any successor
27 agency.

28 ¹“Customer” means a property owner or lessee who receives, and
29 is required to pay, a water utility bill for water being supplied to the
30 property.

31 “Distributed System Improvement Charge” means a surcharge
32 that is imposed by an investor-owned public community water
33 system on its customers, with the approval of the board, to enable
34 the system to recoup the costs of non-revenue producing
35 infrastructure improvements outside the context of a base rate case.¹

36 “Gooseneck, pigtail, or connector” means the short section of
37 flexible piping, usually one to two feet long, which is used to
38 connect rigid sections of service line piping.

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:

¹Assembly ANR committee amendments adopted March 15, 2021.

²Senate SBA committee amendments adopted June 17, 2021.

1 ¹“Government-owned public community water system” means a
2 public community water system established, pursuant to law, by a
3 political subdivision of this State or an agency or instrumentality of
4 one or more thereof.¹

5 “Investor-owned public ¹community¹ water system” means a
6 public ¹community¹ water system that is a public utility, as defined
7 in R.S.48:2-13, and which is subject to the jurisdiction of the board
8 pursuant to Title 48 of the Revised Statutes.

9 “Lead service line” means a ¹[service line] water supply
10 connection¹ that is made of, or lined with, ¹[materials containing] a
11 material consisting of¹ lead ¹, and which connects a water main to a
12 building inlet¹. ¹["Lead service line" shall include a] A¹ lead
13 pigtail, lead¹ gooseneck, ¹[pigtail,]¹ or ¹[connector] other lead
14 fitting shall be considered to be a lead service line¹, regardless of
15 the composition of the ¹[rigid sections of]¹ service line ¹or other
16 portions of¹ piping to which ¹[they are] such piece is¹ attached.
17 ¹["Lead service line" shall also include a] A galvanized¹ service
18 line ¹[composed of galvanized steel] shall be considered to be a
19 lead service line. A lead service line may be owned by the public
20 community water system, a property owner, or both¹.

21 ¹“Non-paying consumer” means the lessee or primary occupant
22 of institutional, commercial, or residential space in a system’s
23 service area, who does not receive, and is not required to pay, a
24 water utility bill for water supplied to the property.

25 “Off-site owner” means the owner of residential, commercial, or
26 institutional property located within the service area of a public
27 community water system, who resides at another property, outside
28 the service area, and who does not receive, and is not required to
29 pay, a water utility bill for water being supplied to the owner’s
30 property in the service area.¹

31 “Partial replacement” means the act of replacing any service line
32 component without replacing the entire service line.

33 ¹“Property owner” means the owner of residential, commercial,
34 or educational institution property located within the service area of
35 a public community water system.¹

36 “Property¹-¹owner side” means the portion of a service line ¹that
37 is¹ owned by a property owner.

38 “Public ¹community¹ water system” ¹or “system”¹ means a
39 ¹public water¹ system ¹[for the provision to the public of water for
40 human consumption through pipes or other constructed
41 conveyances, if the system] or the owner of a public water system,
42 as that term is defined by section 3 of P.L.1977, c.224 (C.58:12A-
43 3), which system either:¹ has at least 15 service connections ¹that
44 are used by year-round residents;¹ or regularly serves ¹[an average
45 of]¹ at least 25 ¹[individuals daily at least 60 days out of the year]

1 year-round residents¹. "Public community¹ water system" ¹**【shall**
2 include: (1) any collection, treatment, storage and distribution
3 facilities under control of the operator of the system and used
4 primarily in connection with the system; and (2) any collection or
5 pre-treatment storage facilities not under control of the operator
6 which are used primarily in connection with the system. "Public
7 water system" shall also include the operator of the system. "Public
8 water system" shall not include transient, non-community systems**】**
9 includes an investor-owned public community water system¹.

10 ¹**【**"Public water system side" means the portion of a service line
11 owned by a public water system.**】**¹

12 "Service line" means any piping, tubing, and fittings connecting
13 a water main to a building that serves a customer of a public water
14 system. "Service line" ¹**【shall include】** includes¹ the property¹_
15 ¹owner side and the ¹**【public water】**¹ system side of a service line.

16 ¹"System side" means the portion of a service line that is owned
17 by a public community water system.¹

18

19 3. a. Each public community¹ water system in the State shall
20 develop a service line inventory^{1,1} in accordance with the
21 requirements of this section, in order to determine the existence or
22 absence of a lead service line at each service connection in its
23 service area. The service line inventory shall include information
24 about service line locations and the composition of service lines at
25 each location. The department may prescribe data management
26 means and methods to provide for the receipt of uniform
27 submissions of the service line inventory by public community¹
28 water systems.

29 b. No later than ¹**【30】** 60¹ days after the effective date of this
30 act, a public community¹ water system shall compile and submit^{1,1}
31 to the department^{1,1} an initial count ¹**【of】** showing¹ the number of
32 lead service lines and the number of service lines of unknown
33 composition that are known to be present in the system's¹ service
34 area ¹**【of the public water system】**, as well as the number of lead
35 service lines that are to be replaced annually, based on the
36 replacement rate established pursuant to paragraph (1) of subsection
37 b. of section 5 of this act¹ .

38 c. No later than six months after the effective date of this act, a
39 public community¹ water system shall submit to the department an
40 initial service line inventory. The inventory shall include:

41 (1) the locations of ¹all¹ identified lead service lines;

42 (2) an indication ¹**【of】** as to¹ whether ¹**【the】** each¹ identified
43 lead service ¹**【lines are】** line is¹ completely composed of lead or
44 otherwise ¹**【meet】** meets¹ the definition of ¹a¹ lead service line;

- 1 (3) the **1[locations]** location¹ of each¹ service **1[lines]** line that
2 is¹ suspected to be lead;
- 3 (4) for each identified and suspected lead service line, an
4 indication as to¹ whether the line is owned by the public
5 community¹ water system, the¹ property owner, or both;
- 6 (5) the locations and compositions of all¹ non-lead service
7 lines; and
- 8 (6) a separate **1[category]** list¹ identifying all service lines of
9 unknown composition.
- 10 **1[d.]** The public community¹ water system shall use historical
11 building records and other available information, including data
12 from the American Water Works Association or other industry
13 research groups, to determine the likelihood of the presence of lead
14 service lines in all portions of its service area¹, as provided by this
15 section¹.
- 16 **1[After]** e. Following¹ the submission of the initial service line
17 inventory pursuant to subsection c. of this section¹, each public
18 community¹ water system in the State shall continue the inventory
19 process and utilize every reasonable method available to locate all
20 lead service lines within its service area. This process shall include,
21 but shall not be limited to **1[,]**:
- 22 (1)¹ visual inspection during planned maintenance, meter
23 replacement, and main replacement projects **1[,]**¹ and
24 (2) the solicitation and receipt of comments, complaints, and
25 other¹ input **1[that the public water system requests]**¹ from **1[its]**¹
26 customers and non-paying consumers in the service area¹.
- 27 **1[d.] f. (1)**¹ No later than one year after the effective date of
28 this act, a public community¹ water system shall submit^{1,1} to the
29 department^{1,1} an updated inventory of service lines in¹ its service
30 **1[territory that meets the requirements of]** area. The updated
31 inventory shall contain the information required by¹ subsection c. of
32 this section¹**1[. The updated inventory shall also contain the**
33 **following information]**, and shall additionally include¹:
- 34 **1[(1)] (a)** for each service line suspected of containing lead,¹
35 supporting information detailing the **1[reasoning behind the**
36 **identification of]** the reasons why¹ each such¹ service line
37 **1[identified as being suspected of containing]** is believed to
38 contain¹ lead; and
- 39 **1[(2)] (b)**¹ for each service line identified as being of unknown
40 composition, a description detailing the steps undertaken to
41 determine **1[if]** whether¹ the line contains lead.
- 42 **1(2)**¹ The public community¹ water system shall keep the
43 department informed of its progress pursuant to this subsection
44 **1[and shall continue to adhere]**, through the annual reports

1 submitted pursuant¹ to the provisions of section 7 of this act. If a
2 public community¹ water system exhausts all other methods of
3 identifying a service line, including the use of new technologies that
4 become available, the department may require excavation^{1,1} as
5 necessary, to identify the service line.

6 ¹**[e.] g.**¹ Beginning two years after the effective date of this act,
7 and until such time as all lead service lines have been replaced in
8 accordance with this act,¹ a public community¹ water system shall
9 annually submit to the department:

10 (1) an updated service line inventory that meets the
11 requirements of ¹**[subsections c. and d.] subsection f.**¹ of this
12 section; and

13 (2) a ¹**[certification]** statement certifying¹ that the public
14 community¹ water system is in compliance with the provisions of
15 this act.

16 ¹**[f.] h.**¹ A public community¹ water system shall provide its
17 most recent service line inventory, upon request and at no cost, to
18 appropriate State officials or to the local government officials of a
19 municipality served by the public community¹ water system. A
20 public community¹ water system ¹**[that serves more than 3,300**
21 **customers]** shall make its most recent service line inventory
22 available on its Internet website. ¹For public community water
23 systems serving fewer than 3,300 customers, whenever an Internet
24 website is not available, the public community water system shall
25 make its most recent service line inventory available in another
26 publicly accessible location.¹

27
28 4. a. No later than 30 days after submitting an initial service
29 line inventory to the department pursuant to subsection c. of section
30 3 of this act, and periodically thereafter as the department may
31 require, a public community¹ water system shall send, to each
32 ¹**[property owner and]**¹ customer and non-paying consumer¹
33 served by a lead service line ¹**[or service line of unknown**
34 **composition]** in the service area, and to any off-site owner of
35 property served by a lead service line in the service area¹, written
36 notice of the composition of the service line. ¹**[The public water**
37 **system shall determine if a landlord-tenant relationship exists at the**
38 **premises being notified. The public water system shall determine**
39 **the names and addresses of each tenant, in order to provide the**
40 **notice, by methods that shall include, but not be limited to, mailings**
41 **to landlords requesting a list of tenants. The utility shall provide**
42 **copies of the notice to each head of household tenant. The]**

43 b. A¹ notice provided pursuant to this section¹ shall ¹;

44 (1)¹ be sent^{1,1} by certified mail, ¹**[in a separate mailing]** to each
45 residential, commercial, or institutional address affected by the
46 known lead service line and addressed to the primary resident or

1 commercial or institutional occupant thereof, as appropriate. Notice
2 shall be sent to all affected addresses, as provided in this paragraph,
3 regardless of whether the resident or occupant is a system customer
4 or is a non-paying consumer;

5 (2) be sent, by certified mail, to each off-site owner of property
6 affected by the known lead service line and addressed to the
7 property owner's last known address, as determined through the
8 review of local property tax and other available records;

9 (3) be included in a mailing that is separate and distinct¹ from
10 '[the] the water¹ bill¹ that is issued for the property¹. The '[notice
11 shall be in a form and manner as determined by the department, and
12 shall] notice shall contain large, easily readable text and be
13 presented on distinctly colored paper or other paper that is easily
14 distinguishable from the water billing statement; and

15 (4)¹ include, '[but not be limited to: information about] at a
16 minimum: (a) a list of the lead service lines that are being used to
17 serve the customer or non-paying consumer; (b) information
18 describing¹ the sources of lead in drinking water, including lead
19 service lines and household plumbing; (c) a description of¹ the
20 health effects of lead exposure; and (d) the¹ steps¹ that system¹
21 customers¹ and non-paying consumers in the service area¹ can take
22 to reduce their exposure to lead in drinking water.

23 '[In the case] c. If the recipient of notice provided pursuant to
24 this section is the owner or operator¹ of '[a] an apartment building,
25 group home, or other¹ multi-family¹ or multi-unit¹ dwelling, '[until
26 the lead service line has been replaced or identified as a non-lead
27 service line, the landlord] such owner or operator shall provide a
28 hard copy of the notice to each existing resident of the multi-family
29 or multi-unit dwelling and¹ shall¹ additionally¹ post¹ a copy of¹ the
30 notice in a conspicuous location in a common area of the dwelling.
31 The '[landlord] owner or operator¹ shall also inform each new
32 '[tenant of] resident of the multi-family or multi-unit dwelling,
33 prior to their residence, about¹ the existence of the lead service line
34 '[or service line of unknown composition],¹ and¹ shall¹ provide
35 each new '[tenant] resident¹ with a¹ hard¹ copy of the notice
36 'received pursuant to this section, upon the commencement of their
37 residence. A notice posted in a common area of a multi-family or
38 multi-unit dwelling, pursuant to this subsection, may be removed
39 only after all of the lead service lines identified in the notice have
40 been replaced and determined to be non-lead service lines¹.

41 '[b.] d.¹ If a public¹ community¹ water system serves a
42 municipality in which the primary language of 10 percent or more
43 of the residents is a language other than English, the public
44 community¹ water system shall provide the notice required
45 pursuant to subsection a. of this section in both English and the

1 other language ¹to the applicable property owners and customers
2 in that municipality] spoken by residents¹.

3
4 5. a. No later than 12 months after the effective date of this
5 act, each public ¹community¹ water system shall submit^{1,1} to the
6 department^{1,1} an initial plan for replacing all lead service lines
7 within its service area. The plan shall be ¹annually¹ updated
8 ¹annually and made] to be¹ consistent with the annual updates to
9 the ¹public water¹ system's service line inventory¹, which are¹
10 required pursuant to section 3 of this act, ¹and shall remain in
11 effect¹ until all lead services lines within the ¹public water¹
12 system's service area have been ¹identified and¹ replaced.

13 b. Each lead service line replacement plan and annual update
14 thereto shall¹:

15 (1)¹ provide for the ¹average¹ annual replacement of at least
16 ¹seven] 10¹ percent of all lead service lines ¹that were known to,
17 and¹ identified by^{1,1} the public ¹community¹ water system on the
18 date it ¹submits] submitted¹ its initial ¹service line replacement¹
19 plan to the department ¹. In addition, each plan and update thereto
20 shall], pursuant to subsection a. of this section;

21 (2)¹ provide for the replacement of all lead service lines within
22 the ¹system's¹ service area ¹of the public water system],¹ no later
23 than ¹20] 10¹ years after the effective date of this act, regardless
24 of whether the lines ¹are] were¹ known or unknown ¹on the date]
25 to¹ the public ¹community¹ water system ¹submits] on the date
26 that it submitted¹ its initial plan to the department ¹. The
27 department may require additional] pursuant to subsection a. of this
28 section. Each public community water system in the State shall be
29 encouraged to complete the replacement of all lead service lines in
30 its service area within 10 years after the effective date of this act, as
31 provided in the system's lead service line replacement plan;
32 however, notwithstanding the provisions of this paragraph to the
33 contrary, the public community water system shall be authorized to
34 continue lead service line replacement activities for a maximum
35 period of 15 years if necessary to enable the system to fully comply
36 with the provisions of this act; ²and]²

37 (3) include ²a plan for notifying consumers of health effects and
38 steps they may take to reduce their exposure to lead before and after
39 any lead service line replacement; and

40 (4) include² any other¹ information¹, as it deems appropriate, to
41 be included in each lead service line replacement plan and annual
42 update thereto] or certifications required by the department¹.

43 c. ¹A] (1) Except during an emergency, such as a water
44 main or service line break, ²or during a water main replacement,² a¹
45 public ¹community¹ water system shall not¹, except during

1 emergencies such as a water main or service line break,¹ conduct a
2 partial replacement of a lead service line ²[, and] . In all instances,
3 the public community water system² ¹[the public water system]¹
4 shall make a good faith effort to replace the entire lead service line
5 ²and shall conduct a partial replacement only as a last resort² . A
6 partial replacement of a lead service line shall not count toward the
7 public ¹community¹ water system's replacement requirements
8 pursuant to subsection b. of this section.

9 ¹(2) A public community water system shall not
10 ²[permanently]² suspend the water service of a customer ²[who
11 denies] solely because of a denial of² access to the property owner-
12 side of a lead service line ²[during an attempt to replace] for the
13 replacement of² a lead service line pursuant to this act.¹

14 d. ¹(1)¹ A public ¹community¹ water system may apply for,
15 and the department may approve, a reasonable extension of any
16 target or deadline set forth in this section ¹[, provided that] if¹ the
17 public ¹community¹ water system demonstrates to the department
18 that the extension is necessary to meet a service reliability demand
19 or public health need, not related to lead abatement, within the
20 system.

21 ¹[e. In the event of fiscal distress, a municipally owned] (2) A
22 government entity that owns a¹ public ¹community¹ water system
23 may apply for^{1,1} and the department, in consultation with Division
24 of Local Government Services in the Department of Community
25 Affairs, may approve^{1,1} a reasonable extension of any target or
26 deadline set forth in this section ¹if the government-owned system
27 demonstrates to the department that the extension is necessary
28 because the system or the municipality is experiencing financial
29 distress.

30 e. Notwithstanding the provisions of R.S.40:56-1 to the
31 contrary, any costs incurred by a government-owned public
32 community water system to assess or replace a lead service line
33 pursuant to this act, excluding any portion funded by grants or other
34 subsidies, may be borne by all of the customers of the government-
35 owned public water system or may be assessed to a property of a
36 property owner in the same manner as provided for the assessment
37 of local improvements, pursuant to R.S.40:56-1 et seq., upon notice
38 to the Director of the Division of Local Government Services in the
39 Department of Community Affairs¹.

