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No

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Yes

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RH/CL

§6 - C.40A:4-35.2

§11 –

C.40A:5A-10.1

§13 –

C.40A:5A-20.1

P.L. 2021, CHAPTER 184, *approved July 22, 2021*  
Assembly, No. 5407 (*First Reprint*)

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

5

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

8

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

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

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

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

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

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

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

**EXPLANATION** – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

<sup>1</sup>Assembly ANR committee amendments adopted March 15, 2021.

1 authority created by one or more municipalities and a county  
2 utilities authority created by a county;

3 (6) Subject to the exceptions provided in section 10, 11 or 12 of  
4 **【this act】** P.L.1957, c.183 (C.40:14B-10, C.40:14B-11, or  
5 C.40:14B-12) , "district" shall mean the area within the territorial  
6 boundaries of the county, or of the municipality or municipalities,  
7 which created or joined in or caused the creation or organization of  
8 a municipal authority;

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

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

25 The term "water system" shall include the replacement of service  
26 connections to a publicly-owned water system, from the distribution  
27 main onto privately-owned real property and into a privately-owned  
28 structure, when used in reference to a project undertaken for the  
29 purpose of replacing **【lead-contaminated】** residential<sup>1</sup>, commercial,  
30 and institutional<sup>1</sup> lead service 【connections】 lines, regardless of  
31 possible private service connection ownership **【**, so long as the  
32 project is (a) an environmental infrastructure project, as defined  
33 under section 3 of P.L.1985, c.334 (C.58:11B-3), and (b) funded  
34 either by loans from the New Jersey Infrastructure Bank, created  
35 pursuant to section 4 of P.L.1985, c.334 (C.58:11B-4), or by loans  
36 issued through the Department of Environmental Protection**】**;

37 (9) "Sewerage system" shall mean the plants, structures, on-site  
38 wastewater systems and other real and personal property acquired,  
39 constructed or operated or to be acquired, constructed, maintained  
40 or operated by a municipal authority or by any person to whom a  
41 municipal authority has extended credit for this purpose for the  
42 purposes of the municipal authority, including sewers, conduits,  
43 pipelines, mains, pumping and ventilating stations, sewage  
44 treatment or disposal systems, plants and works, connections,  
45 outfalls, compensating reservoirs, and other plants, structures,  
46 boats, conveyances, and other real and personal property, and rights  
47 therein, and appurtenances necessary or useful and convenient for

1 the collection, treatment, purification or disposal in a sanitary  
2 manner of any sewage, liquid or solid wastes, night soil or  
3 industrial wastes;

4 (10) "Utility system" shall mean a water system, solid waste  
5 system, sewerage system, or a hydroelectric system or any  
6 combination of such systems, acquired, constructed or operated or  
7 to be acquired, constructed or operated by a municipal authority or  
8 by any person to whom a municipal authority has extended credit  
9 for this purpose;

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

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

41 (13) "Construct" and "construction" shall connote and include  
42 acts of construction, reconstruction, replacement, extension,  
43 improvement and betterment of a utility system;

44 (14) "Industrial wastes" shall mean liquid or other wastes  
45 resulting from any processes of industry, manufacture, trade or  
46 business or from the development of any natural resource, and shall  
47 include any chemical wastes or hazardous wastes;

- 1 (15) "Sewage" shall mean the water-carried wastes created in  
2 and carried, or to be carried, away from, or to be processed by on-  
3 site wastewater systems, residences, hotels, apartments, schools,  
4 hospitals, industrial establishments, or any other public or private  
5 building, together with such surface or ground water and industrial  
6 wastes and **leacheate** leachate as may be present;
- 7 (16) "On-site wastewater system" means any of several  
8 facilities, septic tanks or other devices, used to collect, treat,  
9 reclaim, or dispose of wastewater or sewage on or adjacent to the  
10 property on which the wastewater or sewage is produced, or to  
11 convey such wastewater or sewage from said property to such  
12 facilities as the authority may establish for its disposal;
- 13 (17) "Pollution" means the condition of water resulting from the  
14 introduction therein of substances of a kind and in quantities  
15 rendering it detrimental or immediately or potentially dangerous to  
16 the public health, or unfit for public or commercial use;
- 17 (18) "Bonds" shall mean bonds or other obligations issued  
18 pursuant to **this act** P.L.1957, c.183 (C.40:14B-1 et seq.) ;
- 19 (19) "Service charges" shall mean water service charges, solid  
20 waste service charges, sewer service charges, hydroelectric service  
21 charges or any combination of such charges, as said terms are  
22 defined in section 21 or 22 of **this act** P.L.1957, c.183 (C.40:14B-  
23 21 or C.40:14B-22) or in section 7 of **this amendatory and**  
24 **supplementary act** P.L.1980, c.34 (C.40:14B-21.1) ;
- 25 (20) "Compensating reservoir" shall mean the structures,  
26 facilities and appurtenances for the impounding, transportation and  
27 release of water for the replenishment in periods of drought or at  
28 other necessary times of all or a part of waters in or bordering the  
29 State diverted into a utility system operated by a municipal  
30 authority;
- 31 (21) "Sewage or water reclamation authority" shall mean a  
32 public body created pursuant to the "sewerage authorities law,"  
33 P.L.1946, c.138 (C.40:14A-1 et seq.) or the acts amendatory thereof  
34 or supplemental thereto;
- 35 (22) "County sewer authority" shall mean a sanitary sewer  
36 district authority created pursuant to the act entitled "An act relating  
37 to the establishment of sewerage districts in first- and second-class  
38 counties, the creation of Sanitary Sewer District Authorities by the  
39 establishing of such districts, prescribing the powers and duties of  
40 any such authority and of other public bodies in connection with the  
41 construction of sewers and sewage disposal facilities in any such  
42 district, and providing the ways and means for paying the costs of  
43 construction and operation thereof," approved April 23, 1946  
44 (P.L.1946, c.123), or the acts amendatory thereof or supplemental  
45 thereto;
- 46 (23) "Chemical waste" shall mean a material normally generated  
47 by or used in chemical, petrochemical, plastic, pharmaceutical,

1 biochemical or microbiological manufacturing processes or  
2 petroleum refining processes, which has been selected for waste  
3 disposal and which is known to hydrolyze, ionize or decompose,  
4 which is soluble, burns or oxidizes, or which may react with any of  
5 the waste materials which are introduced into the landfill, or which  
6 is buoyant on water, or which has a viscosity less than that of water  
7 or which produces a foul odor. Chemical waste may be either  
8 hazardous or nonhazardous;

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

11 (25) "Hazardous wastes" shall mean any waste or combination  
12 of waste which poses a present or potential threat to human health,  
13 living organisms or the environment. "Hazardous waste" shall  
14 include, but not be limited to, waste material that is toxic, corrosive,  
15 irritating, sensitizing, radioactive, biologically infectious, explosive  
16 or flammable;

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

20 (27) "Recycling" shall mean the separation, collection,  
21 processing or recovery of metals, glass, paper, solid waste and other  
22 materials for reuse or for energy production and shall include  
23 resource recovery;

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

29 (29) "Solid waste" shall mean garbage, refuse, and other  
30 discarded materials resulting from industrial, commercial and  
31 agricultural operations, and from domestic and community  
32 activities, and shall include all other waste materials including  
33 sludge, chemical waste, hazardous wastes and liquids, except for  
34 liquids which are treated in public sewage treatment plants and  
35 except for solid animal and vegetable wastes collected by swine  
36 producers licensed by the State Department of Agriculture to  
37 collect, prepare and feed such wastes to swine on their own farms;

38 (30) "Solid waste system" shall mean and include the plants,  
39 structures and other real and personal property acquired,  
40 constructed or operated or to be acquired, constructed or operated  
41 by an authority or by any person to whom a municipal authority has  
42 extended credit for this purpose pursuant to the provisions of **【this**  
43 **act】** P.L.1957, c.183 (C.40:14B-1 et seq.) , including transfer  
44 stations, incinerators, recycling facilities, including facilities for the  
45 generation, transmission and distribution of energy derived from the  
46 processing of solid waste, sanitary landfill facilities or other  
47 property or plants for the collection, recycling or disposal of solid  
48 waste and all vehicles, equipment and other real and personal

1 property and rights thereon and appurtenances necessary or useful  
2 and convenient for the collection, recycling, or disposal of solid  
3 waste in a sanitary manner;

4 (31) "Hydroelectric system" shall mean the plants, structures  
5 and other real and personal property acquired, constructed or  
6 operated or to be acquired, constructed or operated by an authority  
7 pursuant to the provisions of **[this act]** P.L.1957, c.183 (C.40:14B-  
8 1 et seq.) , including all that which is necessary or useful and  
9 convenient for the generation, transmission and sale of  
10 hydroelectric power at wholesale;

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

13 (33) "Sale of hydroelectric power at wholesale" shall mean any  
14 sale of hydroelectric power to any person for purposes of resale of  
15 such power;

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

20 (35) "Alternative electrical energy system" shall mean any  
21 system which uses alternative electrical energy to provide all or a  
22 portion of the electricity for the heating, cooling, or general  
23 electrical energy needs of a building;

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

28 (37) "Pilot county utilities authority" shall mean a county  
29 utilities authority in a county designated as a pilot county; **<sup>1</sup>[and]<sup>1</sup>**

30 (38) "Lead service line" means a water supply connection that is  
31 made of, or lined with, <sup>1</sup>[materials] a material<sup>1</sup> consisting of lead  
32 <sup>1</sup>, <sup>1</sup> and <sup>1</sup>[that] which<sup>1</sup> connects a water main to a building inlet. A  
33 lead pigtail, lead gooseneck, or other lead fitting shall be considered  
34 to be a lead service line, regardless of the <sup>1</sup>[other materials in]  
35 composition of<sup>1</sup> the service line <sup>1</sup>or other portions of piping to  
36 which such piece is attached<sup>1</sup> . A galvanized service line shall be  
37 considered <sup>1</sup>to be<sup>1</sup> a lead service line. A lead service line may be  
38 owned by the <sup>1</sup>[supplier of] public community<sup>1</sup> water <sup>1</sup>system<sup>1</sup>, a  
39 property owner, or both.