40

41 6. a. ¹[An investor-owned public water system may recoup the
42 costs of lead service line replacements from its customers, subject
43 to the provisions of this section. A proposal to recoup the costs of
44 lead service line replacements shall be considered in the context of
45 the investor-owned public water system's next general rate case
46 proceeding, initiated after the effective date of this act, during

1 which the board shall consider the rate impacts of the proposed lead
 2 service line replacement plan prior to approving the proposal.]
 3 ²[(1)]² Notwithstanding the provisions of any law, rule, regulation,
 4 or order to the contrary, 100 percent of the costs associated with
 5 undertaking and funding the replacement of lead service lines
 6 pursuant to this act, excluding any portion funded by grants or other
 7 subsidies, shall be borne by all of the customers, in the State, of an
 8 investor-owned public community water system and shall be
 9 included in the investor-owned public community water system's
 10 rate base or otherwise be recoverable from the system's customers,
 11 in a manner determined by the board. In making a determination
 12 under this subsection, the board shall stipulate that:

13 ²[(a)] (1)² the proportionate share of project costs for the
 14 replacement of the system side of a lead service line may be
 15 incorporated into the rate base as capital assets of the investor-
 16 owned public community water system or may be recovered
 17 through the use of a Distributed System Improvement Charge ²[or
 18 alternate recoupment methodology approved by the board] as
 19 allowed under existing law² ; and

20 ²[(b)] (2)² the proportionate share of project costs for the
 21 replacement of the property-owner side of a lead service line ²,
 22 including the investor-owned public community water system's
 23 embedded cost of debt, as authorized in its most recent base rate
 24 case,² shall be treated as an operation and maintenance cost, with
 25 no ²[profit] cost of equity² additive ²[, because the property-owner
 26 side is, by definition, not a capital asset of the investor-owned
 27 public community water system.] . Costs for the replacement of
 28 property-owner side lead service lines incurred since the investor-
 29 owned public community water system's last base rate case and
 30 incurred until all property-owner side lead service lines have been
 31 eliminated from the investor-owned public community water system
 32 shall be recoverable on a semi-annual basis through a separate lead
 33 service line expense surcharge and not imbedded into base rates.²

34 ²[(2) Nothing in this section shall be construed to allow an
 35 investor-owned public community water system to earn a return, in
 36 rates, on any costs associated with property that is not used and
 37 useful investor-owned public community water system property.]²

38 b.¹ In order to recoup the costs of lead service line replacements
 39 from its customers, ¹as provided by subsection a. of this section,¹ an
 40 investor-owned public ¹community¹ water system shall submit
 41 ¹[the] to the board, for approval at its next general rate case
 42 proceeding, a petition that includes a¹ proposal ¹[within a petition
 43 to the board that addresses] for cost recoupment. The proposal
 44 shall contain¹ the following ¹information¹:

45 (1) the estimated total cost to replace both the property¹-¹owner
 46 ¹[sides] side¹ and ¹[public water] the¹ system ¹[sides] side¹ of all

1 lead service lines that lie within, or are connected to, the
2 **investor-owned public water** system's service area, including,
3 but not limited to, the estimated total cost to evaluate service lines
4 of unknown composition and to replace both the property-owner
5 side and system side of any such lines that are determined to be lead
6 service lines, and an estimated range for the annual cost to be
7 incurred by the system under the system's current lead service line
8 replacement plan;

9 (2) **a** quantification of the shareholder contribution to be made
10 in order to meet the requirements of this act;

11 (3) **the** availability of grants or low interest loans and whether
12 the investor-owned public community water system plans to use
13 available grants or low interest loans to help the system finance or
14 reduce lead service line replacement costs, including a detailed
15 description of any efforts made by the system to secure such
16 financing;

17 **(4)** (3) **the** investor-owned public community water
18 system's proposed rate treatment of the replacement costs,
19 including:

20 (a) any proposed deferred accounting treatment of the costs;

21 (b) the proposed rate base treatment of the costs, and whether
22 and how the system is planning to effectuate system side cost
23 recoupment through the use of a Distributed System Improvement
24 Charge or alternate recoupment methodology approved by the
25 board;

26 (c) the proposed operations and maintenance expense treatment
27 of the costs; and

28 (d) the average monthly residential bill impact of the proposed
29 rate treatment of the costs;

30 **(5)** (4) a description of how the replacement of lead service
31 lines will be accomplished in conjunction with other replacement
32 projects in the **investor-owned public water** system's service
33 area;

34 **(6)** (5) the estimated savings, per lead service line, that
35 will be achieved by requiring the investor-owned public
36 community water system **replacing,** and not the property
37 owner, to replace the property-owner sides of lead service lines
38 **instead of the property owner** in the service area; and

39 **(7)** (6) the **investor-owned public water system's** proposal
40 **means and methods that will be used by the system to**:

41 (a) **communicating the system's** inform all system customers
42 and non-paying consumers in the system's service area about the
43 system's lead service line replacement plan **to replace a lead**
44 **service line to a property owner and customer**; and

1 (b) ~~1~~ **1** ~~documenting a property owner's or~~ document each
2 customer's consent^{1,1} or lack of consent^{1,1} to the replacement of a
3 lead service line.

4 ~~1~~ **1** ~~b.~~ c. Before an investor-owned public community¹ water
5 system may be authorized by the board to¹ recoup the costs of lead
6 service line replacements from its customers^{1,1} pursuant to
7 ~~1~~ **1** ~~subsection a. of~~ this section, the board shall ensure that the
8 department has ~~1~~ **1** ~~approved~~ received¹ the ~~1~~ **1** ~~investor-owned public~~
9 water¹ system's ~~1~~ **1** ~~plan for the replacement of the lead service lines~~
10 required pursuant to section 5 of this act ~~1~~ **1** inventory, as required by
11 section 3 of this act¹.

12
13 7. No later than December 31 of each year, a public
14 community¹ water system shall submit to the department, in a form
15 and manner to be determined by the department, a report detailing
16 the public community¹ water system's progress in replacing lead
17 service lines pursuant to this act. A public community¹ water
18 system ~~1~~ **1** ~~that serves more than 3,300 customers~~¹ shall make its
19 report available on its Internet website. If an Internet website is
20 not available, the public community water system shall make its
21 report available in another publicly accessible location.¹ If the
22 department determines, based on the information provided by the
23 public community¹ water system pursuant to this section¹, that the
24 ~~1~~ **1** ~~public water~~¹ system has completed the replacement of all lead
25 service lines within the ~~1~~ **1** ~~public water~~¹ system's service area, the
26 ~~1~~ **1** ~~public water~~¹ system shall no longer be required to submit a
27 report pursuant to this section.

28
29 8. a. The Department of Environmental Protection may adopt,
30 pursuant to the "Administrative Procedure Act," P.L.1968, c.410
31 (C.52:14B-1 et seq.), any rules and regulations necessary to
32 implement the provisions of this act.

33 b. The Board of Public Utilities may adopt, pursuant to the
34 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-
35 1 et seq.), any rules and regulations necessary to implement the
36 provisions of this act.

37 1 c. The Department of Environmental Protection and the Board
38 of Public Utilities shall consult with one another and with the
39 Division of Local Government Services in the Department of
40 Community Affairs when adopting rules and regulations pursuant to
41 this section.¹

42
43 9. This act shall take effect immediately.
44
45
46

A5343 [2R]

12

- 1 Requires public community water systems to inventory and
- 2 replace lead service lines within 10 years; provides for recoupment
- 3 of costs by investor-owned public water systems.

CHAPTER 183
(CORRECTED COPY)

AN ACT concerning the replacement of lead service lines and supplementing Title 58 of the Revised Statutes.

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

C.58:12A-40 Findings relative to presence of lead in drinking water.

1. The Legislature finds that the presence of lead in drinking water represents a threat to the public health, especially the health and development of New Jersey's children; that pipes containing lead that connect water mains to homes and other buildings, often called lead service lines, are a primary source of lead in drinking water; and that, due in part to the age of New Jersey's housing, there does not exist a full and complete inventory of all lead service lines in the State.

The Legislature therefor declares that public water systems should fully inventory all service lines and gradually replace all lead service lines, portions of which may exist on private property; and that, given the risk to public health and the resulting social costs that lead exposure imposes upon society as a whole, it is in the public interest that each public water system be obligated to replace lead service lines, including those that exist on private property, and be authorized to recoup the costs of lead service line replacements from all subscribers of the public water system.

C.58:12A-41 Definitions relative to presence of lead in drinking water.

2. As used in this act:

“Board” means the Board of Public Utilities or any successor agency.

“Customer” means a property owner or lessee who receives, and is required to pay, a water utility bill for water being supplied to the property.

“Distributed System Improvement Charge” means a surcharge that is imposed by an investor-owned public community water system on its customers, with the approval of the board, to enable the system to recoup the costs of non-revenue producing infrastructure improvements outside the context of a base rate case.

“Gooseneck, pigtail, or connector” means the short section of flexible piping, usually one to two feet long, which is used to connect rigid sections of service line piping.

“Government-owned public community water system” means a public community water system established, pursuant to law, by a political subdivision of this State or an agency or instrumentality of one or more thereof.

“Investor-owned public community water system” means a public community water system that is a public utility, as defined in R.S.48:2-13, and which is subject to the jurisdiction of the board pursuant to Title 48 of the Revised Statutes.

“Lead service line” means a water supply connection that is made of, or lined with, a material consisting of lead, and which connects a water main to a building inlet. A lead pigtail, lead gooseneck, or other lead fitting shall be considered to be a lead service line, regardless of the composition of the service line or other portions of piping to which such piece is attached. A galvanized service line shall be considered to be a lead service line. A lead service line may be owned by the public community water system, a property owner, or both.

“Non-paying consumer” means the lessee or primary occupant of institutional, commercial, or residential space in a system's service area, who does not receive, and is not required to pay, a water utility bill for water supplied to the property.

“Off-site owner” means the owner of residential, commercial, or institutional property located within the service area of a public community water system, who resides at another property, outside the service area, and who does not receive, and is not required to pay, a water utility bill for water being supplied to the owner’s property in the service area.

“Partial replacement” means the act of replacing any service line component without replacing the entire service line.

“Property owner” means the owner of residential, commercial, or educational institution property located within the service area of a public community water system. “Property-owner side” means the portion of a service line that is owned by a property owner.

“Public community water system” or “system” means a public water system or the owner of a public water system, as that term is defined by section 3 of P.L.1977, c.224 (C.58:12A-3), which system either: has at least 15 service connections that are used by year-round residents; or regularly serves at least 25 year-round residents. "Public community water system" includes an investor-owned public community water system.

“Service line” means any piping, tubing, and fittings connecting a water main to a building that serves a customer of a public water system. “Service line” includes the property-owner side and the system side of a service line.

“System side” means the portion of a service line that is owned by a public community water system.

C.58:12A-42 Service line inventory.

3. a. Each public community water system in the State shall develop a service line inventory, in accordance with the requirements of this section, in order to determine the existence or absence of a lead service line at each service connection in its service area. The service line inventory shall include information about service line locations and the composition of service lines at each location. The department may prescribe data management means and methods to provide for the receipt of uniform submissions of the service line inventory by public community water systems.

b. No later than 60 days after the effective date of this act, a public community water system shall compile and submit, to the department, an initial count showing the number of lead service lines and the number of service lines of unknown composition that are known to be present in the system’s service area, as well as the number of lead service lines that are to be replaced annually, based on the replacement rate established pursuant to paragraph (1) of subsection b. of section 5 of this act.

c. No later than six months after the effective date of this act, a public community water system shall submit to the department an initial service line inventory. The inventory shall include:

- (1) the locations of all identified lead service lines;
- (2) an indication as to whether each identified lead service line is completely composed of lead or otherwise meets the definition of a lead service line;
- (3) the location of each service line that is suspected to be lead;
- (4) for each identified and suspected lead service line, an indication as to whether the line is owned by the public community water system, the property owner, or both;
- (5) the locations and compositions of all non-lead service lines; and
- (6) a separate list identifying all service lines of unknown composition.

d. The public community water system shall use historical building records and other available information, including data from the American Water Works Association or other

industry research groups, to determine the likelihood of the presence of lead service lines in all portions of its service area, as provided by this section.

e. Following the submission of the initial service line inventory pursuant to subsection c. of this section, each public community water system in the State shall continue the inventory process and utilize every reasonable method available to locate all lead service lines within its service area. This process shall include, but shall not be limited to:

(1) visual inspection during planned maintenance, meter replacement, and main replacement projects; and

(2) the solicitation and receipt of comments, complaints, and other input from customers and non-paying consumers in the service area.

f. (1) No later than one year after the effective date of this act, a public community water system shall submit, to the department, an updated inventory of service lines in its service area. The updated inventory shall contain the information required by subsection c. of this section, and shall additionally include:

(a) for each service line suspected of containing lead, supporting information detailing the reasons why each such service line is believed to contain lead; and

(b) for each service line identified as being of unknown composition, a description detailing the steps undertaken to determine whether the line contains lead.

(2) The public community water system shall keep the department informed of its progress pursuant to this subsection, through the annual reports submitted pursuant to the provisions of section 7 of this act. If a public community water system exhausts all other methods of identifying a service line, including the use of new technologies that become available, the department may require excavation, as necessary, to identify the service line.

g. Beginning two years after the effective date of this act, and until such time as all lead service lines have been replaced in accordance with this act, a public community water system shall annually submit to the department:

(1) an updated service line inventory that meets the requirements of subsection f. of this section; and

(2) a statement certifying that the public community water system is in compliance with the provisions of this act.

h. A public community water system shall provide its most recent service line inventory, upon request and at no cost, to appropriate State officials or to the local government officials of a municipality served by the public community water system. A public community water system shall make its most recent service line inventory available on its Internet website. For public community water systems serving fewer than 3,300 customers, whenever an Internet website is not available, the public community water system shall make its most recent service line inventory available in another publicly accessible location.

C.58:12A-43 Written notice of composition of service line.

4. a. No later than 30 days after submitting an initial service line inventory to the department pursuant to subsection c. of section 3 of this act, and periodically thereafter as the department may require, a public community water system shall send, to each customer and non-paying consumer served by a lead service line in the service area, and to any off-site owner of property served by a lead service line in the service area, written notice of the composition of the service line.

b. A notice provided pursuant to this section shall:

(1) be sent, by certified mail, to each residential, commercial, or institutional address affected by the known lead service line and addressed to the primary resident or commercial

or institutional occupant thereof, as appropriate. Notice shall be sent to all affected addresses, as provided in this paragraph, regardless of whether the resident or occupant is a system customer or is a non-paying consumer;

(2) be sent, by certified mail, to each off-site owner of property affected by the known lead service line and addressed to the property owner's last known address, as determined through the review of local property tax and other available records;

(3) be included in a mailing that is separate and distinct from the water bill that is issued for the property. The notice shall contain large, easily readable text and be presented on distinctly colored paper or other paper that is easily distinguishable from the water billing statement; and

(4) include, at a minimum: (a) a list of the lead service lines that are being used to serve the customer or non-paying consumer; (b) information describing the sources of lead in drinking water, including lead service lines and household plumbing; (c) a description of the health effects of lead exposure; and (d) the steps that system customers and non-paying consumers in the service area can take to reduce their exposure to lead in drinking water.

c. If the recipient of notice provided pursuant to this section is the owner or operator of an apartment building, group home, or other multi-family or multi-unit dwelling, such owner or operator shall provide a hard copy of the notice to each existing resident of the multi-family or multi-unit dwelling and shall additionally post a copy of the notice in a conspicuous location in a common area of the dwelling. The owner or operator shall also inform each new resident of the multi-family or multi-unit dwelling, prior to their residence, about the existence of the lead service line, and shall provide each new resident with a hard copy of the notice received pursuant to this section, upon the commencement of their residence. A notice posted in a common area of a multi-family or multi-unit dwelling, pursuant to this subsection, may be removed only after all of the lead service lines identified in the notice have been replaced and determined to be non-lead service lines.

d. If a public community water system serves a municipality in which the primary language of 10 percent or more of the residents is a language other than English, the public community water system shall provide the notice required pursuant to subsection a. of this section in both English and the other language spoken by residents.

C.52:12A-44 Submission of initial plan for replacing all lead service lines.

5. a. No later than 12 months after the effective date of this act, each public community water system shall submit, to the department, an initial plan for replacing all lead service lines within its service area. The plan shall be annually updated to be consistent with the annual updates to the system's service line inventory, which are required pursuant to section 3 of this act, and shall remain in effect until all lead services lines within the system's service area have been identified and replaced.

b. Each lead service line replacement plan and annual update thereto shall:

(1) provide for the average annual replacement of at least 10 percent of all lead service lines that were known to, and identified by, the public community water system on the date it submitted its initial service line replacement plan to the department, pursuant to subsection a. of this section;

(2) provide for the replacement of all lead service lines within the system's service area, no later than 10 years after the effective date of this act, regardless of whether the lines were known or unknown to the public community water system on the date that it submitted its initial plan to the department pursuant to subsection a. of this section. Each public community water system in the State shall be encouraged to complete the replacement of all

lead service lines in its service area within 10 years after the effective date of this act, as provided in the system's lead service line replacement plan; however, notwithstanding the provisions of this paragraph to the contrary, the public community water system shall be authorized to continue lead service line replacement activities for a maximum period of 15 years if necessary to enable the system to fully comply with the provisions of this act;

(3) include a plan for notifying consumers of health effects and steps they may take to reduce their exposure to lead before and after any lead service line replacement; and

(4) include any other information or certifications required by the department.

c. (1) Except during an emergency, such as a water main or service line break, or during a water main replacement, a public community water system shall not conduct a partial replacement of a lead service line. In all instances, the public community water system shall make a good faith effort to replace the entire lead service line and shall conduct a partial replacement only as a last resort. A partial replacement of a lead service line shall not count toward the public community water system's replacement requirements pursuant to subsection b. of this section.

(2) A public community water system shall not suspend the water service of a customer solely because of a denial of access to the property owner-side of a lead service line for the replacement of a lead service line pursuant to this act.

d. (1) A public community water system may apply for, and the department may approve, a reasonable extension of any target or deadline set forth in this section if the public community water system demonstrates to the department that the extension is necessary to meet a service reliability demand or public health need, not related to lead abatement, within the system.

(2) A government entity that owns a public community water system may apply for, and the department, in consultation with the Division of Local Government Services in the Department of Community Affairs, may approve, a reasonable extension of any target or deadline set forth in this section if the government-owned system demonstrates to the department that the extension is necessary because the system or the municipality is experiencing financial distress.

e. Notwithstanding the provisions of R.S.40:56-1 to the contrary, any costs incurred by a government-owned public community water system to assess or replace a lead service line pursuant to this act, excluding any portion funded by grants or other subsidies, may be borne by all of the customers of the government-owned public water system or may be assessed to a property of a property owner in the same manner as provided for the assessment of local improvements, pursuant to R.S.40:56-1 et seq., upon notice to the Director of the Division of Local Government Services in the Department of Community Affairs.

C.58:12A-45 Bearing of project costs.

6. a. Notwithstanding the provisions of any law, rule, regulation, or order to the contrary, 100 percent of the costs associated with undertaking and funding the replacement of lead service lines pursuant to this act, excluding any portion funded by grants or other subsidies, shall be borne by all of the customers, in the State, of an investor-owned public community water system and shall be included in the investor-owned public community water system's rate base or otherwise be recoverable from the system's customers, in a manner determined by the board. In making a determination under this subsection, the board shall stipulate that:

(1) the proportionate share of project costs for the replacement of the system side of a lead service line may be incorporated into the rate base as capital assets of the investor-

owned public community water system or may be recovered through the use of a Distributed System Improvement Charge as allowed under existing law; and

(2) the proportionate share of project costs for the replacement of the property-owner side of a lead service line, including the investor-owned public community water system's embedded cost of debt, as authorized in its most recent base rate case, shall be treated as an operation and maintenance cost, with no cost of equity additive. Costs for the replacement of property-owner side lead service lines incurred since the investor-owned public community water system's last base rate case and incurred until all property-owner side lead service lines have been eliminated from the investor-owned public community water system shall be recoverable on a semi-annual basis through a separate lead service line expense surcharge and not imbedded into base rates.

b. In order to recoup the costs of lead service line replacements from its customers, as provided by subsection a. of this section, an investor-owned public community water system shall submit to the board, for approval at its next general rate case proceeding, a petition that includes a proposal for cost recoupment. The proposal shall contain the following information:

(1) the estimated total cost to replace both the property-owner side and the system side of all lead service lines that lie within, or are connected to, the system's service area, including, but not limited to, the estimated total cost to evaluate service lines of unknown composition and to replace both the property-owner side and system side of any such lines that are determined to be lead service lines, and an estimated range for the annual cost to be incurred by the system under the system's current lead service line replacement plan;

(2) the availability of grants or low interest loans and whether the investor-owned public community water system plans to use available grants or low interest loans to help the system finance or reduce lead service line replacement costs, including a detailed description of any efforts made by the system to secure such financing;

(3) the investor-owned public community water system's proposed rate treatment of the replacement costs, including:

(a) any proposed deferred accounting treatment of the costs;

(b) the proposed rate base treatment of the costs, and whether and how the system is planning to effectuate system side cost recoupment through the use of a Distributed System Improvement Charge or alternate recoupment methodology approved by the board;

(c) the proposed operations and maintenance expense treatment of the costs; and

(d) the average monthly residential bill impact of the proposed rate treatment of the costs;

(4) a description of how the replacement of lead service lines will be accomplished in conjunction with other replacement projects in the system's service area;

(5) the estimated savings, per lead service line, that will be achieved by requiring the investor-owned public community water system, and not the property owner, to replace the property-owner sides of lead service lines in the service area; and

(6) the means and methods that will be used by the system to:

(a) inform all system customers and non-paying consumers in the system's service area about the system's lead service line replacement plan; and

(b) document each customer's consent, or lack of consent, to the replacement of a lead service line.

c. Before an investor-owned public community water system may be authorized by the board to recoup the costs of lead service line replacements from its customers, pursuant to this section, the board shall ensure that the department has received the system's inventory, as required by section 3 of this act.