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

41

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

44 20. Every municipal authority shall be a public body politic and  
45 corporate constituting a political subdivision of the State  
46 established as an instrumentality exercising public and essential

1 governmental functions to provide for the public health and welfare  
2 and shall have perpetual succession and have the following powers:

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

5 (2) To sue and be sued;

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

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

12 (5) In the name of the municipal authority but for the local unit  
13 or units and subject to the limitations of **【this act】** P.L.1957, c.183  
14 (C.40:14B-1 et seq.) , to acquire by purchase, gift, condemnation or  
15 otherwise, or lease as lessee, real property and easements therein,  
16 necessary or useful and convenient for the purposes of the  
17 municipal authority, and subject to mortgages, deeds of trust or  
18 other liens, or otherwise, and to hold, lease as lessor, and to use the  
19 same, and to dispose of property so acquired no longer necessary  
20 for the purposes of the municipal authority;

21 (6) To produce, develop, purchase, accumulate, distribute and  
22 sell water and water services, facilities and products within or  
23 without the district, provided that no water shall be sold at retail in  
24 any municipality or county without the district unless the governing  
25 body of such municipality or county shall have adopted a resolution  
26 requesting the municipal authority to sell water at retail in such  
27 municipality or county, and the board of public utility  
28 commissioners shall have approved such resolution as necessary  
29 and proper for the public convenience;

30 (7) To provide for and secure the payment of any bonds and the  
31 rights of the holders thereof, and to purchase, hold and dispose of  
32 any bonds;

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

38 (9) To enter on any lands, waters or premises for the purpose of  
39 making surveys, borings, soundings and examinations for the  
40 purposes of the municipal authority, and whenever the operation of  
41 a septic tank or other component of an on-site wastewater system  
42 shall result in the creation of pollution or contamination source on  
43 private property such that under the provisions of R.S.26:3-49, a  
44 local board of health would have the authority to notify the owner  
45 and require said owner to abate the same, representatives of an  
46 authority shall have the power to enter, at all reasonable times, any  
47 premises on which such pollution or contamination source shall  
48 exist, for the purpose of inspecting, rehabilitating, securing samples

1 of any discharges, improving, repairing, replacing, or upgrading  
2 such septic tank or other component of an on-site wastewater  
3 system;

4 (10) To establish an inspection program to be performed at least  
5 once every three years on all on-site wastewater systems installed  
6 within the district which inspection program shall contain the  
7 following minimum notice provisions: (i) not less than 30 days  
8 prior to the date of the inspection of any on-site wastewater system  
9 as described herein, the authority shall notify the owner and  
10 resident of the property that the inspection will occur; and (ii) not  
11 less than 60 days prior to the date of the performance of any work  
12 other than an inspection, the municipal authority shall provide  
13 notice to the owner and resident of the property in which the work  
14 will be performed. The notice to be provided to such owner and  
15 resident under this subsection shall include a description of the  
16 deficiency which necessitates the work and the proposed remedial  
17 action, and the proposed date for beginning and duration of the  
18 contemplated remedial action;

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

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

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

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

36 (15) To extend credit or make loans to any person for the  
37 planning, designing, acquiring, constructing, reconstructing,  
38 improving, equipping, furnishing, and operating by that person of  
39 any part of a solid waste system, sewage treatment system,  
40 wastewater treatment or collection system for the provision of  
41 services and facilities within or without the district, which in the  
42 case of a solid waste system shall be in a manner consistent with the  
43 "Solid Waste Management Act," P.L.1970, c.39 (C.13:1E-1 et seq.)  
44 and in conformance with the solid waste management plans adopted  
45 by the solid waste management districts created therein. The  
46 credits or loans may be secured by loan and security agreements,  
47 mortgages, leases and any other instruments, upon such terms as the  
48 authority shall deem reasonable, including provision for the

1 establishment and maintenance of reserve and insurance funds, and  
2 to require the inclusion in any mortgage, lease, contract, loan and  
3 security agreement or other instrument, provisions for the  
4 construction, use, operation and maintenance and financing of that  
5 part of the aforementioned systems as the authority may deem  
6 necessary or desirable;

7 (16) Upon the request of a customer: (i) to offer the customer  
8 the ability to receive or access, in electronic format, any periodic  
9 bill for service sent by the municipal authority to its customers and  
10 any additional information sent by the municipal authority to its  
11 customers as required by law, provided that any notice of  
12 disconnection, discontinuance or termination of service shall be  
13 sent to a customer in written form at the customer's legal mailing  
14 address in addition to being sent or being made available in  
15 electronic format; and (ii) to provide the customer the option of  
16 paying any such periodic bill via electronic means;

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

21 (18) To **【construct or reconstruct and】** finance the replacement  
22 of service connections to a publicly-owned water system, from the  
23 distribution main onto privately-owned real property and into the  
24 privately-owned structure, for the purpose of replacing residential<sup>1</sup>,  
25 commercial, and institutional<sup>1</sup> lead 【contaminated】 service  
26 **【connections】** lines, regardless of possible private service  
27 connection ownership **【,** so long as the project is (a) undertaken as  
28 an environmental infrastructure project, as defined under section 3  
29 of P.L.1985, c.334 (C.58:11B-3), and (b) funded either by loans  
30 from the New Jersey Infrastructure Bank, created pursuant to  
31 section 4 of P.L.1985, c.334 (C.58:11B-4), or by loans issued  
32 through the Department of Environmental Protection**】.**

33 (cf: P.L.2018, c.114, s.2)

34

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

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

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

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

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

- 1 c. The grading or alteration of the grade of a street, alley or  
2 other public highway, or portion thereof.
- 3 d. The paving, repaving, or otherwise improving or  
4 reimproving a street, alley or other public highway, or portion  
5 thereof.
- 6 e. The curbing or recurbing, guttering or reguttering of a  
7 sidewalk in, upon, or along a street, alley or other public highway,  
8 or portion thereof.
- 9 f. The construction, reconstruction, improvement and  
10 reimprovement of bridges and viaducts.
- 11 g. The construction, reconstruction, improvement,  
12 reimprovement or relocation of a public walk or driveway on any  
13 beach, or along the ocean or any river or other waterway.
- 14 h. The improvement or reimprovement of any beach or water  
15 front, and the providing of suitable protection to prevent damage to  
16 lands or property by the ocean or other waters, including the filing  
17 in and grading necessary for the protection of such improvements.
- 18 i. The construction, reconstruction, enlargement or extension  
19 of a sewer or drain in, under or along a street, alley or public  
20 highway, or portion thereof, or in, under or along any public or  
21 private lands; the construction, reconstruction, enlargement or  
22 extension of a system of sewerage or drainage or both combined;  
23 the construction, reconstruction, enlargement or extension of a  
24 system of drainage of the marshes and wet lowlands within the  
25 municipality; the construction, reconstruction, enlargement or  
26 alteration of a system of works for the sanitary disposal of sewage  
27 or drainage.
- 28 j. (1) The installation of service connections to a system of  
29 water, gas, light, heat or power works owned by a municipality or  
30 otherwise, including all such works as may be necessary for  
31 supplying water, gas, light, heat or power to real estate for whose  
32 benefit such services are provided. This authorization includes, but  
33 shall not be limited to, the installation of service connections to a  
34 publicly-owned water system, from the distribution main onto  
35 privately-owned real property and into the privately-owned  
36 structure, for the purpose of replacing **【lead-contaminated】**  
37 residential<sup>1</sup>, commercial, and institutional<sup>1</sup> lead service  
38 **【connections】** lines, regardless of possible private service  
39 connection ownership **【**, so long as the project is (a) undertaken as  
40 an environmental infrastructure project, as defined under section 3  
41 of P.L.1985, c.334 (C.58:11B-3), and (b) funded either by loans  
42 from the New Jersey Infrastructure Bank, created pursuant to  
43 section 4 of P.L.1985, c.334 (C.58:11B-4), or by loans issued  
44 through the Department of Environmental Protection**】**;
- 45 (2) The installation of service connections including the laying,  
46 construction or placing of mains, conduits or cables in, under or  
47 along a street, alley or other public highway or portion thereof.

1 k. The construction, reconstruction, enlargement or extension  
2 of any water main or other works for the distribution of water  
3 supplied by the State or any of its political subdivisions, or any  
4 public agency of any of the same.

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

10 m. The widening, deepening or improvement of any stream,  
11 creek, river or other waterway.

12 n. The removal of obstructions in, and the constructing,  
13 reconstructing, enlarging or extending of any waterway, of  
14 enclosing walls, or of a pipe or conduit or any brook or  
15 watercourse, or part of same.

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

19 p. The reclaiming, filling and improving and bulkheading and  
20 filling in lands lying under tidal or other water, in whole or in part,  
21 within the municipality; the reclaiming or filling or bulkheading  
22 and filling those lands or lands adjacent to such reclaimed or filled  
23 lands; to dredge channels or improve harbor approaches in the  
24 waters abounding the lands to be reclaimed, filled and improved, or  
25 bulkheaded and filled; provided, the approval of the **【Planning and**  
26 **Development Council of the Division of Planning and Development**  
27 **in the Department of Conservation and Economic Development of**  
28 **the State of New Jersey】 Tidelands Resource Council established**  
29 **pursuant to section 10 of P.L.1948, c.448 (C.13:1B-10)** , and when  
30 necessary, the permission of the **【Federal】 federal** authorities in  
31 charge of the district port in which the improvements are proposed  
32 to be made, to improve and dredge channels and construct and  
33 improve the harbor approaches to those lands, shall be first had and  
34 obtained.

35 The governing body may enter into agreements with the **【Federal**  
36 **Government】 federal government** for reimbursement to the  
37 municipality for all or a portion of the cost of dredging channels or  
38 improving harbor approaches in waters under the jurisdiction of the  
39 **【Federal Government】 federal government** .

40 If any portion of the amount assessed against the lands within the  
41 municipality for the improvement shall be reimbursed to the  
42 municipality by the **【Federal Government】 federal government** after  
43 the assessment has been made, then a credit shall be made on each  
44 assessment levied in proportion to the amount so received from the  
45 **【Federal Government】 federal government** ; provided, the amount  
46 received by the municipality from the **【Federal Government】**

1 federal government shall be in excess of the amount fixed in the  
2 assessment to be borne by the municipality at large.