C.58:12A-46 Report detailing progress in replacing lead service lines.

7. No later than December 31 of each year, a public community water system shall submit to the department, in a form and manner to be determined by the department, a report detailing the public community water system's progress in replacing lead service lines pursuant to this act. A public community water system shall make its report available on its Internet website. If an Internet website is not available, the public community water system shall make its report available in another publicly accessible location. If the department determines, based on the information provided by the public community water system pursuant to this section, that the system has completed the replacement of all lead service lines within the system's service area, the system shall no longer be required to submit a report pursuant to this section.

C.58:12A-47 Rules, regulations.

8. a. The Department of Environmental Protection may adopt, pursuant to the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), any rules and regulations necessary to implement the provisions of this act.

b. The Board of Public Utilities may adopt, pursuant to the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), any rules and regulations necessary to implement the provisions of this act.

c. The Department of Environmental Protection and the Board of Public Utilities shall consult with one another and with the Division of Local Government Services in the Department of Community Affairs when adopting rules and regulations pursuant to this section.

9. This act shall take effect immediately.

Approved July 22, 2021.

ASSEMBLY, No. 5343

STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED FEBRUARY 22, 2021

Sponsored by:

Assemblyman GARY S. SCHAER

District 36 (Bergen and Passaic)

Assemblywoman ANGELA V. MCKNIGHT

District 31 (Hudson)

Assemblyman WILLIAM W. SPEARMAN

District 5 (Camden and Gloucester)

Assemblyman ROBERT J. KARABINCHAK

District 18 (Middlesex)

Co-Sponsored by:

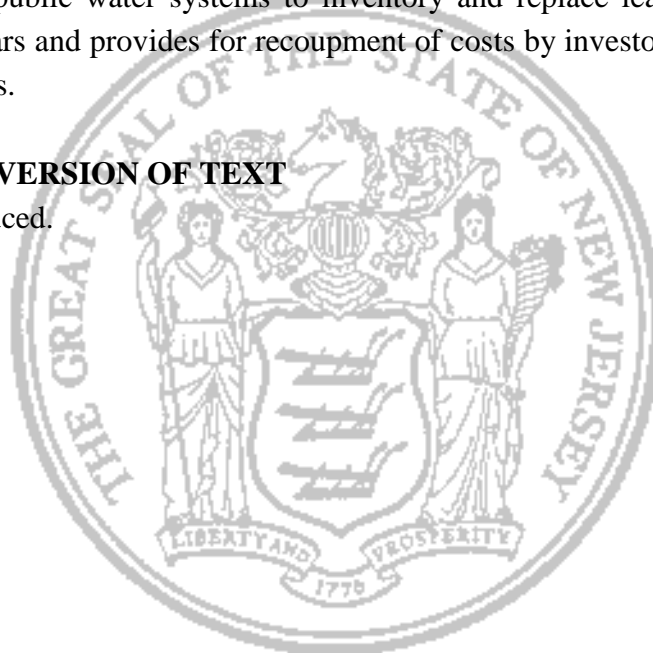
Assemblywoman Reynolds-Jackson, Assemblymen Mukherji, Benson, Verrelli, Johnson, Assemblywoman Timberlake and Assemblyman Zwicker

SYNOPSIS

Requires public water systems to inventory and replace lead service lines within 20 years and provides for recoupment of costs by investor-owned public water systems.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 3/15/2021)

1 AN ACT concerning the replacement of lead service lines and
2 supplementing Title 58 of the Revised Statutes.

3

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

6

7 1. The Legislature finds that the presence of lead in drinking
8 water represents a threat to the public health, especially the health
9 and development of New Jersey's children; that pipes containing
10 lead that connect water mains to homes and other buildings, often
11 called lead service lines, are a primary source of lead in drinking
12 water; and that, due in part to the age of New Jersey's housing,
13 there does not exist a full and complete inventory of all lead service
14 lines in the State.

15 The Legislature therefore declares that public water systems
16 should fully inventory all service lines and gradually replace all
17 lead services lines, portions of which may exist on private property;
18 and that, given the risk to public health and the resulting social
19 costs that lead exposure imposes upon society as a whole, it is in the
20 public interest that each public water system be obligated to replace
21 lead service lines, including those that exist on private property, and
22 be authorized to recoup the costs of lead service line replacements
23 from all subscribers of the public water system.

24

25 2. As used in this act:

26 "Board" means the Board of Public Utilities or any successor
27 agency.

28 "Gooseneck, pigtail, or connector" means the short section of
29 flexible piping, usually one to two feet long, which is used to
30 connect rigid sections of service line piping.

31 "Investor-owned public water system" means a public water
32 system that is a public utility, as defined in R.S.48:2-13, and which
33 is subject to the jurisdiction of the board pursuant to Title 48 of the
34 Revised Statutes.

35 "Lead service line" means a service line that is made of, or lined
36 with, materials containing lead. "Lead service line" shall include a
37 lead gooseneck, pigtail, or connector, regardless of the composition
38 of the rigid sections of service line piping to which they are
39 attached. "Lead service line" shall also include a service line
40 composed of galvanized steel.

41 "Partial replacement" means the act of replacing any service line
42 component without replacing the entire service line.

43 "Property owner side" means the portion of a service line owned
44 by a property owner.

45 "Public water system" means a system for the provision to the
46 public of water for human consumption through pipes or other
47 constructed conveyances, if the system has at least 15 service
48 connections or regularly serves an average of at least 25 individuals

1 daily at least 60 days out of the year. "Public water system" shall
2 include: (1) any collection, treatment, storage and distribution
3 facilities under control of the operator of the system and used
4 primarily in connection with the system; and (2) any collection or
5 pre-treatment storage facilities not under control of the operator
6 which are used primarily in connection with the system. "Public
7 water system" shall also include the operator of the system. "Public
8 water system" shall not include transient, non-community systems.

9 "Public water system side" means the portion of a service line
10 owned by a public water system.

11 "Service line" means any piping, tubing, and fittings connecting
12 a water main to a building that serves a customer of a public water
13 system. "Service line" shall include the property owner side and the
14 public water system side of a service line.

15

16 3. a. Each public water system in the State shall develop a
17 service line inventory in accordance with the requirements of this
18 section, in order to determine the existence or absence of a lead
19 service line at each service connection in its service area. The
20 service line inventory shall include information about service line
21 locations and the composition of service lines at each location. The
22 department may prescribe data management means and methods to
23 provide for the receipt of uniform submissions of the service line
24 inventory by public water systems.

25 b. No later than 30 days after the effective date of this act, a
26 public water system shall compile and submit to the department an
27 initial count of the number of lead service lines and the number of
28 service lines of unknown composition that are known to be present
29 in the service area of the public water system.

30 c. No later than six months after the effective date of this act, a
31 public water system shall submit to the department an initial service
32 line inventory. The inventory shall include:

33 (1) the locations of identified lead service lines;

34 (2) an indication of whether the identified lead service lines are
35 completely composed of lead or otherwise meet the definition of
36 lead service line;

37 (3) the locations of service lines suspected to be lead;

38 (4) for each identified and suspected lead service line, whether
39 the line is owned by the public water system, property owner, or
40 both;

41 (5) the locations and compositions of non-lead service lines; and

42 (6) a separate category identifying all service lines of unknown
43 composition.

44 The public water system shall use historical building records and
45 other available information, including data from the American
46 Water Works Association or other industry research groups, to
47 determine the likelihood of the presence of lead service lines in all
48 portions of its service area.

1 After the submission of the initial service line inventory, each
2 public water system in the State shall continue the inventory
3 process and utilize every reasonable method available to locate all
4 lead service lines within its service area. This process shall include,
5 but shall not be limited to, visual inspection during planned
6 maintenance, meter replacement, and main replacement projects,
7 and input that the public water system requests from its customers.

8 d. No later than one year after the effective date of this act, a
9 public water system shall submit to the department an updated
10 inventory of its service territory that meets the requirements of
11 subsection c. of this section. The updated inventory shall also
12 contain the following information:

13 (1) supporting information detailing the reasoning behind the
14 identification of each service line identified as being suspected of
15 containing lead; and

16 (2) for each service line identified as being of unknown
17 composition, a description detailing the steps undertaken to
18 determine if the line contains lead.

19 The public water system shall keep the department informed of
20 its progress pursuant to this subsection and shall continue to adhere
21 to the provisions of section 7 of this act. If a public water system
22 exhausts all other methods of identifying a service line, including
23 the use of new technologies that become available, the department
24 may require excavation as necessary, to identify the service line.

25 e. Beginning two years after the effective date of this act, a
26 public water system shall annually submit to the department:

27 (1) an updated service line inventory that meets the requirements
28 of subsections c. and d. of this section; and

29 (2) a certification that the public water system is in compliance
30 with the provisions of this act.

31 f. A public water system shall provide its most recent service
32 line inventory, upon request and at no cost, to appropriate State
33 officials or to the local government officials of a municipality
34 served by the public water system. A public water system that
35 serves more than 3,300 customers shall make its most recent service
36 line inventory available on its Internet website.

37

38 4. a. No later than 30 days after submitting an initial service
39 line inventory to the department pursuant to subsection c. of section
40 3 of this act, and periodically thereafter as the department may
41 require, a public water system shall send, to each property owner
42 and customer served by a lead service line or service line of
43 unknown composition, written notice of the composition of the
44 service line. The public water system shall determine if a landlord-
45 tenant relationship exists at the premises being notified. The public
46 water system shall determine the names and addresses of each
47 tenant, in order to provide the notice, by methods that shall include,
48 but not be limited to, mailings to landlords requesting a list of

1 tenants. The utility shall provide copies of the notice to each head
2 of household tenant. The notice shall be sent by certified mail, in a
3 separate mailing from the bill. The notice shall be in a form and
4 manner as determined by the department, and shall include, but not
5 be limited to: information about the sources of lead in drinking
6 water, including lead service lines and household plumbing; the
7 health effects of lead exposure; and steps customers can take to
8 reduce their exposure to lead in drinking water. In the case of a
9 multi-family dwelling, until the lead service line has been replaced
10 or identified as a non-lead service line, the landlord shall post the
11 notice in a conspicuous location in a common area of the dwelling.
12 The landlord shall also inform each new tenant of the existence of
13 the lead service line or service line of unknown composition and
14 provide each new tenant with a copy of the notice.

15 b. If a public water system serves a municipality in which the
16 primary language of 10 percent or more of the residents is a
17 language other than English, the public water system shall provide
18 the notice required pursuant to subsection a. of this section in both
19 English and the other language to the applicable property owners
20 and customers in that municipality.

21
22 5. a. No later than 12 months after the effective date of this
23 act, each public water system shall submit to the department an
24 initial plan for replacing all lead service lines within its service
25 area. The plan shall be updated annually and made consistent with
26 the annual updates to the public water system's service line
27 inventory required pursuant to section 3 of this act, until all lead
28 services lines within the public water system's service area have
29 been replaced.

30 b. Each lead service line replacement plan and annual update
31 thereto shall provide for the annual replacement of at least seven
32 percent of all lead service lines identified by the public water
33 system on the date it submits its initial plan to the department. In
34 addition, each plan and update thereto shall provide for the
35 replacement of all lead service lines within the service area of the
36 public water system no later than 20 years after the effective date of
37 this act, regardless of whether the lines are known or unknown on
38 the date the public water system submits its initial plan to the
39 department. The department may require additional information, as
40 it deems appropriate, to be included in each lead service line
41 replacement plan and annual update thereto.

42 c. A public water system shall not, except during emergencies
43 such as a water main or service line break, conduct a partial
44 replacement of a lead service line, and the public water system shall
45 make a good faith effort to replace the entire lead service line. A
46 partial replacement of a lead service line shall not count toward the
47 public water system's replacement requirements pursuant to
48 subsection b. of this section.

1 d. A public water system may apply for, and the department
2 may approve, a reasonable extension of any target or deadline set
3 forth in this section, provided that the public water system
4 demonstrates to the department that the extension is necessary to
5 meet a service reliability demand or public health need, not related
6 to lead abatement, within the system.

7 e. In the event of fiscal distress, a municipally owned public
8 water system may apply for and the department, in consultation
9 with Division of Local Government Services in the Department of
10 Community Affairs, may approve a reasonable extension of any
11 target or deadline set forth in this section.

12

13 6. a. An investor-owned public water system may recoup the
14 costs of lead service line replacements from its customers, subject
15 to the provisions of this section. A proposal to recoup the costs of
16 lead service line replacements shall be considered in the context of
17 the investor-owned public water system's next general rate case
18 proceeding, initiated after the effective date of this act, during
19 which the board shall consider the rate impacts of the proposed lead
20 service line replacement plan prior to approving the proposal. In
21 order to recoup the costs of lead service line replacements from its
22 customers, an investor-owned public water system shall submit the
23 proposal within a petition to the board that addresses the following:

24 (1) the estimated total cost to replace both the property owner
25 sides and public water system sides of all lead service lines within,
26 or connected to, the investor-owned public water system's service
27 area and an estimated range for the annual cost to be incurred by the
28 system under the system's current lead service line replacement
29 plan;

30 (2) a quantification of the shareholder contribution to be made in
31 order to meet the requirements of this act;

32 (3) the availability of grants or low interest loans and whether
33 the investor-owned public water system plans to use available
34 grants or low interest loans to help the system finance or reduce
35 lead service line replacement costs, including a detailed description
36 of any efforts made by the system to secure such financing;

37 (4) the investor-owned public water system's proposed rate
38 treatment of the replacement costs, including:

39 (a) any proposed deferred accounting treatment of the costs;

40 (b) the proposed rate base treatment of the costs;

41 (c) the proposed operations and maintenance expense treatment
42 of the costs; and

43 (d) the average monthly residential bill impact of the proposed
44 rate treatment of the costs;

45 (5) a description of how the replacement of lead service lines
46 will be accomplished in conjunction with other replacement projects
47 in the investor-owned public water system's service area;

1 (6) the estimated savings per lead service line achieved by the
2 investor-owned public water system replacing property owner sides
3 of lead service lines instead of the property owner; and

4 (7) the investor-owned public water system's proposal for:

5 (a) communicating the system's plan to replace a lead service
6 line to a property owner and customer; and

7 (b) documenting a property owner's or customer's consent or lack
8 of consent to the replacement of a lead service line.

9 b. Before an investor-owned public water system may recoup
10 the costs of lead service line replacements from its customers
11 pursuant to subsection a. of this section, the board shall ensure that
12 the department has approved the investor-owned public water
13 system's plan for the replacement of the lead service lines required
14 pursuant to section 5 of this act.
15

16 7. No later than December 31 of each year, a public water
17 system shall submit to the department, in a form and manner to be
18 determined by the department, a report detailing the public water
19 system's progress in replacing lead service lines pursuant to this
20 act. A public water system that serves more than 3,300 customers
21 shall make its report available on its Internet website. If the
22 department determines, based on the information provided by the
23 public water system, that the public water system has completed the
24 replacement of all lead service lines within the public water
25 system's service area, the public water system shall no longer be
26 required to submit a report pursuant to this section.
27

28 8. a. The Department of Environmental Protection may adopt,
29 pursuant to the "Administrative Procedure Act," P.L.1968, c.410
30 (C.52:14B-1 et seq.), any rules and regulations necessary to
31 implement the provisions of this act.

32 b. The Board of Public Utilities may adopt, pursuant to the
33 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
34 seq.), any rules and regulations necessary to implement the
35 provisions of this act.
36

37 9. This act shall take effect immediately.
38
39

40 STATEMENT
41

42 This bill would require each public water system (PWS) in the
43 State to develop a service line inventory and a replacement plan for
44 lead service lines that provides for the replacement of all lead
45 service lines within 20 years, and would authorize an investor-
46 owned PWS to recoup the costs of lead service line replacements by
47 increasing the rates it charges to its customers.

1 Specifically, the bill would require each PWS to submit an initial
2 count of its lead service lines, and service lines of unknown
3 composition to the Department of Environmental Protection (DEP)
4 no later than 30 days after the bill's enactment. The bill would then
5 require each PWS to submit an initial service line inventory to the
6 DEP no later than six months after the bill's enactment. One year
7 after the date of enactment, the bill would require PWSs to submit a
8 more detailed service line inventory. Beginning two years after the
9 bill's enactment, the bill would require PWSs to develop and submit
10 to the DEP an updated service line inventory and a certification that
11 the PWS is in compliance with the provisions of the bill. The bill
12 would authorize the DEP to direct PWSs to excavate service lines,
13 when necessary, to determine whether or not they contain lead.

14 The bill would require a PWS, no later than 30 days after
15 submitting its initial service line inventory to the DEP, to send
16 written notice to each property owner and customer served by a lead
17 service line or service line of unknown composition. The bill
18 would also require landlords of multi-family dwellings that receive
19 this notice to post it in the dwelling and to inform new tenants of
20 the composition of the service line.

21 No later than 12 months after the bill's enactment, the bill would
22 require each PWS to submit to the DEP an initial plan for replacing
23 all lead service lines within its service area. The plan would be
24 required to provide for the annual replacement of at least seven
25 percent of all lead service lines known to the PWS on the date it
26 submits its initial plan to the DEP, and the replacement of all lead
27 service lines within the PWS's service area no later than 20 years
28 after the bill's enactment. The bill would require each PWS to
29 update its replacement plan annually and make it consistent with the
30 PWS's updated service line inventory.

31 The bill would authorize investor-owned PWSs to recoup the
32 costs of lead service line replacements by including a proposal for
33 recoupment to the Board of Public Utilities (BPU) in a general rate
34 case proceeding. The BPU would be required to consider the costs
35 to customers before approving the proposal. The investor-owned
36 PWS would be required to submit a petition to the BPU at its next
37 general rate case proceeding, which contains certain specific
38 information about the PWS's methods and costs, as enumerated in
39 section 6 of the bill.

40 The bill would require each PWS to submit a report to the DEP
41 detailing the PWS's progress in replacing lead service lines in
42 accordance with the provisions of the bill. A PWS that serves more
43 than 3,300 customers would be required to make its report available
44 on its Internet website. Finally, the bill would authorize the DEP
45 and the BPU to adopt rules and regulations to implement the bill's
46 provisions.

ASSEMBLY SPECIAL COMMITTEE ON INFRASTRUCTURE
AND NATURAL RESOURCES COMMITTEE

STATEMENT TO

ASSEMBLY, No. 5343

with committee amendments

STATE OF NEW JERSEY

DATED: MARCH 15, 2021

The Assembly Special Committee on Infrastructure and Natural Resources reports favorably and with committee amendments Assembly Bill No. 5343.