3 If any portion of the land included within lands benefited or  
4 improved by any work done in connection with the reclaiming,  
5 filling or bulkheading and filling shall be riparian lands or lands  
6 under water, for which the riparian grant has not theretofore been  
7 made by the State, the municipal board or body authorized to make  
8 assessments for improvements in accordance with this subtitle may  
9 include in any such assessment a prospective assessment against the  
10 riparian lands or lands under water, and a copy of such prospective  
11 assessment shall be filed with the **【Planning and Development**  
12 **Council of the Division of Planning and Development in the**  
13 **Department of Conservation and Economic Development of the**  
14 **State of New Jersey】 Tidelands Resource Council and shall be a**  
15 **part of the records of that council. Upon the sale or grant by the**  
16 **State of the riparian rights to any such lands for which a prospective**  
17 **assessment has been filed with the council, the amount of such**  
18 **prospective assessment together with interest at the rate of five 【per**  
19 **centum (5%) per annum】 percent annually from the time of the**  
20 **confirmation of the assessment for the improvement shall be**  
21 **included by 【said Planning and Development Council】 the**  
22 **Tidelands Resource Council in the purchase price fixed for such**  
23 **lands and made a part of the payment for the grant, and the amount**  
24 **of the assessment with interest, when paid, shall be turned over by**  
25 **【said Planning and Development Council】 the Tidelands Resource**  
26 **Council to the municipality making the assessment. Such**  
27 **prospective assessment shall also be included in the general**  
28 **assessment for and against any such riparian lands or lands under**  
29 **water for which an annual rental or fee is being charged or collected**  
30 **by 【said Planning and Development Council】 the Tidelands**  
31 **Resource Council under any agreement by which the fee of any**  
32 **such riparian lands is passed, and when the fee does so pass by**  
33 **grant from the State the prospective assessment shall become**  
34 **immediately due and payable, together with interest thereon at the**  
35 **rate of five 【per centum (5%) per annum】 percent annually from**  
36 **the time of the confirmation of the assessment for the improvement**  
37 **and the assessment shall become a lien upon those lands until paid**  
38 **and shall be collectible as other liens for public improvements in**  
39 **the municipality. Should 【said Planning and Development**  
40 **Council】 the Tidelands Resource Council lease for a term of years**  
41 **any such riparian lands or lands under water, included within lands**  
42 **benefited or improved by any work done in connection with the**  
43 **reclaiming, filling or bulkheading and filling, it shall include in the**  
44 **annual rental to be charged therefor one-tenth of the amount of the**  
45 **prospective assessment for each year of the term not exceeding ten**  
46 **years until the prospective assessment and the interest thereon at the**  
47 **rate of five 【per centum (5%) per annum】 percent annually from**

1 the time of confirmation of the assessment for the improvement,  
2 shall be paid. If the lease shall be for a period less than ten years,  
3 such provision shall be contained in any and all extensions and  
4 renewals thereof, or in any new leases until the full prospective  
5 assessment with such interest shall have been paid. Nothing  
6 contained in this subparagraph shall apply to lands owned by a  
7 company whose rates are subject to regulation by the Board of  
8 Public **【Utility Commissioners】** Utilities.

9 Whenever convenient more than one of the works provided for in  
10 this section may be carried on as one improvement. Any  
11 municipality may undertake any or all of the works mentioned in  
12 this section as a general improvement to be paid for by general  
13 taxation, and any municipality may provide for the maintenance,  
14 repair and operation of any or all of said works by taxation whether  
15 the same are undertaken as local or general improvements.

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

17

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

19 40:56-35. The governing body may by resolution provide that  
20 the owner of any real estate upon which any assessments for any  
21 improvement shall have been made may pay such assessments in  
22 such equal yearly or quarterly installments, not exceeding ten years  
23 in duration, except as hereinafter provided, with legal interest  
24 thereon, and at such time in each year as the governing body shall  
25 determine, but any person assessed may pay the whole of any  
26 assessment, or any balance of installments, with accrued interest  
27 thereon, at one time. If any such installment shall remain unpaid  
28 for 30 days after the time when the same shall have become due,  
29 either:

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

35 b. the governing body may, by resolution, permit any person  
36 who is delinquent in the payment of such an installment to pay only  
37 the amount of the delinquent payment and any interest on the  
38 delinquent payment that has accrued from the date that the  
39 installment was due and payable until the date that payment of the  
40 delinquent installment is made. After the delinquent installment is  
41 satisfied, the person assessed shall be reinstated on a regular  
42 installment payment schedule.

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

1 In any municipality which is constructing a local improvement  
2 with funds secured from the **【Federal Government】** federal  
3 government , through the public works administration, under the  
4 terms of the national recovery act, the governing body may provide  
5 that the assessments may be payable in yearly or quarterly  
6 installments, with legal interest thereon, over a period of years up to  
7 but in no event exceeding the term of years for which the funds  
8 therefor are borrowed from the Federal Government, and at such  
9 time in each year as the governing body shall determine. The  
10 governing body may fix the yearly installments in such amounts as  
11 in its opinion are equitable and just.

12 In any municipality in which the local improvement is being  
13 financed by the sale of bonds, the governing body may provide that  
14 the assessments may be payable in yearly or quarterly installments,  
15 with legal interest thereon, over a period of years up to but in no  
16 event exceeding the period of years for which the bonds were  
17 issued, or for 20 years, whichever shall be less, and at such time in  
18 each year as the governing body shall determine. In the case of  
19 assessments for the replacement of service connections to a  
20 publicly-owned water system, from the distribution main onto  
21 privately-owned real property and into a privately-owned structure,  
22 when used in reference to a project undertaken for the purpose of  
23 replacing residential<sup>1</sup>, commercial, and institutional<sup>1</sup> lead service  
24 lines, regardless of possible private service connection ownership,  
25 the period of years may be greater than 20 years but shall not  
26 exceed 30 years. The governing body may fix the yearly  
27 installments in such amounts as in its opinion are equitable and just.  
28 (cf: P.L.1997, c.5, s.1)

29

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

31 40A:2-22. The governing body of the local unit shall determine  
32 the period of usefulness of any purpose according to its reasonable  
33 life computed from the date of the bonds, which period shall not be  
34 greater than the following:

35 a. Buildings and structures.

36 1. Bridges, including retaining walls and approaches, or  
37 permanent structures of brick, stone, concrete or metal, or similar  
38 durable construction, 30 years.

39 2. Buildings, including the original furnishings and equipment  
40 therefor:

41 Class A: A building, of which all walls, floors, partitions, stairs  
42 and roof are wholly of incombustible material, except the window  
43 frames, doors, top flooring and wooden handrails on the stairs, 40  
44 years;

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

- 1 Class C: A building which does not meet the requirements of  
2 Class A or Class B, 20 years.
- 3 3. Buildings or structures acquired substantially reconstructed  
4 or additions thereto, one-half the period fixed in this subsection for  
5 such buildings or structures.
- 6 4. Additional furnishings, five years.
- 7 b. Marine improvements.
- 8 1. Harbor improvements, docks or marine terminals, 40 years.
- 9 2. Dikes, bulkheads, jetties or similar devices of stone,  
10 concrete or metal, 15 years; of wood or partly of wood, 10 years.
- 11 c. Additional equipment and machinery.
- 12 1. Additional or replacement equipment and machinery, 15  
13 years.
- 14 2. Voting machines, 15 years.
- 15 3. Information technology and telecommunications equipment,  
16 7 years, except that for items with a unit cost of less than \$5,000, 5  
17 years.
- 18 d. Real property.
- 19 1. Acquisition for any public purpose of lands or riparian  
20 rights, or both, and the original dredging, grading, draining or  
21 planting thereof, 40 years.
- 22 2. Improvement of airport, cemetery, golf course, park,  
23 playground, 15 years.
- 24 3. Stadia of concrete or other incombustible materials, 20  
25 years.
- 26 e. Streets or thoroughfares.
- 27 1. Elimination of grade crossings, 35 years.
- 28 2. Streets or roads:
- 29 Class A: Rigid pavement. A pavement of not less than eight  
30 inches of cement concrete or a six-inch cement concrete base with  
31 not less than three-inch bituminous concrete surface course, or  
32 equivalent wearing surface, 20 years.
- 33 Flexible pavement. A pavement not less than 10 inches in depth  
34 consisting of five-inch macadam base, three-inch modified  
35 penetration macadam and three-inch bituminous concrete surface  
36 course or other pavements of equivalent strength, in accordance  
37 with the findings of the American Association of State Highway  
38 Officials (AASHO) Road Test, 20 years.
- 39 Class B: Mixed surface-treated road. An eight-inch surface of  
40 gravel, stone or other selected material under partial control mixed  
41 with cement or lime and fly ash, six inches in compacted thickness  
42 with bituminous surface treatment and cover, 10 years.
- 43 Bituminous penetration road. A five-inch gravel or stone base  
44 course and a three-inch course bound with a bituminous or  
45 equivalent binder, 10 years.
- 46 Class C: Mixed bituminous road. An eight-inch surface of  
47 gravel, stone, or other selected material under partial control mixed

1 with bituminous material one inch or more in compacted thickness,  
2 five years.

3 Penetration macadam road. A road of sand, gravel or water-  
4 bound macadam, or surfacing with penetration macadam, five years.

5 3. Sidewalks, curbs and gutters of stone, concrete or brick, 10  
6 years.

7 The period of usefulness in this subsection shall apply to  
8 construction and reconstruction of streets and thoroughfares.

9 f. Utilities and municipal systems.

10 1. Sewerage system, whether sanitary or storm water, water  
11 supply or distribution system, 40 years.

12 2. Electric light, power or gas systems, garbage, refuse or ashes  
13 incinerator or disposal plant, 25 years.

14 3. Communication and signal systems, 10 years.

15 4. **【House】** Service connections to publicly-owned gas, water  
16 or sewerage systems from the service main in the street to the curb  
17 or property lines where not part of original installation, five years.

18 5. **【House】** Service connections to publicly-owned water  
19 systems, from the distribution main onto privately-owned real  
20 property and into the privately-owned structure, for the purpose of  
21 replacing **【**lead-contaminated house connections, so long as the  
22 project is (a) undertaken as an environmental infrastructure project,  
23 as defined under section 3 of P.L.1985, c.334 (C.58:11B-3), and (b)  
24 funded either by loans from the New Jersey Infrastructure Bank,  
25 created pursuant to section 4 of P.L.1985, c.334 (C.58:11B-4), or by  
26 loans issued through the Department of Environmental Protection**】**  
27 residential<sup>1</sup>, commercial, and institutional<sup>1</sup> lead service lines, 30  
28 years.

29 g. Vehicles and apparatus.

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

32 2. Automotive vehicles, including original apparatus and  
33 equipment (other than passenger cars and station wagons), when  
34 purchased new, five years.

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

40 h. The closure of a sanitary landfill facility utilized, owned or  
41 operated by a county or municipality, 15 years; provided that the  
42 closure has been approved by the Board of Public Utilities and the  
43 Department of Environmental Protection. For the purposes of this  
44 subsection "closure" means all activities associated with the design,  
45 purchase or construction of all measures required by the  
46 Department of Environmental Protection, pursuant to law, in order  
47 to prevent, minimize or monitor pollution or health hazards

1 resulting from sanitary landfill facilities subsequent to the  
2 termination of operations at any portion thereof, including, but not  
3 necessarily limited to, the costs of the placement of earthen or  
4 vegetative cover, and the installation of methane gas vents or  
5 monitors and leachate monitoring wells or collection systems at the  
6 site of any sanitary landfill facility.