As amended by the committee, this bill would require each public community water system (PCWS) in the State to develop a service line inventory of lead service lines and suspected lead service lines and adopt a plan that provides for the replacement of all lead service lines in the system's service area within 10 years after the bill's effective date. The amended bill also authorizes an investor-owned PCWS to recoup the costs of lead service line replacements by increasing the rates it charges to its customers.

The bill would require each PCWS to submit to the Department of Environmental Protection (DEP), no later than 60 days after the bill's effective date, an initial count of its lead service lines and service lines of unknown composition, as well as the number that are to be replaced annually. The bill would then require each PCWS to submit an initial service line inventory to the DEP no later than six months after the bill's effective date, and a more detailed and updated service line inventory within one year after the bill's effective date. Commencing two years after the bill's enactment, and until such time as all lead service lines have been replaced, the bill would require PCWSs to annually submit to the DEP an updated service line inventory, as well as a statement certifying that the PCWS is in compliance with the bill's provisions. The bill would further require each PCWS to make its most recent service line inventory available on its Internet website or, if there is no available Internet website, in another publicly accessible location. The bill would authorize the DEP to direct PCWSs to excavate service lines, when necessary, to determine whether or not they contain lead.

The amended bill would provide for a PCWS, no later than 30 days after submitting its initial service line inventory to the DEP, and periodically thereafter, to send written notice, by certified mail, to each residential, commercial, or institutional address affected by a known lead service line, which notice is to be addressed to the primary resident or commercial or institutional occupant thereof, as

appropriate. Notice is to be sent to all affected addresses, regardless of whether the resident or occupant is a system customer (i.e., is the property owner or lessee who receives and pays a water utility bill) or is a non-paying customer (i.e., is a lessee or primary occupant of residential or commercial space in the service area, who does not receive or pay the water bill for the property). If the recipient of the notice is the owner or operator of an apartment building, group home, or other multi-family or multi-unit dwelling, the owner or operator will be required to provide a hard copy of the notice to each existing resident of the multi-family or multi-unit dwelling and additionally post a copy of the notice in a conspicuous location in a common area of the dwelling. The owner or operator will also be required to inform new residents of the existence of a lead service line, prior to their residence at the multi-family or multi-unit dwelling, and provide a hard copy of the notice thereto, upon the commencement of their residence. The bill further requires the written notice to be sent, by certified mail, to each off-site owner of property affected by the known lead service line, which notice is to be addressed to the property owner's last known address, as determined through the review of local property tax or other available records.

No later than 12 months after the bill's enactment, the amended bill would require each PCWS to submit to the DEP an initial plan for replacing all lead service lines within its service area. The plan is to provide for: 1) the annual replacement of at least 10 percent of all lead service lines that are known to the PCWS on the date it submits its initial plan to the DEP; and 2) the replacement of all lead service lines within the PWS's service area no later than 10 years after the bill's effective date, whether or not such lines were known or unknown at the time the PCWS submits its initial plan. Each replacement plan is to be annually updated to be consistent with the PCWS's updated service line inventory, and is to remain in effect until all lead service lines in the service area have been identified and replaced. Under the amended bill, each lead service line replacement plan is to provide for the replacement of all lead service lines within 10 years after the bill's effective date. Notwithstanding that requirement, and despite the fact that a PCWS will be encouraged to complete its service line replacement goals within 10 years, the bill provides that a PCWS will be authorized to continue lead service line replacement activities for a maximum period of 15 years if necessary to enable the PCWS to fully comply with the bill's provisions. A PCWS will be prohibited from permanently suspending the water service of any customer who denies access to the property owner-side of a lead service line during an attempt to replace a lead service line in accordance with the PCWS's lead service line replacement plan.

The bill would require an investor-owned PCWS to recoup the costs of lead service line replacements from its customers, using board-approved recoupment methodologies. Any investor-owned PCWS seeking to recoup these costs will be required to submit a

petition to the BPU, for approval at its next general rate case proceeding, which petition is to include a cost recoupment proposal providing certain specific information about the PWS's proposed recoupment methodologies and anticipated replacement costs.

Similarly, the bill would provide that, notwithstanding the provisions of R.S.40:56-1 to the contrary, any expenditures that are incurred by a government-owned public water system to replace lead service lines, pursuant to the bill's provisions, may be borne by all the customers of the system, or all or a portion of the costs may be assessed to a property of a property owner in the same manner provided for the assessment of local improvements pursuant to R.S.40:56-1 et seq., upon notice to the Director of the Division of Local Government Services (DLGS) in the Department of Community Affairs.

Finally, the bill would require each PCWS to submit an annual report to the DEP, by December 31 of each year, detailing the PCWS's progress in replacing lead service lines in accordance with the bill's provisions. A PCWS would be required to make its report available on its Internet website or, if there is no available website, in another publicly accessible location. If the DEP determines that the PCWS has completed the replacement of all service lines within the service area, the PCWS will no longer be required to submit an annual report showing its progress under the bill. Both the DEP and the BPU will be authorized, in consultation with DLGS, to adopt rules and regulations to implement the bill's provisions.

COMMITTEE AMENDMENTS:

The committee amended the bill to make various substantive changes to the bill. In particular, the amendments would:

1) remove references to "public water systems" and replace them with references to "public community water systems" (PCWS), and clarify that the new definition includes investor-owned systems;

2) add a new definition of the term, "government-owned public community water system";

3) add new definitions for the terms "customer," "property owner," "off-site owner," and "non-paying consumer" to clearly distinguish between property owners and other customers who pay water bills, and off-site property owners and water system consumers who do not pay water bills;

4) add a new definition of the term "Distributed System Improvement Charge";

5) replace the defined term, "public water system side" with the shorter term, "system side," and modify some other existing definitions to ensure that they comport with modern standards of legislative drafting;

6) require a PCWS to submit an initial count of the number of lead service lines and service lines of unknown composition, as well as

the number of lines to be annually replaced, within 60 days (not 30 days) after the bill's effective date;

7) clarify that a PCWS will only be required to annually submit an updated service line inventory to the DEP, until such time as all lead service lines in the service area have been replaced;

8) provide for the most recent PCWS inventory to be posted online or in another publicly accessible location;

9) require a PCWS lead service line replacement plan to provide for the average annual replacement of at least 10 percent (not seven percent) of all lead service lines that were known to the PCWS and identified in the initial replacement plan submitted to the DEP;

10) provide for a lead service line replacement plan to remain in effect until all lead service lines have been identified and replaced;

11) prohibit a PCWS from permanently suspending the water service of a customer who denies access to the property owner-side of a lead service line;

12) delete the provision of the bill that would have required a PCWS's proposal for cost recoupment to include a quantification of the shareholder contribution to be made;

13) require a PCWS to complete the replacement of all lead service lines in the service area, whether such lines were known or unknown at the time the PCWS submitted its initial replacement plan, within 10 years (not 20 years) after the bill's effective date, and specify that, notwithstanding this 10-year requirement, a PCWS make take up to 15 years to complete its lead line replacement activities, if necessary;

14) require a PCWS to notify consumers in the service area of the existence of known lead service lines by sending a notice, by certified mail, to each residential, commercial, or institutional address affected by the known lead service line, which notice is to be addressed to the primary resident or commercial or institutional occupant, as appropriate, regardless of whether the resident or occupant is a system customer or is a non-paying consumer;

15) require a PCWS to additionally notify any off-site property owner of the existence of lead services lines affecting the property owned in the service area, by sending a notice, by certified mail, to the off-site owner's last-known address;

16) require the notice mailed by a PCWS to water consumers to: be separate and distinct from the water utility bill that is issued for the property; to contain large, easily readable text; and to be presented on distinctly colored paper or other paper that is easily distinguishable from the water billing statement;

17) clarify that the notice is to include a list of the lead service lines that are being used to serve the customer or non-paying consumer;

18) remove the references to "landlords" and "tenants" that previously appeared the bill's notice provisions, and replace these references with new references to the "owners or operators," and the

“residents,” of multi-family or multi-unit dwellings. This change is necessary because not all multi-family or multi-unit dwellings are operated under traditional landlord/tenant arrangements. Under the amended bill, a resident of a multi-family or multi-unit dwelling may receive a lead service line notice both from the PCWS, through a direct mailing, and from the owner or operator of the multi-family or multi-unit dwelling, through the owner or operator’s provision of hard copies of the notice thereto and the public posting of the notice in a common area of the dwelling. The amendments also provide that a notice posted in the common area of a multi-family or multi-unit dwelling may be removed only after all of the lead service lines identified in the notice have been replaced and determined to be non-lead service lines.

The amendments further clarify that an investor-owned PCWS will be required to recover, from customers, 100 percent of the costs associated with the replacement of lead service lines under the bill, excluding any portion funded by grants or other subsidies, in a manner determined by the board. The amendments prohibit a PCWS from profiting from lead service line replacement activities. Specifically, the amendments require the BPU, when determining an appropriate recoupment methodology, to stipulate that: 1) the proportionate share of project costs for the replacement of the system side of a lead service line may be incorporated into the PCWS’s rate base as capital assets, or may be recovered through the use of a Distributed System Improvement Charge (DSIC) or alternate recoupment methodology approved by the BPU; and 2) the proportionate share of costs for the replacement of the property-owner side of a lead service line is to be treated as an operation and maintenance cost, with no profit additive, because the property-owner side is, by definition, not a capital asset of the investor-owned PCWS. The amendments specify that nothing in the bill’s provisions may be construed to allow an investor-owned PCWS to earn a return, in rates, on any costs associated with property that is not used and useful investor-owned PCWS property. The amendments further provide that the total replacement costs included in a PCWS’s cost recoupment proposal are to include the estimated total cost to evaluate service lines of unknown composition and to replace any such lines that are determined to be lead.

The amendments similarly provide that any costs incurred by a government-owned PCWS to replace lead service lines under the bill may be borne by all of the system’s customers, or may be assessed to a property in the same manner provided for local improvements.

Finally, the amendments include various technical changes to: 1) correct subdivision lettering and numbering; 2) clarify and improve the directness of the bill’s language; 3) ensure that terminology is used consistency throughout the bill; and 4) ensure the correct use of punctuation.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 5343

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 17, 2021

The Senate Budget and Appropriations Committee reports favorably Assembly Bill No. 5343 (1R), with committee amendments.

As amended, this bill would require each public community water system (PCWS) in the State to develop a service line inventory of lead service lines and suspected lead service lines and adopt a plan that provides for the replacement of all lead service lines in the system's service area within 10 years after the bill's effective date. The bill also authorizes an investor-owned PCWS to recoup the costs of lead service line replacements by increasing the rates it charges to its customers.

The bill would require each PCWS to submit to the Department of Environmental Protection (DEP), no later than 60 days after the bill's effective date, an initial count of its lead service lines and service lines of unknown composition, as well as the number that are to be replaced annually. The bill would then require each PCWS to submit an initial service line inventory to the DEP no later than six months after the bill's effective date, and a more detailed and updated service line inventory within one year after the bill's effective date. Commencing two years after the bill's enactment, and until such time as all lead service lines have been replaced, the bill would require each PCWS to annually submit to the DEP an updated service line inventory, as well as a statement certifying that the PCWS is in compliance with the bill's provisions. The bill would further require each PCWS to make its most recent service line inventory available on its Internet website or, if there is no available Internet website, in another publicly accessible location. The bill would authorize the DEP to direct PCWSs to excavate service lines, when necessary, to determine whether or not they contain lead.

The bill would provide for a PCWS, no later than 30 days after submitting its initial service line inventory to the DEP, and periodically thereafter, to send written notice, by certified mail, to each residential, commercial, or institutional address affected by a known lead service line, which notice is to be addressed to the primary resident or commercial or institutional occupant thereof, as appropriate. Notice is to be sent to all affected addresses, regardless of whether the resident or occupant is a system customer (i.e., is the property owner or lessee who receives and pays a water utility bill) or is a non-paying customer (i.e., is a lessee or primary occupant of residential or commercial space in the

service area, who does not receive or pay the water bill for the property). If the recipient of the notice is the owner or operator of an apartment building, group home, or other multi-family or multi-unit dwelling, the owner or operator will be required to provide a hard copy of the notice to each existing resident of the multi-family or multi-unit dwelling and additionally post a copy of the notice in a conspicuous location in a common area of the dwelling. The owner or operator will also be required to inform new residents of the existence of a lead service line, prior to their residence at the multi-family or multi-unit dwelling, and provide a hard copy of the notice thereto, upon the commencement of their residence. The bill further requires the written notice to be sent, by certified mail, to each off-site owner of property affected by the known lead service line, which notice is to be addressed to the property owner's last known address, as determined through the review of local property tax or other available records.

No later than 12 months after the bill's enactment, the bill would require each PCWS to submit to the DEP an initial plan for replacing all lead service lines within its service area. The plan is to provide for: 1) the annual replacement of at least 10 percent of all lead service lines that are known to the PCWS on the date it submits its initial plan to the DEP; and 2) the replacement of all lead service lines within the PCWS's service area no later than 10 years after the bill's effective date, whether or not such lines were known or unknown at the time the PCWS submits its initial plan. Each replacement plan is to be annually updated to be consistent with the PCWS's updated service line inventory, and is to remain in effect until all lead service lines in the service area have been identified and replaced. Under the bill, each lead service line replacement plan is to provide for the replacement of all lead service lines within 10 years after the bill's effective date. Notwithstanding that requirement, and despite the fact that a PCWS will be encouraged to complete its service line replacement goals within 10 years, the bill provides that a PCWS will be authorized to continue lead service line replacement activities for a maximum period of 15 years if necessary to enable the PCWS to fully comply with the bill's provisions. A PCWS will be prohibited from suspending the water service of a customer solely because the customer denies access to the property owner-side of a lead service line.

The bill would require an investor-owned PCWS to recoup the costs of lead service line replacements from its customers, using board-approved recoupment methodologies. Any investor-owned PCWS seeking to recoup these costs will be required to submit a petition to the BPU, for approval at its next general rate case proceeding, which petition is to include a cost recoupment proposal providing certain specific information about the PCWS's proposed recoupment methodologies and anticipated replacement costs.

Similarly, the bill would provide that, notwithstanding the provisions of R.S.40:56-1 to the contrary, any expenditures that are incurred by a government-owned PCWS to replace lead service lines, pursuant to the bill's provisions, may be borne by all the customers of

the system, or all or a portion of the costs may be assessed to a property of a property owner in the same manner provided for the assessment of local improvements pursuant to R.S.40:56-1 et seq., upon notice to the Director of the Division of Local Government Services (DLGS) in the Department of Community Affairs.

Finally, the bill would require each PCWS to submit an annual report to the DEP, by December 31 of each year, detailing the PCWS's progress in replacing lead service lines in accordance with the bill's provisions. A PCWS would be required to make its report available on its Internet website or, if there is no available website, in another publicly accessible location. If the DEP determines that the PCWS has completed the replacement of all service lines within the service area, the PCWS will no longer be required to submit an annual report showing its progress under the bill. Both the DEP and the BPU will be authorized, in consultation with DLGS, to adopt rules and regulations to implement the bill's provisions.

As amended and reported by the committee, Assembly Bill No. 5343 (2R) is identical to Senate Bill No. 3398 (1R), which was also reported by the committee on this date, with committee amendments.

COMMITTEE AMENDMENTS:

The committee amendments to the bill would:

(1) provide that PCWSs may complete a partial service line replacement during the course of a water main replacement, subject to the same provisions as an emergency partial service line replacement;

(2) clarify that PCWSs are to undertake partial service line replacements only as a last resort;

(3) clarify language in the bill that prohibits a person's water service from being suspended if the person denies access to the property owner-side of a service line;

(4) clarify that the proportionate share of project costs for the replacement of the system side of a lead service line may be incorporated into the PCWS's rate base as capital assets, or may be recovered through the use of a Distributed System Improvement Charge;

(5) provide that PCWSs can recover the costs of the replacement of the property owner side of a lead service line through a separate, semi-annual lead service line expense surcharge; and

(6) delete language specifying that nothing in section 6 of the bill should be construed to allow an investor-owned PCWS to earn a return, in rates, on any costs associated with property that is not used and useful investor-owned PCWS property.

FISCAL IMPACT:

Fiscal information is currently unavailable for this bill.

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 5343

STATE OF NEW JERSEY 219th LEGISLATURE

DATED: MARCH 30, 2021

SUMMARY

- Synopsis:** Requires public community water systems to inventory and replace lead service lines within 10 years; provides for recoupment of costs by investor-owned public water systems.
- Type of Impact:** Annual expenditure and revenue increases to the State and local governments.
- Agencies Affected:** Department of Environmental Protection and local government units.

Office of Legislative Services Estimate

Fiscal Impact	<u>Annual</u>
State Expenditure Increase	Indeterminate
Local Expenditure Increase	Indeterminate
State Revenue Increase	Indeterminate
Local Revenue Increase	Indeterminate

- The Office of Legislative Services (OLS) estimates that local governments and the State will incur indeterminate annual expenditure increases to compile an inventory of all lead service lines in government-owned public community water systems (PCWS) and to replace them. Based on certain assumptions, it is estimated that the initial costs to complete the inventory could be about \$29 million for local governments and \$50,000 for the State. However, these costs will vary depending on the extent of existing service line inventories available to government entities, the methods used by the PCWS to arrive at the number of lead service lines in their systems, and any additional planning expenses required prior to replacement of the lead service lines.
- The annual costs for local governments and the State to replace all existing lead service lines following the completion of their inventory are indeterminate because a number of variables, including the number and size of service lines being replaced, the ease of accessibility to the lines, and the financing method used to fund the replacements, will affect the size of the expenditures. Based on certain assumptions detailed below, total local government costs could

be \$2.65 billion over 10 years, or \$265 million annually. State costs are estimated to be \$4.5 million, or \$450,000, over the same timeframe and based on the same assumption. This amount approximates an estimate of \$2.3 billion to replace all PWCS lead service lines in the State, excluding some additional costs, provided by the DEP in response to FY 2020 OLS Discussion Points, which the OLS finds to be a plausible estimation. It is important to note that this bill encourages PCWS to complete its service line replacement goals within 10 years, but the bill provides that a PCWS is authorized to continue lead service line replacement activities for a maximum period of 15 years. Any extension beyond 10 years would alter these annual cost estimates for the State and local governments.

- Local governments and the State will experience an indeterminate increase in annual revenue as the bill allows PCWS to recoup their costs for lead service line replacements through an increase in rates paid by water system customers. Based on financial decisions made the PCWS, these revenues may or may not equal the expenditure increases.

BILL DESCRIPTION

This bill would require each PCWS in the State to develop a service line inventory and a replacement plan for all lead service lines in the State within 10 years and would authorize each PCWS to recoup the costs of replacements by increasing the rates it charges to its customers.

Specifically, the bill would require each PCWS to submit an initial count of its lead service lines and service lines of unknown composition to the Department of Environmental Protection (DEP) no later than 60 days after the bill's enactment. The bill would then require each PCWS to submit an initial lead service line inventory to the DEP no later than six months after the bill's enactment. One year after the date of enactment, the bill would require PCWS to submit a more detailed inventory. Beginning two years after the bill's enactment, and until such time as all lead service lines have been replaced, the bill would require PCWSs to annually submit to the DEP an updated service line inventory, as well as a statement certifying that the PCWS is in compliance with the bill's provisions. The bill would authorize the DEP to direct PCWS to excavate service lines, when necessary, to determine whether or not they contain lead.

The bill would require a PCWS, no later than 30 days after submitting its initial inventory to the DEP and periodically thereafter, to send written notice via certified mail, and in a separate mailing from the bill, to each property owner and customer served by a lead service line. Notice is to be sent to all affected addresses, regardless of whether the resident or occupant is a system customer or is a non-paying customer. The bill further requires the written notice to be sent, by certified mail, to each off-site owner of property affected by the known lead service line, which notice is to be addressed to the property owner's last known address, as determined through the review of local property tax or other available records.

No later than 12 months after the bill's enactment, the bill would require each PCWS to submit to the DEP an initial plan for replacing all lead service lines within its service area. The plan would be required to provide for the annual replacement of at least 10 percent of all lead service lines known to the PCWS on the date it submits its initial plan to the DEP, and replacement of all lead service lines within the service area no later than 10 years after the bill's enactment. The bill would require each PCWS to update its replacement plan annually and make it consistent with the updated service line inventory. Notwithstanding that requirement, and despite the fact that a PCWS will be encouraged to complete its service line replacement goals within 10 years, the bill provides that a PCWS will be authorized to continue lead service line replacement activities for a maximum period of 15 years if necessary to enable the PCWS to fully comply with the bill's

provisions. The bill would provide that any expenditures that are incurred by a government-owned public water system to replace lead service lines may be borne by all the customers of the system, or all or a portion of the costs may be assessed to a property owner, in the same manner provided for the assessment of local improvements, upon notice to the Director of the Division of Local Government Services in the Department of Community Affairs.

The bill would require each PCWS to submit a report to the DEP detailing its progress in replacing lead service lines in accordance with the provisions of the bill.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that local governments and the State will incur indeterminate annual expenditure increases to compile an inventory of all lead service lines in government-owned PCWS and to replace them. They will also experience an indeterminate increase in annual revenues because the bill allows public water systems to recoup their costs through higher water customer rates. Based on the financial decisions of the PCWS, these revenue increases may or may not equal the expenditure increases.

Public drinking water systems consist of community and non-community systems. Further, a PCWS means a public water system that serves at least 15 service connections used by year-round residents or regularly serves at least 25 year-round residents. A nonpublic water system is a water system that is not a public water system and includes non-transient non-community systems and transient non-community systems. There are approximately 3,700 water systems in the State, which consist of: (1) 582 PCWS such as those that serve municipalities; (2) 720 non-transient non-community systems that serve businesses, hotels, and schools; and (3) 2,372 transient non-community systems that serve businesses, camps, churches, hotels, and restaurants. Non-transient non-community systems and transient non-community systems are not subject to the requirements of the bill, and the DEP stated in response to OLS Discussion Points as part of the FY 2020 budget process that it was not aware of any non-transient non-community water systems in the State having a lead service line.

One-Time Costs to Prepare Lead Service Line Inventories

Each PCWS has service lines leading from a water main to a house or building and each service line takes approximately one hour to inspect. Third party lead field service technicians are paid between \$13 and \$25 per hour and can complete an inspection through the use of a swab test or by visual inspection of the service line. If using a swab test, one Environmental Protection Agency-recognized 3M LeadCheck Swab test costs around \$2.75.

The 582 PCWS have a total of 2.4 million service lines of which about 1 million are owned by investor-owned utilities, 1.4 million are owned by local government entities, and about 2,400 are owned by the State. In performing the analysis below regarding the cost of compiling a lead service line inventory, the OLS makes the following assumptions: (a) all government-owned PCWS use a third party lead field service technician paid \$19 per hour and each service line takes one hour to inspect; (b) 50 percent of service line inspections use a swab test at \$2.75 per swab; (c) there is no existing inventory of service lines; and (d) all service lines are easily accessible for

the purposes of inspection. Under these assumptions, the one-time cost to compile the required inventory would be about \$29 million for local governments and \$50,000 for the State. However, under the bill, these costs would be recouped by the local governments and the State as the bill authorizes the owner of the PCWS to increase the rates it charges to its customers to cover the cost of the lead service line inventory. These costs will vary, though, depending on the extent to which existing service line inventories are available, the accessibility of the service lines, and the types of personnel and methods used by government-owned PCWS to arrive at the number of lead service lines in their systems. However, it is noted that in response to OLS Discussion Points during the FY 2020 budget hearings, the DEP indicated that many water systems have outdated and inaccurate records concerning their lead service lines and that changes may have been made on the homeowner side of the service line without the department being informed. Therefore, a comprehensive, ground up inventory may have to be under taken by many government-owned PCWS.

The OLS notes that the costs of compiling an inventory of lead service lines in a local government or State system may be mitigated if: (a) existing staff is used to perform inspections; (b) inspections are performed during routine maintenance; (c) there is an existing inventory of service lines compiled and available; and (d) most tests are performed through a visual inspection rather than through use of a swab test. On the other hand, costs may be higher if service lines cannot be readily accessed and excavation is authorized by DEP. There will also be additional costs for the State and local governments for certified mailings and other administrative functions related to the bill.

Annual Expenditure and Revenue Increases Related to Lead Service Line Replacement

The annual costs for local governments and the State to replace all of their existing lead service lines are indeterminate because a number of unknown variables, including the number and size of lead lines being replaced, the ease of accessibility to the service lines, and the financing method used to fund the replacements, will affect the size of the expenditures.

In performing the analysis below, the OLS makes the following simplifying assumptions regarding the replacement of lead service lines in a government-owned PCWS: (a) the cost to replace a lead service line is \$7,500; (b) no lead service lines have been previously replaced; (c) all service lines are easily accessible for the purposes of replacement; (d) the costs to replace all lead service lines are spread evenly over 10 years; and (e) 25 percent of service lines are found to contain lead. Based on these assumptions, the total cost to replace all lead service lines owned by government entities would be about \$2.65 billion, with more than 99% of this amount borne by local and regional government-owned PCWS and less than 1 percent borne by the State. This amount approximates an estimate of \$2.3 billion to replace all PCWS lead service lines in the State, excluding some additional costs, provided by the DEP in response to FY 2020 OLS Discussion Points.

Assuming that 10 percent of all known lead service lines would be replaced annually, then the total annual cost, for 10 years, to local governments would be about \$265 million and the annual cost to the State government would be \$450,000. It is important to note that this bill encourages PCWS to complete its service line replacement goals within 10 years, but the bill provides that a PCWS will be authorized to continue lead service line replacement activities for a maximum period of 15 years. Any extension beyond 10 years would alter the annual cost estimates for the State and local governments. Further, the annual expenditures incurred for the replacement of lead service lines owned by PCWS are permitted by the bill to be treated as an operating expense of the water system and can be directly passed on to customers in the form of higher rates. However, a PCWS may also elect to pay these expenses from existing resources, which could include funds the utility has on hand, proceeds from revenue bonds issued by the utility, or possibly from the

issuance of general obligation bonds secured or guaranteed by property taxes. Use of a long-term financing method like a revenue or general obligation bond would allow a PCWS to spread the cost of lead service line replacement beyond the timeframe it takes to complete the replacements but would also increase total project cost due to interest payments on the bonds. Ratepayers would likely be responsible for these debt service costs in the form of higher water rates because interest is considered a non-operating expense of a utility. Use of a general obligation bond could also transfer some or all of the lead service line replacement costs from water system ratepayers to property tax payers who may or not be customers of the system.

Section: Environment, Agriculture, Energy, and Natural Resources

*Analyst: Neha Patel
Senior Analyst*

*Approved: Thomas Koenig
Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

LEGISLATIVE FISCAL ESTIMATE

[Second Reprint]

ASSEMBLY, No. 5343

STATE OF NEW JERSEY 219th LEGISLATURE

DATED: JUNE 24, 2021

SUMMARY

- Synopsis:** Requires public community water systems to inventory and replace lead service lines within 10 years; provides for recoupment of costs by investor-owned public water systems.
- Type of Impact:** Annual expenditure and revenue increases to the State and local governments.
- Agencies Affected:** Department of Environmental Protection and local government units.

Office of Legislative Services Estimate

Fiscal Impact	<u>Annual</u>
State Expenditure Increase	Indeterminate
Local Expenditure Increase	Indeterminate
State Revenue Increase	Indeterminate
Local Revenue Increase	Indeterminate

- The Office of Legislative Services (OLS) estimates that local governments and the State will incur indeterminate annual expenditure increases to compile an inventory of all lead service lines in government-owned public community water systems (PCWS) and to replace them. Based on certain assumptions, it is estimated that the initial costs to complete the inventory could be about \$29 million for local governments and \$50,000 for the State. However, these costs will vary depending on the extent of existing service line inventories available to government entities, the methods used by the PCWS to arrive at the number of lead service lines in their systems, and any additional planning expenses required prior to replacement of the lead service lines.
- The annual costs for local governments and the State to replace all existing lead service lines following the completion of their inventory are indeterminate because a number of variables, including the number and size of service lines being replaced, the ease of accessibility to the lines, and the financing method used to fund the replacements, will affect the size of the expenditures. Based on certain assumptions detailed below, total local government costs could

be \$2.65 billion over 10 years, or \$265 million annually. State costs are estimated to be \$4.5 million, or \$450,000, over the same timeframe and based on the same assumption. This amount approximates an estimate of \$2.3 billion to replace all PWCS lead service lines in the State, excluding some additional costs, provided by the DEP in response to FY 2020 OLS Discussion Points, which the OLS finds to be a plausible estimation. It is important to note that this bill encourages PCWS to complete its service line replacement goals within 10 years, but the bill provides that a PCWS is authorized to continue lead service line replacement activities for a maximum period of 15 years. Any extension beyond 10 years would alter these annual cost estimates for the State and local governments.

- Local governments and the State will experience an indeterminate increase in annual revenue as the bill allows PCWS to recoup their costs for lead service line replacements through an increase in rates paid by water system customers. Based on financial decisions made the PCWS, these revenues may or may not equal the expenditure increases.

BILL DESCRIPTION

This bill would require each PCWS in the State to develop a service line inventory and a replacement plan for all lead service lines in the State within 10 years and would authorize each PCWS to recoup the costs of replacements by increasing the rates it charges to its customers.

Specifically, the bill would require each PCWS to submit an initial count of its lead service lines and service lines of unknown composition to the Department of Environmental Protection (DEP) no later than 60 days after the bill's enactment. The bill would then require each PCWS to submit an initial lead service line inventory to the DEP no later than six months after the bill's enactment. One year after the date of enactment, the bill would require PCWS to submit a more detailed inventory. Beginning two years after the bill's enactment, and until such time as all lead service lines have been replaced, the bill would require PCWSs to annually submit to the DEP an updated service line inventory, as well as a statement certifying that the PCWS is in compliance with the bill's provisions. The bill would authorize the DEP to direct PCWS to excavate service lines, when necessary, to determine whether or not they contain lead.

The bill would require a PCWS, no later than 30 days after submitting its initial inventory to the DEP and periodically thereafter, to send written notice via certified mail, and in a separate mailing from the bill, to each property owner and customer served by a lead service line. Notice is to be sent to all affected addresses, regardless of whether the resident or occupant is a system customer or is a non-paying customer. The bill further requires the written notice to be sent, by certified mail, to each off-site owner of property affected by the known lead service line, which notice is to be addressed to the property owner's last known address, as determined through the review of local property tax or other available records.

No later than 12 months after the bill's enactment, the bill would require each PCWS to submit to the DEP an initial plan for replacing all lead service lines within its service area. The plan would be required to provide for the annual replacement of at least 10 percent of all lead service lines known to the PCWS on the date it submits its initial plan to the DEP, and replacement of all lead service lines within the service area no later than 10 years after the bill's enactment. The bill would require each PCWS to update its replacement plan annually and make it consistent with the updated service line inventory. Notwithstanding that requirement, and despite the fact that a PCWS will be encouraged to complete its service line replacement goals within 10 years, the bill provides that a PCWS will be authorized to continue lead service line replacement activities for a maximum period of 15 years if necessary to enable the PCWS to fully comply with the bill's

provisions. The bill would provide that any expenditures that are incurred by a government-owned public water system to replace lead service lines may be borne by all the customers of the system, or all or a portion of the costs may be assessed to a property owner, in the same manner provided for the assessment of local improvements, upon notice to the Director of the Division of Local Government Services in the Department of Community Affairs.

The bill would require each PCWS to submit a report to the DEP detailing its progress in replacing lead service lines in accordance with the provisions of the bill.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that local governments and the State will incur indeterminate annual expenditure increases to compile an inventory of all lead service lines in government-owned PCWS and to replace them. They will also experience an indeterminate increase in annual revenues because the bill allows public water systems to recoup their costs through higher water customer rates. Based on the financial decisions of the PCWS, these revenue increases may or may not equal the expenditure increases.

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the purposes of inspection. Under these assumptions, the one-time cost to compile the required inventory would be about \$29 million for local governments and \$50,000 for the State. However, under the bill, these costs would be recouped by the local governments and the State as the bill authorizes the owner of the PCWS to increase the rates it charges to its customers to cover the cost of the lead service line inventory. These costs will vary, though, depending on the extent to which existing service line inventories are available, the accessibility of the service lines, and the types of personnel and methods used by government-owned PCWS to arrive at the number of lead service lines in their systems. However, it is noted that in response to OLS Discussion Points during the FY 2020 budget hearings, the DEP indicated that many water systems have outdated and inaccurate records concerning their lead service lines and that changes may have been made on the homeowner side of the service line without the department being informed. Therefore, a comprehensive, ground up inventory may have to be under taken by many government-owned PCWS.

The OLS notes that the costs of compiling an inventory of lead service lines in a local government or State system may be mitigated if: (a) existing staff is used to perform inspections; (b) inspections are performed during routine maintenance; (c) there is an existing inventory of service lines compiled and available; and (d) most tests are performed through a visual inspection rather than through use of a swab test. On the other hand, costs may be higher if service lines cannot be readily accessed and excavation is authorized by DEP. There will also be additional costs for the State and local governments for certified mailings and other administrative functions related to the bill.

Annual Expenditure and Revenue Increases Related to Lead Service Line Replacement

The annual costs for local governments and the State to replace all of their existing lead service lines are indeterminate because a number of unknown variables, including the number and size of lead lines being replaced, the ease of accessibility to the service lines, and the financing method used to fund the replacements, will affect the size of the expenditures.

In performing the analysis below, the OLS makes the following simplifying assumptions regarding the replacement of lead service lines in a government-owned PCWS: (a) the cost to replace a lead service line is \$7,500; (b) no lead service lines have been previously replaced; (c) all service lines are easily accessible for the purposes of replacement; (d) the costs to replace all lead service lines are spread evenly over 10 years; and (e) 25 percent of service lines are found to contain lead. Based on these assumptions, the total cost to replace all lead service lines owned by government entities would be about \$2.65 billion, with more than 99% of this amount borne by local and regional government-owned PCWS and less than 1 percent borne by the State. This amount approximates an estimate of \$2.3 billion to replace all PCWS lead service lines in the State, excluding some additional costs, provided by the DEP in response to FY 2020 OLS Discussion Points.

Assuming that 10 percent of all known lead service lines would be replaced annually, then the total annual cost, for 10 years, to local governments would be about \$265 million and the annual cost to the State government would be \$450,000. It is important to note that this bill encourages PCWS to complete its service line replacement goals within 10 years, but the bill provides that a PCWS will be authorized to continue lead service line replacement activities for a maximum period of 15 years. Any extension beyond 10 years would alter the annual cost estimates for the State and local governments. Further, the annual expenditures incurred for the replacement of lead service lines owned by PCWS are permitted by the bill to be treated as an operating expense of the water system and can be directly passed on to customers in the form of higher rates. However, a PCWS may also elect to pay these expenses from existing resources, which could include funds the utility has on hand, proceeds from revenue bonds issued by the utility, or possibly from the

issuance of general obligation bonds secured or guaranteed by property taxes. Use of a long-term financing method like a revenue or general obligation bond would allow a PCWS to spread the cost of lead service line replacement beyond the timeframe it takes to complete the replacements but would also increase total project cost due to interest payments on the bonds. Ratepayers would likely be responsible for these debt service costs in the form of higher water rates because interest is considered a non-operating expense of a utility. Use of a general obligation bond could also transfer some or all of the lead service line replacement costs from water system ratepayers to property tax payers who may or not be customers of the system.

Section: Environment, Agriculture, Energy, and Natural Resources

*Analyst: Eric Hansen
Associate Research Analyst*

*Approved: Thomas Koenig
Legislative Budget and Finance Officer*

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This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

SENATE, No. 3398

STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED FEBRUARY 4, 2021

Sponsored by:

Senator TROY SINGLETON

District 7 (Burlington)

Senator VIN GOPAL

District 11 (Monmouth)

Senator LINDA R. GREENSTEIN

District 14 (Mercer and Middlesex)

Co-Sponsored by:

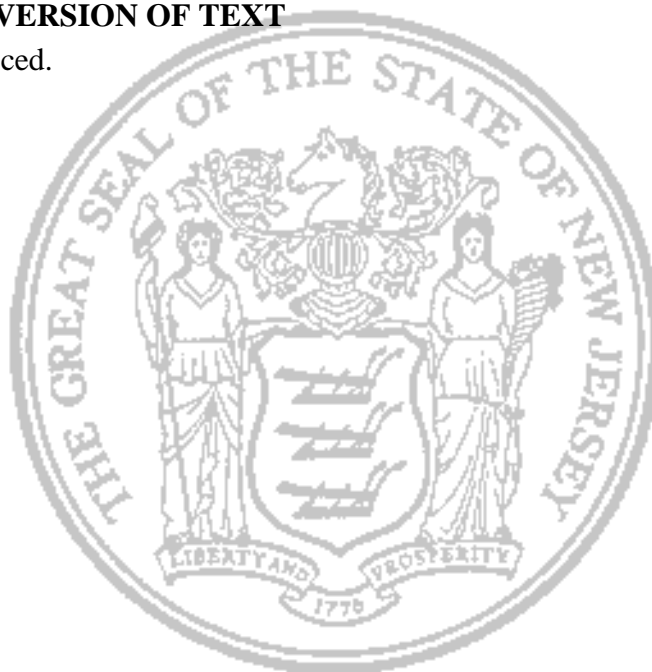
Senators Lagana, Pou, Ruiz and Turner

SYNOPSIS

Requires public water systems to inventory and replace lead service lines within 20 years and provides for recoupment of costs by investor-owned public water systems.

CURRENT VERSION OF TEXT

As introduced.



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

1 AN ACT concerning the replacement of lead service lines and
2 supplementing Title 58 of the Revised Statutes.

3

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

6

7 1. The Legislature finds that the presence of lead in drinking
8 water represents a threat to the public health, especially the health
9 and development of New Jersey's children; that pipes containing
10 lead that connect water mains to homes and other buildings, often
11 called lead service lines, are a primary source of lead in drinking
12 water; and that, due in part to the age of New Jersey's housing,
13 there does not exist a full and complete inventory of all lead service
14 lines in the State.

15 The Legislature therefore declares that public water systems
16 should fully inventory all service lines and gradually replace all
17 lead services lines, portions of which may exist on private property;
18 and that, given the risk to public health and the resulting social
19 costs that lead exposure imposes upon society as a whole, it is in the
20 public interest that each public water system be obligated to replace
21 lead service lines, including those that exist on private property, and
22 be authorized to recoup the costs of lead service line replacements
23 from all subscribers of the public water system.