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

8 j. The prefunding of a claims account for environmental  
9 liability claims by an environmental impairment liability insurance  
10 pool pursuant to P.L.1993, c.269 (C.40A:10-38.1 et al.), 20 years.

11 (cf: P.L.2018, c.114, s.4)

12

13 6. (New section) a. A local unit shall be required to conduct a  
14 periodic study of the adequacy and reasonableness of the rates, fees,  
15 rents, and charges for <sup>1</sup>[each] a<sup>1</sup> water <sup>1</sup>[utility] system<sup>1</sup> that the  
16 local unit owns or operates through a utility<sup>1</sup>. The Local Finance  
17 Board in the Department of Community Affairs shall adopt,  
18 pursuant to the "Administrative Procedure Act," P.L.1968, c.410  
19 (C.52:14B-1 et seq.), the procedures, requirements, and frequency  
20 of the study. Each completed study shall be submitted to the  
21 Director of the Division of Local Government Services in the  
22 Department of Community Affairs along with the annual budget of  
23 the local unit.

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

41

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

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

1 A capital budget shall be a plan for the expenditure of public  
2 funds for capital purposes, showing as income the revenues, special  
3 assessments, free surplus, and down payment appropriations to be  
4 applied to the cost of a capital project or projects, expenses of  
5 issuance of obligations, engineering supervision, contracts and any  
6 other related expenditures. The capital budget for a local unit that  
7 is required to prepare an asset management plan pursuant to section  
8 7 of the "Water Quality Accountability Act," P.L.2017, c.133  
9 (C.58:31-7) or that holds a permit pursuant to the "Water Pollution  
10 Control Act," P.L.1977, c.74 (C.58:10A-1 et seq.) shall identify the  
11 infrastructure improvements to be undertaken in accordance with  
12 the local unit's asset management plan or pursuant to any rule or  
13 regulation pertaining to asset management adopted by the  
14 Commissioner of Environmental Protection pursuant to P.L.1977,  
15 c.74 (C.58:10A-1 et seq.), as applicable, and their cost.  
16 (cf: N.J.S.40A:4-43)

17

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

19 40A:4-44. The local government board shall adopt, and may  
20 from time to time amend, reasonable rules and regulations for  
21 capital budgets. Regulations may classify the type of budget  
22 required, according to the size of the local unit, the nature of the  
23 capital projects or any other reasonable basis of distinction, and  
24 shall require a statement of capital undertakings underway or  
25 projected for a period not greater than over the next ensuing 6 years  
26 as a general improvement program. The statement of capital  
27 undertakings for local unit that is required to prepare an asset  
28 management plan pursuant to section 7 of the "Water Quality  
29 Accountability Act," P.L.2017, c.133 (C.58:31-7) or that holds a  
30 permit pursuant to the "Water Pollution Control Act," P.L.1977,  
31 c.74 (C.58:10A-1 et seq.) shall identify the infrastructure  
32 improvements to be undertaken in accordance with the local unit's  
33 asset management plan or pursuant to any rule or regulation  
34 pertaining to asset management adopted by the Commissioner of  
35 Environmental Protection pursuant to P.L.1977, c.74 (C.58:10A-1  
36 et seq.), as applicable, and their cost.

37 After promulgation of regulations by the local government  
38 board, the governing body shall expend or incur obligations for  
39 capital purposes only after the adoption of a capital budget and in  
40 accordance with such budget except for the preliminary expense of  
41 plans, specifications and estimates.

42 (cf: N.J.S.40A:4-44)

43

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

45 40A:4-78. a. If the director finds that all requirements of law  
46 and of the regulations of the local government board have been met,  
47 **[he]** the director shall approve the budget, otherwise **[he]** the  
48 director shall refuse to approve it.

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

16 b. Notwithstanding the provisions of N.J.S.40A:4-10 and  
17 N.J.S.40A:4-76 through 40A:4-79, the Local Finance Board is  
18 authorized to adopt rules, pursuant to the "Administrative Procedure  
19 Act," P.L.1968, c.410 (C.52:14B-1 et seq.), to exempt certain  
20 municipalities from the requirement that the director approve their  
21 annual budgets and to provide instead for a system of local  
22 examination and approval of such budgets by municipal officials,  
23 provided that:

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

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

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

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

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

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

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

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

47 c. The director shall act to require immediate compliance with  
48 the "Local Budget Law," N.J.S.40A:4-1 et seq., if the director finds

1 that any such exemption impairs the fiscal integrity or solvency of  
2 any such municipality. Any appeal of a governing body's action in  
3 adopting an annual budget shall be made to the director.

4 d. If a municipality has received approval for a special  
5 emergency appropriation pursuant to subsection m. of N.J.S.40A:4-  
6 53, that municipality shall not be eligible for local examination and  
7 approval pursuant to subsection b. of this section until the fiscal  
8 year after the final appropriation is made.

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

10

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

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

19 b. The Local Finance Board shall prescribe by rule or  
20 regulation the procedure for the adoption of budgets by authorities.  
21 The rules and regulations may include or be similar to any  
22 provisions of the "Local Budget Law" (N.J.S.40A:4-1 et seq.) which  
23 the Local Finance Board shall deem to be practicable or necessary,  
24 and may further include any other provisions and requirements  
25 which the Local Finance Board shall deem appropriate or necessary.  
26 The rules and regulations shall provide for approval or disapproval  
27 of a budget within 45 days of the director's receipt thereof.