24

25 2. As used in this act:

26 "Board" means the Board of Public Utilities or any successor
27 agency.

28 "Gooseneck, pigtail, or connector" means the short section of
29 flexible piping, usually one to two feet long, which is used to
30 connect rigid sections of service line piping.

31 "Investor-owned public water system" means a public water
32 system that is a public utility, as defined in R.S.48:2-13, and which
33 is subject to the jurisdiction of the board pursuant to Title 48 of the
34 Revised Statutes.

35 "Lead service line" means a service line that is made of, or lined
36 with, materials containing lead. "Lead service line" shall include a
37 lead gooseneck, pigtail, or connector, regardless of the composition
38 of the rigid sections of service line piping to which they are
39 attached. "Lead service line" shall also include a service line
40 composed of galvanized steel.

41 "Partial replacement" means the act of replacing any service line
42 component without replacing the entire service line.

43 "Property owner side" means the portion of a service line owned
44 by a property owner.

45 "Public water system" means a system for the provision to the
46 public of water for human consumption through pipes or other
47 constructed conveyances, if the system has at least 15 service
48 connections or regularly serves an average of at least 25 individuals

1 daily at least 60 days out of the year. "Public water system" shall
2 include: (1) any collection, treatment, storage and distribution
3 facilities under control of the operator of the system and used
4 primarily in connection with the system; and (2) any collection or
5 pre-treatment storage facilities not under control of the operator
6 which are used primarily in connection with the system. "Public
7 water system" shall also include the operator of the system. "Public
8 water system" shall not include transient, non-community systems.

9 "Public water system side" means the portion of a service line
10 owned by a public water system.

11 "Service line" means any piping, tubing, and fittings connecting
12 a water main to a building that serves a customer of a public water
13 system. "Service line" shall include the property owner side and the
14 public water system side of a service line.

15

16 3. a. Each public water system in the State shall develop a
17 service line inventory in accordance with the requirements of this
18 section, in order to determine the existence or absence of a lead
19 service line at each service connection in its service area. The
20 service line inventory shall include information about service line
21 locations and the composition of service lines at each location. The
22 department may prescribe data management means and methods to
23 provide for the receipt of uniform submissions of the service line
24 inventory by public water systems.

25 b. No later than 30 days after the effective date of this act, a
26 public water system shall compile and submit to the department an
27 initial count of the number of lead service lines and the number of
28 service lines of unknown composition that are known to be present
29 in the service area of the public water system.

30 c. No later than six months after the effective date of this act, a
31 public water system shall submit to the department an initial service
32 line inventory. The inventory shall include:

33 (1) the locations of identified lead service lines;

34 (2) an indication of whether the identified lead service lines are
35 completely composed of lead or otherwise meet the definition of
36 lead service line;

37 (3) the locations of service lines suspected to be lead;

38 (4) for each identified and suspected lead service line, whether
39 the line is owned by the public water system, property owner, or
40 both;

41 (5) the locations and compositions of non-lead service lines; and

42 (6) a separate category identifying all service lines of unknown
43 composition.

44 The public water system shall use historical building records and
45 other available information, including data from the American
46 Water Works Association or other industry research groups, to
47 determine the likelihood of the presence of lead service lines in all
48 portions of its service area.

1 After the submission of the initial service line inventory, each
2 public water system in the State shall continue the inventory
3 process and utilize every reasonable method available to locate all
4 lead service lines within its service area. This process shall include,
5 but shall not be limited to, visual inspection during planned
6 maintenance, meter replacement, and main replacement projects,
7 and input that the public water system requests from its customers.

8 d. No later than one year after the effective date of this act, a
9 public water system shall submit to the department an updated
10 inventory of its service territory that meets the requirements of
11 subsection c. of this section. The updated inventory shall also
12 contain the following information:

13 (1) supporting information detailing the reasoning behind the
14 identification of each service line identified as being suspected of
15 containing lead; and

16 (2) for each service line identified as being of unknown
17 composition, a description detailing the steps undertaken to
18 determine if the line contains lead.

19 The public water system shall keep the department informed of
20 its progress pursuant to this subsection and shall continue to adhere
21 to the provisions of section 7 of this act. If a public water system
22 exhausts all other methods of identifying a service line, including
23 the use of new technologies that become available, the department
24 may require excavation as necessary, to identify the service line.

25 e. Beginning two years after the effective date of this act, a
26 public water system shall annually submit to the department:

27 (1) an updated service line inventory that meets the requirements
28 of subsections c. and d. of this section; and

29 (2) a certification that the public water system is in compliance
30 with the provisions of this act.

31 f. A public water system shall provide its most recent service
32 line inventory, upon request and at no cost, to appropriate State
33 officials or to the local government officials of a municipality
34 served by the public water system. A public water system that
35 serves more than 3,300 customers shall make its most recent service
36 line inventory available on its Internet website.

37
38 4. a. No later than 30 days after submitting an initial service
39 line inventory to the department pursuant to subsection c. of section
40 3 of this act, and periodically thereafter as the department may
41 require, a public water system shall send, to each property owner
42 and customer served by a lead service line or service line of
43 unknown composition, written notice of the composition of the
44 service line. The public water system shall determine if a landlord-
45 tenant relationship exists at the premises being notified. The public
46 water system shall determine the names and addresses of each
47 tenant, in order to provide the notice, by methods that shall include,
48 but not be limited to, mailings to landlords requesting a list of

1 tenants. The utility shall provide copies of the notice to each head
2 of household tenant. The notice shall be sent by certified mail, in a
3 separate mailing from the bill. The notice shall be in a form and
4 manner as determined by the department, and shall include, but not
5 be limited to: information about the sources of lead in drinking
6 water, including lead service lines and household plumbing; the
7 health effects of lead exposure; and steps customers can take to
8 reduce their exposure to lead in drinking water. In the case of a
9 multi-family dwelling, until the lead service line has been replaced
10 or identified as a non-lead service line, the landlord shall post the
11 notice in a conspicuous location in a common area of the dwelling.
12 The landlord shall also inform each new tenant of the existence of
13 the lead service line or service line of unknown composition and
14 provide each new tenant with a copy of the notice.

15 b. If a public water system serves a municipality in which the
16 primary language of 10 percent or more of the residents is a
17 language other than English, the public water system shall provide
18 the notice required pursuant to subsection a. of this section in both
19 English and the other language to the applicable property owners
20 and customers in that municipality.

21
22 5. a. No later than 12 months after the effective date of this
23 act, each public water system shall submit to the department an
24 initial plan for replacing all lead service lines within its service
25 area. The plan shall be updated annually and made consistent with
26 the annual updates to the public water system's service line
27 inventory required pursuant to section 3 of this act, until all lead
28 services lines within the public water system's service area have
29 been replaced.

30 b. Each lead service line replacement plan and annual update
31 thereto shall provide for the annual replacement of at least seven
32 percent of all lead service lines identified by the public water
33 system on the date it submits its initial plan to the department. In
34 addition, each plan and update thereto shall provide for the
35 replacement of all lead service lines within the service area of the
36 public water system no later than 20 years after the effective date of
37 this act, regardless of whether the lines are known or unknown on
38 the date the public water system submits its initial plan to the
39 department. The department may require additional information, as
40 it deems appropriate, to be included in each lead service line
41 replacement plan and annual update thereto.

42 c. A public water system shall not, except during emergencies
43 such as a water main or service line break, conduct a partial
44 replacement of a lead service line, and the public water system shall
45 make a good faith effort to replace the entire lead service line. A
46 partial replacement of a lead service line shall not count toward the
47 public water system's replacement requirements pursuant to
48 subsection b. of this section.

1 d. A public water system may apply for, and the department
2 may approve, a reasonable extension of any target or deadline set
3 forth in this section, provided that the public water system
4 demonstrates to the department that the extension is necessary to
5 meet a service reliability demand or public health need, not related
6 to lead abatement, within the system.

7 e. In the event of fiscal distress, a municipally owned public
8 water system may apply for and the department, in consultation
9 with Division of Local Government Services in the Department of
10 Community Affairs, may approve a reasonable extension of any
11 target or deadline set forth in this section.

12

13 6. a. An investor-owned public water system may recoup the
14 costs of lead service line replacements from its customers, subject
15 to the provisions of this section. A proposal to recoup the costs of
16 lead service line replacements shall be considered in the context of
17 the investor-owned public water system's next general rate case
18 proceeding, initiated after the effective date of this act, during
19 which the board shall consider the rate impacts of the proposed lead
20 service line replacement plan prior to approving the proposal. In
21 order to recoup the costs of lead service line replacements from its
22 customers, an investor-owned public water system shall submit the
23 proposal within a petition to the board that addresses the following:

24 (1) the estimated total cost to replace both the property owner
25 sides and public water system sides of all lead service lines within,
26 or connected to, the investor-owned public water system's service
27 area and an estimated range for the annual cost to be incurred by the
28 system under the system's current lead service line replacement
29 plan;

30 (2) a quantification of the shareholder contribution to be made in
31 order to meet the requirements of this act;

32 (3) the availability of grants or low interest loans and whether
33 the investor-owned public water system plans to use available
34 grants or low interest loans to help the system finance or reduce
35 lead service line replacement costs, including a detailed description
36 of any efforts made by the system to secure such financing;

37 (4) the investor-owned public water system's proposed rate
38 treatment of the replacement costs, including:

39 (a) any proposed deferred accounting treatment of the costs;

40 (b) the proposed rate base treatment of the costs;

41 (c) the proposed operations and maintenance expense treatment
42 of the costs; and

43 (d) the average monthly residential bill impact of the proposed
44 rate treatment of the costs;

45 (5) a description of how the replacement of lead service lines
46 will be accomplished in conjunction with other replacement projects
47 in the investor-owned public water system's service area;

1 (6) the estimated savings per lead service line achieved by the
2 investor-owned public water system replacing property owner sides
3 of lead service lines instead of the property owner; and

4 (7) the investor-owned public water system's proposal for:

5 (a) communicating the system's plan to replace a lead service
6 line to a property owner and customer; and

7 (b) documenting a property owner's or customer's consent or lack
8 of consent to the replacement of a lead service line.

9 b. Before an investor-owned public water system may recoup
10 the costs of lead service line replacements from its customers
11 pursuant to subsection a. of this section, the board shall ensure that
12 the department has approved the investor-owned public water
13 system's plan for the replacement of the lead service lines required
14 pursuant to section 5 of this act.

15
16 7. No later than December 31 of each year, a public water
17 system shall submit to the department, in a form and manner to be
18 determined by the department, a report detailing the public water
19 system's progress in replacing lead service lines pursuant to this
20 act. A public water system that serves more than 3,300 customers
21 shall make its report available on its Internet website. If the
22 department determines, based on the information provided by the
23 public water system, that the public water system has completed the
24 replacement of all lead service lines within the public water
25 system's service area, the public water system shall no longer be
26 required to submit a report pursuant to this section.

27
28 8. a. The Department of Environmental Protection may adopt,
29 pursuant to the "Administrative Procedure Act," P.L.1968, c.410
30 (C.52:14B-1 et seq.), any rules and regulations necessary to
31 implement the provisions of this act.

32 b. The Board of Public Utilities may adopt, pursuant to the
33 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
34 seq.), any rules and regulations necessary to implement the
35 provisions of this act.

36
37 9. This act shall take effect immediately.

38
39
40 **STATEMENT**

41
42 This bill would require each public water system (PWS) in the
43 State to develop a service line inventory and a replacement plan for
44 lead service lines that provides for the replacement of all lead
45 service lines within 20 years, and would authorize an investor-
46 owned PWS to recoup the costs of lead service line replacements by
47 increasing the rates it charges to its customers.

1 Specifically, the bill would require each PWS to submit an initial
2 count of its lead service lines, and service lines of unknown
3 composition to the Department of Environmental Protection (DEP)
4 no later than 30 days after the bill's enactment. The bill would then
5 require each PWS to submit an initial service line inventory to the
6 DEP no later than six months after the bill's enactment. One year
7 after the date of enactment, the bill would require PWSs to submit a
8 more detailed service line inventory. Beginning two years after the
9 bill's enactment, the bill would require PWSs to develop and submit
10 to the DEP an updated service line inventory and a certification that
11 the PWS is in compliance with the provisions of the bill. The bill
12 would authorize the DEP to direct PWSs to excavate service lines,
13 when necessary, to determine whether or not they contain lead.

14 The bill would require a PWS, no later than 30 days after
15 submitting its initial service line inventory to the DEP, to send
16 written notice to each property owner and customer served by a lead
17 service line or service line of unknown composition. The bill
18 would also require landlords of multi-family dwellings that receive
19 this notice to post it in the dwelling and to inform new tenants of
20 the composition of the service line.

21 No later than 12 months after the bill's enactment, the bill would
22 require each PWS to submit to the DEP an initial plan for replacing
23 all lead service lines within its service area. The plan would be
24 required to provide for the annual replacement of at least seven
25 percent of all lead service lines known to the PWS on the date it
26 submits its initial plan to the DEP, and the replacement of all lead
27 service lines within the PWS's service area no later than 20 years
28 after the bill's enactment. The bill would require each PWS to
29 update its replacement plan annually and make it consistent with the
30 PWS's updated service line inventory.

31 The bill would authorize investor-owned PWSs to recoup the
32 costs of lead service line replacements by including a proposal for
33 recoupment to the Board of Public Utilities (BPU) in a general rate
34 case proceeding. The BPU would be required to consider the costs
35 to customers before approving the proposal. The investor-owned
36 PWS would be required to submit a petition to the BPU at its next
37 general rate case proceeding, which contains certain specific
38 information about the PWS's methods and costs, as enumerated in
39 section 6 of the bill.

40 The bill would require each PWS to submit a report to the DEP
41 detailing the PWS's progress in replacing lead service lines in
42 accordance with the provisions of the bill. A PWS that serves more
43 than 3,300 customers would be required to make its report available
44 on its Internet website. Finally, the bill would authorize the DEP
45 and the BPU to adopt rules and regulations to implement the bill's
46 provisions.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 3398

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 17, 2021

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 3398, with committee amendments.

As amended, this bill would require each public community water system (PCWS) in the State to develop a service line inventory of lead service lines and suspected lead service lines and adopt a plan that provides for the replacement of all lead service lines in the system's service area within 10 years after the bill's effective date. The bill also authorizes an investor-owned PCWS to recoup the costs of lead service line replacements by increasing the rates it charges to its customers.

The bill would require each PCWS to submit to the Department of Environmental Protection (DEP), no later than 60 days after the bill's effective date, an initial count of its lead service lines and service lines of unknown composition, as well as the number that are to be replaced annually. The bill would then require each PCWS to submit an initial service line inventory to the DEP no later than six months after the bill's effective date, and a more detailed and updated service line inventory within one year after the bill's effective date. Commencing two years after the bill's enactment, and until such time as all lead service lines have been replaced, the bill would require each PCWS to annually submit to the DEP an updated service line inventory, as well as a statement certifying that the PCWS is in compliance with the bill's provisions. The bill would further require each PCWS to make its most recent service line inventory available on its Internet website or, if there is no available Internet website, in another publicly accessible location. The bill would authorize the DEP to direct PCWSs to excavate service lines, when necessary, to determine whether or not they contain lead.

The bill would provide for a PCWS, no later than 30 days after submitting its initial service line inventory to the DEP, and periodically thereafter, to send written notice, by certified mail, to each residential, commercial, or institutional address affected by a known lead service line, which notice is to be addressed to the primary resident or commercial or institutional occupant thereof, as appropriate. Notice is to be sent to all affected addresses, regardless of whether the resident or occupant is a system customer (i.e., is the property owner or lessee who receives and pays a water utility bill) or is a non-paying customer (i.e., is a lessee or primary occupant of residential or commercial space in the

service area, who does not receive or pay the water bill for the property). If the recipient of the notice is the owner or operator of an apartment building, group home, or other multi-family or multi-unit dwelling, the owner or operator will be required to provide a hard copy of the notice to each existing resident of the multi-family or multi-unit dwelling and additionally post a copy of the notice in a conspicuous location in a common area of the dwelling. The owner or operator will also be required to inform new residents of the existence of a lead service line, prior to their residence at the multi-family or multi-unit dwelling, and provide a hard copy of the notice thereto, upon the commencement of their residence. The bill further requires the written notice to be sent, by certified mail, to each off-site owner of property affected by the known lead service line, which notice is to be addressed to the property owner's last known address, as determined through the review of local property tax or other available records.

No later than 12 months after the bill's enactment, the bill would require each PCWS to submit to the DEP an initial plan for replacing all lead service lines within its service area. The plan is to provide for: 1) the annual replacement of at least 10 percent of all lead service lines that are known to the PCWS on the date it submits its initial plan to the DEP; and 2) the replacement of all lead service lines within the PCWS's service area no later than 10 years after the bill's effective date, whether or not such lines were known or unknown at the time the PCWS submits its initial plan. Each replacement plan is to be annually updated to be consistent with the PCWS's updated service line inventory, and is to remain in effect until all lead service lines in the service area have been identified and replaced. Under the bill, each lead service line replacement plan is to provide for the replacement of all lead service lines within 10 years after the bill's effective date. Notwithstanding that requirement, and despite the fact that a PCWS will be encouraged to complete its service line replacement goals within 10 years, the bill provides that a PCWS will be authorized to continue lead service line replacement activities for a maximum period of 15 years if necessary to enable the PCWS to fully comply with the bill's provisions. A PCWS will be prohibited from suspending the water service of a customer solely because the customer denies access to the property owner-side of a lead service line.

The bill would require an investor-owned PCWS to recoup the costs of lead service line replacements from its customers, using board-approved recoupment methodologies. Any investor-owned PCWS seeking to recoup these costs will be required to submit a petition to the BPU, for approval at its next general rate case proceeding, which petition is to include a cost recoupment proposal providing certain specific information about the PCWS's proposed recoupment methodologies and anticipated replacement costs.

Similarly, the bill would provide that, notwithstanding the provisions of R.S.40:56-1 to the contrary, any expenditures that are

incurred by a government-owned PCWS to replace lead service lines, pursuant to the bill's provisions, may be borne by all the customers of the system, or all or a portion of the costs may be assessed to a property of a property owner in the same manner provided for the assessment of local improvements pursuant to R.S.40:56-1 et seq., upon notice to the Director of the Division of Local Government Services (DLGS) in the Department of Community Affairs.

Finally, the bill would require each PCWS to submit an annual report to the DEP, by December 31 of each year, detailing the PCWS's progress in replacing lead service lines in accordance with the bill's provisions. A PCWS would be required to make its report available on its Internet website or, if there is no available website, in another publicly accessible location. If the DEP determines that the PCWS has completed the replacement of all service lines within the service area, the PCWS will no longer be required to submit an annual report showing its progress under the bill. Both the DEP and the BPU will be authorized, in consultation with DLGS, to adopt rules and regulations to implement the bill's provisions.

As amended and reported by the committee, Senate Bill No. 3398 (1R) is identical to Assembly Bill No. 5343 (2R), which was also reported by the committee on this date, with committee amendments.

COMMITTEE AMENDMENTS:

The committee amendments to the bill would:

(1) remove references to "public water systems" and replace them with references to "public community water systems" (PCWS), and clarify that the new definition includes investor-owned systems;

(2) add a new definition of the term, "government-owned public community water system";

(3) add new definitions for the terms "customer," "property owner," "off-site owner," and "non-paying consumer" to clearly distinguish between property owners and other customers who pay water bills, and off-site property owners and water system consumers who do not pay water bills;

(4) add a new definition of the term "Distributed System Improvement Charge";

(5) replace the defined term, "public water system side" with the shorter term, "system side," and modify some other existing definitions to ensure that they comport with modern standards of legislative drafting;

(6) require a PCWS to submit an initial count of the number of lead service lines and service lines of unknown composition, as well as the number of lines to be annually replaced, within 60 days (not 30 days) after the bill's effective date;

(7) clarify that a PCWS will only be required to annually submit an updated service line inventory to the DEP until such time as all lead service lines in the service area have been replaced;

(8) provide for the most recent PCWS inventory to be posted online or in another publicly accessible location;

(9) require a PCWS lead service line replacement plan to provide for the average annual replacement of at least 10 percent (not seven percent) of all lead service lines that were known to the PCWS and identified in the initial replacement plan submitted to the DEP;

(10) provide for a lead service line replacement plan to remain in effect until all lead service lines have been identified and replaced;

(11) provide that PCWSs may complete a partial service line replacement during the course of a water main replacement, subject to the same provisions as an emergency partial service line replacement, and clarify that PCWSs are only to undertake partial service line replacements as a last resort;

(12) prohibit a PCWS from suspending the water service of a customer solely because the customer denies access to the property owner-side of a lead service line;

(13) delete the provision of the bill that would have required a PCWS's proposal for cost recoupment to include a quantification of the shareholder contribution to be made;

(14) require a PCWS to complete the replacement of all lead service lines in the service area, whether such lines were known or unknown at the time the PCWS submitted its initial replacement plan, within 10 years (not 20 years) after the bill's effective date, and specify that, notwithstanding this 10-year requirement, a PCWS make take up to 15 years to complete its lead line replacement activities, if necessary;

(15) require a PCWS to notify consumers in the service area of the existence of known lead service lines by sending a notice, by certified mail, to each residential, commercial, or institutional address affected by the known lead service line, which notice is to be addressed to the primary resident or commercial or institutional occupant, as appropriate, regardless of whether the resident or occupant is a system customer or is a non-paying consumer;

(16) require a PCWS to additionally notify any off-site property owner of the existence of lead services lines affecting the property owned in the service area, by sending a notice, by certified mail, to the off-site owner's last-known address;

(17) require the notice mailed by a PCWS to water consumers to be separate and distinct from the water utility bill that is issued for the property; to contain large, easily readable text; and to be presented on distinctly colored paper or other paper that is easily distinguishable from the water billing statement;

(18) clarify that the notice is to include a list of the lead service lines that are being used to serve the customer or non-paying consumer;

(19) remove the references to "landlords" and "tenants" that previously appeared the bill's notice provisions, and replace these references with new references to the "owners or operators," and the "residents," of multi-family or multi-unit dwellings;

(20) clarify that an investor-owned PCWS will be required to recover, from customers, 100 percent of the costs associated with the replacement of lead service lines under the bill, excluding any portion funded by grants or other subsidies, in a manner determined by the board;

(21) require the BPU, when determining an appropriate recoupment methodology, to stipulate that: (a) the proportionate share of project costs for the replacement of the system side of a lead service line may be incorporated into the PWCS's rate base as capital assets, or may be recovered through the use of a Distributed System Improvement Charge (DSIC); and (b) the costs for the replacement of the property-owner side of a lead service line may be recovered through a separate, semi-annual lead service line expense surcharge;

(22) provide that the total replacement costs included in a PCWS's cost recoupment proposal are to include the estimated total cost to evaluate service lines of unknown composition and to replace any such lines that are determined to be lead;

(23) provide that any costs incurred by a government-owned PCWS to replace lead service lines under the bill may be borne by all of the system's customers, or may be assessed to a property in the same manner provided for local improvements; and

(24) make various technical changes to: (a) correct subdivision lettering and numbering; (b) clarify and improve the directness of the bill's language; (c) ensure that terminology is used consistency throughout the bill; and (d) ensure the correct use of punctuation.

FISCAL IMPACT:

Fiscal information is currently unavailable for this bill.

LEGISLATIVE FISCAL ESTIMATE
SENATE, No. 3398
STATE OF NEW JERSEY
219th LEGISLATURE

DATED: MARCH 12, 2021

SUMMARY

- Synopsis:** Requires public water systems to inventory and replace lead service lines within 20 years and provides for recoupment of costs by investor-owned public water systems.
- Type of Impact:** Annual expenditure and revenue increases to the State and local governments.
- Agencies Affected:** Department of Environmental Protection and local government units.

Office of Legislative Services Estimate

Fiscal Impact	<u>Annual</u>
State Expenditure Increase	Indeterminate
Local Expenditure Increase	Indeterminate
State Revenue Increase	Indeterminate
Local Revenue Increase	Indeterminate

- The Office of Legislative Services (OLS) estimates that local governments and the State will incur indeterminate annual expenditure increases to compile an inventory of all lead service lines in government-owned public water systems (PWS) and to replace them. Based on certain assumptions, it is estimated that the initial costs to complete the inventory could be about \$29 million for local governments and \$50,000 for the State. However, these costs will vary depending on the extent of existing service line inventories available to government entities, the methods used by the PWS to arrive at the number of lead service lines in their systems, and any additional planning expenses required prior to replacement of the lead service lines.
- The annual costs for local governments and the State to replace all existing lead service lines following the completion of their inventory are indeterminate because a number of variables, including the number and size of service lines being replaced, the ease of accessibility to the lines, and the financing method used to fund the replacements, will affect the size of the expenditures. Based on certain assumptions detailed below, total local government costs could be about \$2.6 billion over 20 years, or \$132 million annually. State costs are estimated to be \$4.5 million, or \$226,000 annually, over the same timeframe and based on the same assumptions. This amount approximates an estimate of \$2.3 billion to replace all PWS lead



service lines in the State, excluding some additional costs, provided by the DEP in response to FY 2020 OLS Discussion Points, which the OLS finds to be a plausible estimation.

- Local governments and the State will experience an indeterminate increase in annual revenue as the bill allows PWS to recoup their costs for lead service line replacements through an increase in rates paid by water system customers. Based on financial decisions made the PWS, these revenues may or may not offset the expenditure increases.

BILL DESCRIPTION

This bill would require each PWS in the State to develop a service line inventory and a replacement plan for all lead service lines in the State within 20 years and would authorize each PWS to recoup the costs of replacements by increasing the rates it charges to its customers.

Specifically, the bill would require each PWS to submit an initial count of its lead service lines and service lines of unknown composition to the Department of Environmental Protection (DEP) no later than 30 days after the bill's enactment. The bill would then require each PWS to submit an initial lead service line inventory to the DEP no later than six months after the bill's enactment. One year after the date of enactment, the bill would require PWS to submit a more detailed inventory. Beginning two years after the bill's enactment, the bill would require PWS to develop and submit to the DEP an updated inventory and a certification that the PWS is in compliance with the provisions of the bill. The bill would authorize the DEP to direct PWS to excavate service lines, when necessary, to determine whether or not they contain lead.

The bill would require a PWS, no later than 30 days after submitting its initial inventory to the DEP, to send written notice via certified mail, and in a separate mailing from the bill, to each property owner and customer served by a lead service line or service line of unknown composition.

No later than 12 months after the bill's enactment, the bill would require each PWS to submit to the DEP an initial plan for replacing all lead service lines within its service area. The plan would be required to provide for the annual replacement of at least seven percent of all lead service lines known to the PWS on the date it submits its initial plan to the DEP, and replacement of all lead service lines within the service area no later than 20 years after the bill's enactment. The bill would require each PWS to update its replacement plan annually and make it consistent with the updated service line inventory.

The bill would require each PWS to submit a report to the DEP detailing its progress in replacing lead service lines in accordance with the provisions of the bill.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that local governments and the State will incur indeterminate annual expenditure increases to compile an inventory of all lead service lines in government-owned PWS and to replace them. They will also experience an indeterminate increase in annual revenues

because the bill allows public water systems to recoup their costs through higher water customer rates. Based on the financial decisions of the PWS, these revenue increase may or may not offset the expenditure increases.

There are approximately 3,700 water systems in the State, which consist of: (1) 582 PWS such as those that serve municipalities; (2) 720 non-transient non-community systems that serve businesses, hotels, and schools; and (3) 2,372 transient non-community systems that serve businesses, camps, churches, hotels, and restaurants. Transient non-community systems are not subject to the requirements of the bill, and the DEP stated in response to OLS Discussion Points as part of the FY 2020 budget process that it was not aware of any non-transient non-community water systems in the State having a lead service line. Ownership of the 582 PWS is divided between investor-owned utilities and government-owned systems operated by municipal utilities, regional utility authorities, and the State. About 40 percent of New Jersey's population is served by four investor-owned utilities (New Jersey American Water, SUEZ, Middlesex Water Company, and Aqua New Jersey) operating in 300 municipalities, with 60 percent of the population served by government-owned systems.

One-Time Costs to Prepare Lead Service Line Inventories

Each PWS has service lines leading from a water main to a house or building and each service line takes approximately one hour to inspect. Third party lead field service technicians are paid between \$13 and \$25 per hour and can complete an inspection through the use of a swab test or by visual inspection of the service line. If using a swab test, one Environmental Protection Agency-recognized 3M LeadCheck Swab test costs around \$2.75.

The 582 PWS have a total of 2.4 million service lines of which about 1 million are owned by investor-owned utilities, 1.4 million are owned by local government entities, and about 2,400 are owned by the State. In performing the analysis below regarding the cost of compiling a lead service line inventory, the OLS makes the following assumptions: (a) all government-owned PWS use a third party lead field service technician paid \$19 per hour and each service line takes one hour to inspect; (b) 50 percent of service line inspections use a swab test at \$2.75 per swab; (c) there is no existing inventory of service lines; and (d) all service lines are easily accessible for the purposes of inspection. Under these assumptions, the one-time cost to compile the required inventory would be about \$29 million for local governments and \$50,000 for the State. These costs will vary, though, depending on the extent to which existing service line inventories are available, the accessibility of the service lines, and the types of personnel and methods used by government-owned PWS to arrive at the number of lead service lines in their systems. However, it is noted that in response to OLS Discussion Points during the FY 2020 budget hearings, the DEP indicated that many water systems have outdated and inaccurate records concerning their lead service lines and that changes may have been made on the homeowner side of the service line without the department being informed. Therefore, a comprehensive, ground up inventory may have to be under taken by many government-owned PWS.

The OLS notes that the costs of compiling an inventory of lead service lines in a local government or State system may be mitigated if: (a) existing staff is used to perform inspections; (b) inspections are performed during routine maintenance; (c) there is an existing inventory of service lines compiled and available; and (d) most tests are performed through a visual inspection rather than through use of a swab test. On the other hand, costs may be higher if service lines cannot be readily accessed and excavation is authorized by DEP. There will also be additional costs for the State and local governments for certified mailings and other administrative functions such as identifying tenant-landlord relationships to ensure water customers are receiving the required notices.

Annual Expenditure and Revenue Increases Related to Lead Service Line Replacement

The annual costs for local governments and the State to replace all of their existing lead service lines are indeterminate because a number of unknown variables, including the number and size of lead lines being replaced, the ease of accessibility to the service lines, and the financing method used to fund the replacements, will affect the size of the expenditures.

In performing the analysis below, the OLS makes the following assumptions regarding the replacement of lead service lines in a government-owned PWS: (a) the cost to replace a lead service line is \$7,500; (b) no lead service lines have been previously replaced; (c) all service lines are easily accessible for the purposes of replacement; (d) the costs to replace all lead service lines are spread evenly over 20 years; and (e) 25 percent of service lines are found to contain lead. Based on these assumptions, the total cost to replace all lead service lines owned by government entities would be about \$2.6 billion, with more than 99% of this amount borne by local and regional government-owned PWS and less than 1 percent borne by the State. This amount approximates an estimate of \$2.3 billion to replace all PWS lead service lines in the State, excluding some additional costs, provided by the DEP in response to FY 2020 OLS Discussion Points. Under the OLS assumptions, annualized costs to local governments over 20 years would be \$132 million and for the State would be \$226,000.

Under the bill, at least 7 percent of lead service lines are to be replaced annually with 100 percent replacement required within 20 years from the effective date of this bill, whether or not the lead service lines were known or unknown at the time when a PSW submitted its initial replacement plan to the DEP. The annual expenditures incurred for the replacement of lead service lines owned by PWS are permitted by the bill to be treated as an operating expense of the water system and can be directly passed on to customers in the form of higher rates. However, a PWS may also elect to pay these expenses from existing resources, which could include funds the utility has on hand, proceeds from revenue bonds issued by the utility, or possibly from the issuance of general obligation bonds secured or guaranteed by property taxes. Use of a long-term financing method like a revenue or general obligation bond would allow a PWS to spread the cost of lead service line replacement beyond the timeframe it takes to complete the replacements but would also increase total project cost due to interest payments on the bonds. Ratepayers would likely be responsible for these debt service costs in the form of higher water rates because interest is considered a non-operating expense of a utility. Use of a general obligation bond could also transfer some or all of the lead service line replacement costs from water system ratepayers to property tax payers who may or not be customers of the system.

Section: Environment, Agriculture, Energy, and Natural Resources

*Analyst: Neha Patel
Senior Analyst*

*Approved: Thomas Koenig
Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 3398 STATE OF NEW JERSEY 219th LEGISLATURE

DATED: JUNE 24, 2021

SUMMARY

- Synopsis:** Requires public community water systems to inventory and replace lead service lines within 10 years; provides for recoupment of costs by investor-owned public water systems.
- Type of Impact:** Annual expenditure and revenue increases to the State and local governments.
- Agencies Affected:** Department of Environmental Protection and local government units.

Office of Legislative Services Estimate

Fiscal Impact	<u>Annual</u>
State Expenditure Increase	Indeterminate
Local Expenditure Increase	Indeterminate
State Revenue Increase	Indeterminate
Local Revenue Increase	Indeterminate

- The Office of Legislative Services (OLS) estimates that local governments and the State will incur indeterminate annual expenditure increases to compile an inventory of all lead service lines in government-owned public community water systems (PCWS) and to replace them. Based on certain assumptions, it is estimated that the initial costs to complete the inventory could be about \$29 million for local governments and \$50,000 for the State. However, these costs will vary depending on the extent of existing service line inventories available to government entities, the methods used by the PCWS to arrive at the number of lead service lines in their systems, and any additional planning expenses required prior to replacement of the lead service lines.
- The annual costs for local governments and the State to replace all existing lead service lines following the completion of their inventory are indeterminate because a number of variables, including the number and size of service lines being replaced, the ease of accessibility to the lines, and the financing method used to fund the replacements, will affect the size of the expenditures. Based on certain assumptions detailed below, total local government costs could

be \$2.65 billion over 10 years, or \$265 million annually. State costs are estimated to be \$4.5 million, or \$450,000, over the same timeframe and based on the same assumption. This amount approximates an estimate of \$2.3 billion to replace all PWCS lead service lines in the State, excluding some additional costs, provided by the DEP in response to FY 2020 OLS Discussion Points, which the OLS finds to be a plausible estimation. It is important to note that this bill encourages PCWS to complete its service line replacement goals within 10 years, but the bill provides that a PCWS is authorized to continue lead service line replacement activities for a maximum period of 15 years. Any extension beyond 10 years would alter these annual cost estimates for the State and local governments.

- Local governments and the State will experience an indeterminate increase in annual revenue as the bill allows PCWS to recoup their costs for lead service line replacements through an increase in rates paid by water system customers. Based on financial decisions made the PCWS, these revenues may or may not equal the expenditure increases.

BILL DESCRIPTION

This bill would require each PCWS in the State to develop a service line inventory and a replacement plan for all lead service lines in the State within 10 years and would authorize each PCWS to recoup the costs of replacements by increasing the rates it charges to its customers.

Specifically, the bill would require each PCWS to submit an initial count of its lead service lines and service lines of unknown composition to the Department of Environmental Protection (DEP) no later than 60 days after the bill's enactment. The bill would then require each PCWS to submit an initial lead service line inventory to the DEP no later than six months after the bill's enactment. One year after the date of enactment, the bill would require PCWS to submit a more detailed inventory. Beginning two years after the bill's enactment, and until such time as all lead service lines have been replaced, the bill would require PCWSs to annually submit to the DEP an updated service line inventory, as well as a statement certifying that the PCWS is in compliance with the bill's provisions. The bill would authorize the DEP to direct PCWS to excavate service lines, when necessary, to determine whether or not they contain lead.

The bill would require a PCWS, no later than 30 days after submitting its initial inventory to the DEP and periodically thereafter, to send written notice via certified mail, and in a separate mailing from the bill, to each property owner and customer served by a lead service line. Notice is to be sent to all affected addresses, regardless of whether the resident or occupant is a system customer or is a non-paying customer. The bill further requires the written notice to be sent, by certified mail, to each off-site owner of property affected by the known lead service line, which notice is to be addressed to the property owner's last known address, as determined through the review of local property tax or other available records.

No later than 12 months after the bill's enactment, the bill would require each PCWS to submit to the DEP an initial plan for replacing all lead service lines within its service area. The plan would be required to provide for the annual replacement of at least 10 percent of all lead service lines known to the PCWS on the date it submits its initial plan to the DEP, and replacement of all lead service lines within the service area no later than 10 years after the bill's enactment. The bill would require each PCWS to update its replacement plan annually and make it consistent with the updated service line inventory. Notwithstanding that requirement, and despite the fact that a PCWS will be encouraged to complete its service line replacement goals within 10 years, the bill provides that a PCWS will be authorized to continue lead service line replacement activities for a maximum period of 15 years if necessary to enable the PCWS to fully comply with the bill's

provisions. The bill would provide that any expenditures that are incurred by a government-owned public water system to replace lead service lines may be borne by all the customers of the system, or all or a portion of the costs may be assessed to a property owner, in the same manner provided for the assessment of local improvements, upon notice to the Director of the Division of Local Government Services in the Department of Community Affairs.

The bill would require each PCWS to submit a report to the DEP detailing its progress in replacing lead service lines in accordance with the provisions of the bill.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that local governments and the State will incur indeterminate annual expenditure increases to compile an inventory of all lead service lines in government-owned PCWS and to replace them. They will also experience an indeterminate increase in annual revenues because the bill allows public water systems to recoup their costs through higher water customer rates. Based on the financial decisions of the PCWS, these revenue increases may or may not equal the expenditure increases.

Public drinking water systems consist of community and non-community systems. Further, a PCWS means a public water system that serves at least 15 service connections used by year-round residents or regularly serves at least 25 year-round residents. A nonpublic water system is a water system that is not a public water system and includes non-transient non-community systems and transient non-community systems. There are approximately 3,700 water systems in the State, which consist of: (1) 582 PCWS such as those that serve municipalities; (2) 720 non-transient non-community systems that serve businesses, hotels, and schools; and (3) 2,372 transient non-community systems that serve businesses, camps, churches, hotels, and restaurants. Non-transient non-community systems and transient non-community systems are not subject to the requirements of the bill, and the DEP stated in response to OLS Discussion Points as part of the FY 2020 budget process that it was not aware of any non-transient non-community water systems in the State having a lead service line.

One-Time Costs to Prepare Lead Service Line Inventories

Each PCWS has service lines leading from a water main to a house or building and each service line takes approximately one hour to inspect. Third party lead field service technicians are paid between \$13 and \$25 per hour and can complete an inspection through the use of a swab test or by visual inspection of the service line. If using a swab test, one Environmental Protection Agency-recognized 3M LeadCheck Swab test costs around \$2.75.

The 582 PCWS have a total of 2.4 million service lines of which about 1 million are owned by investor-owned utilities, 1.4 million are owned by local government entities, and about 2,400 are owned by the State. In performing the analysis below regarding the cost of compiling a lead service line inventory, the OLS makes the following assumptions: (a) all government-owned PCWS use a third party lead field service technician paid \$19 per hour and each service line takes one hour to inspect; (b) 50 percent of service line inspections use a swab test at \$2.75 per swab; (c) there is no existing inventory of service lines; and (d) all service lines are easily accessible for

the purposes of inspection. Under these assumptions, the one-time cost to compile the required inventory would be about \$29 million for local governments and \$50,000 for the State. However, under the bill, these costs would be recouped by the local governments and the State as the bill authorizes the owner of the PCWS to increase the rates it charges to its customers to cover the cost of the lead service line inventory. These costs will vary, though, depending on the extent to which existing service line inventories are available, the accessibility of the service lines, and the types of personnel and methods used by government-owned PCWS to arrive at the number of lead service lines in their systems. However, it is noted that in response to OLS Discussion Points during the FY 2020 budget hearings, the DEP indicated that many water systems have outdated and inaccurate records concerning their lead service lines and that changes may have been made on the homeowner side of the service line without the department being informed. Therefore, a comprehensive, ground up inventory may have to be under taken by many government-owned PCWS.

The OLS notes that the costs of compiling an inventory of lead service lines in a local government or State system may be mitigated if: (a) existing staff is used to perform inspections; (b) inspections are performed during routine maintenance; (c) there is an existing inventory of service lines compiled and available; and (d) most tests are performed through a visual inspection rather than through use of a swab test. On the other hand, costs may be higher if service lines cannot be readily accessed and excavation is authorized by DEP. There will also be additional costs for the State and local governments for certified mailings and other administrative functions related to the bill.

Annual Expenditure and Revenue Increases Related to Lead Service Line Replacement

The annual costs for local governments and the State to replace all of their existing lead service lines are indeterminate because a number of unknown variables, including the number and size of lead lines being replaced, the ease of accessibility to the service lines, and the financing method used to fund the replacements, will affect the size of the expenditures.

In performing the analysis below, the OLS makes the following simplifying assumptions regarding the replacement of lead service lines in a government-owned PCWS: (a) the cost to replace a lead service line is \$7,500; (b) no lead service lines have been previously replaced; (c) all service lines are easily accessible for the purposes of replacement; (d) the costs to replace all lead service lines are spread evenly over 10 years; and (e) 25 percent of service lines are found to contain lead. Based on these assumptions, the total cost to replace all lead service lines owned by government entities would be about \$2.65 billion, with more than 99% of this amount borne by local and regional government-owned PCWS and less than 1 percent borne by the State. This amount approximates an estimate of \$2.3 billion to replace all PCWS lead service lines in the State, excluding some additional costs, provided by the DEP in response to FY 2020 OLS Discussion Points.

Assuming that 10 percent of all known lead service lines would be replaced annually, then the total annual cost, for 10 years, to local governments would be about \$265 million and the annual cost to the State government would be \$450,000. It is important to note that this bill encourages PCWS to complete its service line replacement goals within 10 years, but the bill provides that a PCWS will be authorized to continue lead service line replacement activities for a maximum period of 15 years. Any extension beyond 10 years would alter the annual cost estimates for the State and local governments. Further, the annual expenditures incurred for the replacement of lead service lines owned by PCWS are permitted by the bill to be treated as an operating expense of the water system and can be directly passed on to customers in the form of higher rates. However, a PCWS may also elect to pay these expenses from existing resources, which could include funds the utility has on hand, proceeds from revenue bonds issued by the utility, or possibly from the

issuance of general obligation bonds secured or guaranteed by property taxes. Use of a long-term financing method like a revenue or general obligation bond would allow a PCWS to spread the cost of lead service line replacement beyond the timeframe it takes to complete the replacements but would also increase total project cost due to interest payments on the bonds. Ratepayers would likely be responsible for these debt service costs in the form of higher water rates because interest is considered a non-operating expense of a utility. Use of a general obligation bond could also transfer some or all of the lead service line replacement costs from water system ratepayers to property tax payers who may or not be customers of the system.

Section: Environment, Agriculture, Energy, and Natural Resources

*Analyst: Eric Hansen
Associate Research Analyst*

*Approved: Thomas Koenig
Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

Governor Murphy Signs Package of Bills Advancing New Jersey as National Leader in Lead Poisoning Prevention

07/22/2021

Legislation Will Require Regular Inspections for Lead Paint Hazards in Residential Rental Properties and Replacement of Lead Service Lines

BLOOMFIELD – Governor Phil Murphy today reaffirmed his commitment to address lead exposure in New Jersey and its harmful effects on public health and child development by signing a package of bills aimed protecting New Jersey’s families from lead poisoning. The legislation, which will require regular inspections for, and the remediation of, lead-based paint hazards in residential rental properties and require the inventory, replacement, and financing of lead service lines throughout the state within the next 10 years, will advance New Jersey as a national leader in lead poisoning prevention. In October 2019, Governor Murphy unveiled a [comprehensive statewide plan](#) to address lead exposure in New Jersey, in which exposure to lead-based paint and lead in drinking water were two key elements of the strategy.

“In October of 2019, I put forth a multifaceted statewide plan to protect New Jersey’s children and families from the dangers of lead, and today, we are taking a significant step forward in our strategy to reduce lead exposure in our homes,” **said Governor Murphy**. “Modernizing our aging water infrastructure with new lead services lines is critical in ensuring safe drinking water flows through our communities. In addition to replacing service lines, we must also go further to protect those in older homes and apartments where door jambs and window sashes may be coated in decades of layers of lead-based paints, creating fine particulates that are unknowingly inhaled and ingested. Today, we are taking the most aggressive action in the nation to reduce lead-based paint exposure in our homes and communities, which is a critical victory for public health and environmental justice, and advances New Jersey as a national leader in lead poisoning prevention.”

“Lead prevention is a priority in New Jersey and Governor Murphy and I are committed to reducing the threat of lead poisoning in water systems and in the state’s older housing stock where lead-based paint is frequently found,” **said Lt. Governor Sheila Oliver, who serves as Commissioner of the New Jersey Department of Community Affairs**. “No child or adult should have to live with the detrimental and lasting health effects of lead poisoning. That is why DCA stands ready to develop an educational campaign about the hazards of lead and why controlling these hazards is so important. We are also dedicated to working with local governments to ensure improvements are made to water infrastructure and lead-safe inspections are conducted in all rental dwellings.”

The Governor signed the following three bills into law:

S1147/A1372 (Ruiz, Cruz-Perez/Holley, Wimberly, Benson, Mukherji) - Requires lead paint inspection on certain residential rental property, including upon tenant turnover; establishes lead-based paint hazard education program; appropriates \$3,900,000.

A5343/SS3398 (Schaer, McKnight, Spearman, Karabinchak/Singleton, Gopal, Greenstein) - Requires public community water systems to inventory and replace lead service lines within 10 years; provides for recoupment of costs by investorowned public water systems.

A5407/S3459 (Schaer, Karabinchak, Verrelli/Singleton, Lagana) - Removes restrictions on special assessments and bond issuances for replacement of residential lead service lines; revises budgetary

requirements for operators of certain water systems.

“With today’s signing New Jersey has become the fourth state in the nation to enact legislation targeted at ensuring our residential properties are free of lead-based paint, protecting our children against exposure,” **said Senator M. Teresa Ruiz**. “Within certain areas of the state as many as 7.6 percent of children have elevated blood lead levels. This takes the first step in beginning to address the issue by identifying the properties in need of remediation and providing funding for landlords to remove this hazard before welcoming new tenants. This legislation has been years in the making and I look forward to seeing this impact it has on families around the state.”

“About 80 percent of lead poisoning cases are caused by lead-based paint in homes built before 1978, affecting our low-income families the most,” **said Senator Nilsa Cruz-Perez**. “Lead paint is a life-threatening hazard, especially to children, but by implementing statewide lead inspections, we can be certain that families in rental properties are safe from lead contamination. This is long overdue and removing the threat of lead from homes across the state is an important issue that must be addressed.”

“According to the American Water Works Association, there are around 350,000 homes and businesses in New Jersey served by lead service lines,” **said Senator Troy Singleton**. “This is especially concerning because drinking water contaminated with lead is extremely dangerous to a person’s health, especially for children and their development. These new laws are crucial towards detecting and replacing lead service lines across the state, ultimately working toward the goal of ensuring that every person in this state has access to safe drinking water.”

“In 2017, 4,697 children aged six and younger had elevated blood lead levels,” **said Senator Lagana**. “It is evident that lead contaminated water is a statewide problem and this law will help to stem this crisis before more residents are impacted. In addition, this law will be critical in assisting low-income households afford replacement of lead service lines, ensuring they get replaced promptly before more of our residents are affected.”

“We have long known that lead service lines affect the quality of our drinking water, and endanger our children, and it is time we started addressing the problem with real, long-term solutions,” **said Senator Vin Gopal**. “Low-income customers are often the most affected by these lead lines, and they should not have to incur the cost of replacing them when they fall on their property. We need to move quickly to appropriate funds, where needed, to replace aging lead service lines for the good of our state, and its public health.”

“It is estimated at least 20 percent of lead exposure towards humans comes from drinking water, with formula-fed infants possibly receiving 40 to 60 percent of lead exposure from the same source,” **said Senator Linda Greenstein**. “In recent years, a number of New Jersey water systems, particularly those in urban areas, have reported high lead action levels in their drinking water and we must do what we can to alleviate this issue. This legislation will be a huge aid in eliminating the risk of further exposures. No one should have to think twice if it is safe to grab a glass of water and this will bring us a step closer towards mending this problem.”

“To fight lead poisoning in our communities, we must take a more proactive approach to ensure older homes are inspected more regularly,” **said Assemblymen Jamel Holley, Benjie Wimberly, Daniel Benson, and Raj Mukherji**. Oftentimes, lead is discovered to be in the home after someone has become sick and shows symptoms. It’s too late. Requiring lead inspections in all pre-1978 rental units at tenant turnover or every 3 years will help homeowners catch any problems that arise sooner than later. We can do more to protect New Jersey’s families and children from the effects of lead poisoning.”

“Life-long health effects from lead exposure are not limited to the thousands of new cases New Jersey records annually but have defined daily life in New Jersey’s impoverished and minority communities for generations,” **said Assemblyman Gary Schaer**. “For these communities lead exposure is the silent

epidemic that has never warranted a bold and unified response, until today. Our communities and our State share one common future, none of us are immune to the reverberating effects of lead poisoning. This legislation provides a path forward to guaranteeing every resident the right to safe drinking water.”

“Critical upgrades to New Jersey’s water infrastructure are needed to modernize a decaying water system and ensure safe drinking water for New Jersey residents,” **said Assemblywoman Angela McKnight**. “Major cities and the most historic cities, such as Newark, continue to battle a lead crisis on top of the current public health crisis we find ourselves in. Lead contamination and aging water infrastructure will amount to a public health crisis, an environmental emergency, and have an impact on our roadways for future generations if we don’t take action and develop a plan now.”

“Water systems cannot go overlooked and we must continue to make drinking water as safe as possible,” **said Assemblyman William Spearman**. “Updated infrastructure systems and a well thought out plan to replace any old service lines are very important and will help keep harmful lead out of our water.”

“Replacing the service lines is crucial, but we must also make sure that public water systems have the time necessary to make all the required changes,” **said Assemblyman Robert Karabinchak**. “We must ensure that nothing is rushed and the proper changes are made at a high quality.”

“Replacing the old lead service lines is an absolute necessity to ensure drinking water is safer for everyone in the State,” **said Assemblyman Anthony Verrelli**. “By removing some unnecessary restrictions, we can make the process easier and more efficient for utilities.”

“I would like to commend Governor Murphy and the Legislature for prioritizing the health of all New Jerseyans, especially children,” **said New Jersey Board of Public Utilities President Joseph L. Fiordaliso**. “Today we enact a solution to replace lead service lines, ensuring that all New Jersey residents have clean water to drink, something many of us take for granted, and something so critical for the health and wellbeing of all of our communities and residents.”

“These laws mark important steps forward in our continuing efforts to remove lead hazards in water, paint and dust in older housing stock,” **said New Jersey Department of Health Commissioner Judith Persichilli**. “Lead is the most common environmental toxin for children and even very low blood lead levels can cause permanent, irreversible neurologic damage. Children spent significantly more time at home during the pandemic, when elevated blood lead levels increased by 29% and lead testing decreased by 20%. We must do everything we can to remove lead from our environment.”

“Protecting New Jersey’s water and public health through rigorous water quality standards and infrastructure investments has been a key priority of the Murphy Administration from day one,” **said New Jersey Department of Environmental Protection Commissioner Shawn M. LaTourette**. “These new laws will accelerate our work to protect every New Jersey community by requiring every lead service line across the state to be replaced over the next ten years. And, New Jersey residents can rest assured that while lead lines are replaced DEP will be protecting their health every day by mandating all water systems to undertake proactive lead risk reduction measures.”

“The signing of these bills is yet another example of how our state protects the health of all New Jerseyans, especially those in overburdened communities,” **said New Jersey Department of Environmental Protection Deputy Commissioner Olivia Glenn**. “Everyone has the right to live in a lead-free environment. With this regulatory framework, we lead the nation in proactively reducing lead risk. We must be vigilant in lessening lead exposure, especially for our children—the most vulnerable among us.”

“In 2019, some 35,000 New Jersey children tested positive for elevated blood lead levels,” **said Sean Jackson, CEO of Isles, Inc.**, “Today, because of the leadership of this Governor, Senator Ruiz, Senate

President Sweeney, and Speaker Coughlin, New Jersey stops using our kids as the canary in the coal mine. With this new law, New Jersey will inspect and correct all rental properties for lead-based paint hazards, before that lead damages the lives and futures of our children."

"These new laws represent a sea change in how a state can combat lead poisoning. New Jersey is now the first state in the country with a hard target to eliminate lead service lines in ten years, as well as a funding mechanism to finance that investment," **said Peter Chen, Senior Policy Analyst at New Jersey Policy Perspective.** "New Jersey needs robust infrastructure to protect its residents, especially children, and provide safe and healthy homes to future generations. The new laws recognize that lead is a problem across housing infrastructure, including both water infrastructure and paint. We are one step closer to ending lead's toxic legacy in our state thanks to this legislation. NJPP sincerely thanks Governor Murphy and the bill sponsors for their tireless efforts to ensure that these bills became law: Assemblyman Gary Schaer, Senator Troy Singleton, Senator Teresa Ruiz, and Assemblyman Jamel Holley. NJPP also thanks the committed advocates who supported these efforts, including Isles, Inc., the Housing and Community Development Network of New Jersey, and the member organizations of the Lead in Drinking Water Task Force convened by Jersey Water Works."

This Week in NJ: July 23rd, 2021

07/23/2021



Governor Murphy Signs Legislation to Provide \$135 Million in Small Business Relief

Governor Murphy signed legislation (S-3982) providing additional aid to small businesses as New Jersey continues to provide support to small businesses as they recover from the pandemic. The bill provides \$135 million to small businesses throughout the state and will be administered by the Economic Development Authority as part of its Phase IV Emergency Grant Program and NJ Community Stage Relief Grant Program.

“As small businesses throughout New Jersey continue to struggle from the economic aftermath of COVID-19, we remain committed to providing them with the resources they need to recover,” **said Governor Murphy.**

“Together with our partners at the federal level, the EDA and other departments have provided more than three quarters of a billion dollars to our small business community as we emerge from the pandemic stronger and more resilient.”

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Governor Murphy Signs Package of Bills Advancing New Jersey as National Leader in Lead Poisoning Prevention

Governor Phil Murphy reaffirmed his commitment to address lead exposure in New Jersey and its harmful effects on public health and child development by signing a package of bills aimed protecting New Jersey's families from lead poisoning.



“In October of 2019, I put forth a multifaceted statewide plan to protect New Jersey’s children and families from the dangers of lead, and today, we are taking a significant step forward in our strategy to reduce lead exposure in our homes,” **said Governor Murphy.** “Modernizing our aging water infrastructure with new lead services lines is critical in ensuring safe drinking water flows through our communities. In addition to replacing service lines, we must also go further to protect those in older homes and apartments where door jambs and window sashes may be coated in decades of layers of lead-based paints, creating fine particulates that are unknowingly inhaled and ingested. Today, we are taking the most aggressive action in the nation to reduce lead-based paint exposure in our homes and communities, which is a critical victory for public health and environmental justice, and advances New Jersey as a national leader in lead poisoning prevention.”

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Governor Murphy Signs Legislation Supporting Veterans and Servicemembers

Governor Murphy signed legislation (S-278, S-956, and S-961) which supports New Jersey veterans and servicemembers and grants them easier access to higher education, expands access to the disabled veterans’ property tax exemption, and establishes an annual grant program within the Troops to College Program to recognize institutions of higher education that offer extensive veteran programs and services.

“Our veterans and servicemembers have put their lives on the line for their state and for their country,” **said Governor Murphy.** “The least we can do for them is to make their lives easier by expanding access to higher education, broadening eligibility for the disabled veterans’ property tax exemption, and encouraging higher education institutions to provide needed services. This legislation will doubtlessly help our veterans and servicemembers in their civilian lives and recognize their service properly.”

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Governor Murphy Signs Legislation to Expand Civics Instruction in Schools

Governor Phil Murphy signed legislation (S854) requiring civics instruction at the middle school level. Currently, New Jersey is one of a minority of states which does not require civics instruction for middle school students.

“By deepening civics instruction in middle school and high school, we are giving students the tools they need to be more engaged and informed citizens,” **said Governor Murphy**. “An understanding of civics strengthens our democracy by ensuring an understanding of the role that everyone plays in the future of their community, our state, and our nation. I am proud to sign this bill into law and honor Laura Wooten’s incredible civic legacy.”

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Governor Murphy and Lieutenant Governor Oliver Announce Appointment of State Senator Chris A. Brown, Esq. to the Department of Community Affairs' Division of Local Government Services

Governor Phil Murphy and Lieutenant Governor Sheila Oliver announced that State Senator Chris A. Brown, Esq. will join the Department of Community Affairs' Division of Local Government Services as the Senior Advisor for Atlantic City Affairs, a newly created role in the Department. In this position, Brown will spearhead State initiatives in Atlantic City, including efforts to improve public safety, diversify the economy and create jobs, and improve social services.



“Chris is deeply committed to improving the lives of those who call Atlantic City home, and he will be a tremendous asset for the Administration as we further strengthen the Atlantic City economy and improve quality of life,” **said Governor Murphy.** “I look forward to working together to address issues like economic growth and public safety. With Chris in this new role, and with Sheila at the helm of DCA, the future of Atlantic City has never looked brighter.”

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