28 c. The Local Finance Board shall also prescribe by rule or  
29 regulation the procedures and requirements for execution of any  
30 budget after adoption, and for the administration of financial affairs  
31 of authorities. The rules and regulations may include, without  
32 limitation, any provisions of the "Local Budget Law" (N.J.S.40A:4-  
33 1 et seq.), and the "Local Fiscal Affairs Law" (N.J.S.40A:5-1 et  
34 seq.), which the Local Finance Board shall deem to be practicable  
35 and necessary.

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

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

1 (2) the director shall examine the budgets of such authorities in  
 2 accordance with the provisions of this section and **[N.J.S.40A:5A-**  
 3 **11]** section 11 of P.L.1983, c.313 (C.40A:5A-11) , at least every  
 4 third year;

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

8 (a) examined the budget in the manner prescribed under this  
 9 section and **[N.J.S.40A:5A-11]** section 11 of P.L.1983, c.313  
 10 (C.40A:5A-11) , and determined that the budget complies with  
 11 requirements set forth therein; and

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

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

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

21 The director shall act to require immediate compliance with the  
 22 "Local Authorities Fiscal Control Law," P.L.1983, c.313  
 23 (C.40A:5A-1 et seq.), if the director finds that any such exemption  
 24 impairs the fiscal integrity or solvency of any such authority. Any  
 25 appeal of a governing body's action in adopting an annual budget  
 26 shall be made to the director.

27 e. The budget for an authority that is required to prepare an  
 28 asset management plan pursuant to section 7 of the "Water Quality  
 29 Accountability Act," P.L.2017, c.133 (C.58:31-7) or that holds a  
 30 permit pursuant to the "Water Pollution Control Act," P.L.1977,  
 31 c.74 (C.58:10A-1 et seq.) shall identify the infrastructure  
 32 improvements to be undertaken in accordance with the authority's  
 33 asset management plan or pursuant to any rule or regulation  
 34 pertaining to asset management plans adopted by the Commissioner  
 35 of Environmental Protection pursuant to P.L.1977, c.74 (C.58:10A-  
 36 1 et seq.), as applicable.

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

38

39 11. (New section) a. A <sup>1</sup>**[water] municipal utilities<sup>1</sup>** authority  
 40 <sup>1</sup>with a water supply operation<sup>1</sup> shall be required to conduct a  
 41 periodic study of the adequacy and reasonableness <sup>1</sup>**[its] of the<sup>1</sup>**  
 42 rates, fees, rents, or charges <sup>1</sup>for the operation<sup>1</sup>. The Local Finance  
 43 Board in the Department of Community Affairs shall adopt,  
 44 pursuant to the "Administrative Procedure Act," P.L.1968, c.410  
 45 (C.52:14B-1 et seq.), the procedures, requirements, and frequency  
 46 of the study. Each completed study shall be submitted to the  
 47 Director of the Division of Local Government Services in the

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

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

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

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

27 a. All estimates of revenue are reasonable, accurate and  
28 correctly stated;

29 b. Items of appropriation are properly set forth;

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

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

38 The director may require such documentation, records and other  
39 information, and undertake any audit or investigation, as ~~['he] the~~  
40 ~~director~~ may deem necessary in connection with ~~['his] the~~ review.

41 If the director finds that all requirements of law and the rules and  
42 regulations of the Local Finance Board have been met, ~~['he] the~~  
43 ~~director~~ shall, within 45 days ~~['of his] after~~ receipt of the budget,  
44 approve it; otherwise ~~['he] the director~~ shall within that time refuse  
45 to approve it. The director, in refusing to approve the budget, shall  
46 not substitute ~~['his] the director's~~ discretion with respect to the  
47 amount of an appropriation when that amount is not made

1 mandatory by law or regulation. If a budget fails to incorporate  
2 infrastructure improvements identified in an asset management plan  
3 required pursuant to section 7 of P.L.2017, c.133 (C.58:31-7) or any  
4 regulations adopted by the Commissioner of Environmental  
5 Protection pursuant to P.L.1977, c.74 (C.58:10A-1 et seq.)  
6 pertaining to asset management, as applicable, the director may  
7 order the inclusion of the improvements, along with any revenues or  
8 appropriations necessary to fund and effectuate the improvements.  
9 The director may order other measures as the director deems  
10 necessary to ensure the integrity of the authority's water  
11 infrastructure; however, the director may take into account the  
12 authority's fiscal circumstances in determining appropriate  
13 measures.

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

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

18

19 13. (New section) a. Whenever there is available an  
20 undesigned fund balance or unreserved retained earnings held by  
21 a municipal <sup>1</sup>**["water] utilities**<sup>1</sup> authority <sup>1</sup>with a water supply  
22 operation<sup>1</sup> that is being dissolved by a municipality, no more than  
23 five percent of the annual costs of operation of the authority, as set  
24 forth in the final adopted budget of the authority, may be  
25 appropriated therefrom for uses not directly related to drinking  
26 water management, unless the Local Finance Board determines that  
27 the municipality has demonstrated a need for greater than five  
28 percent based on a showing of significant fiscal distress.

29 b. The Local Finance Board may condition its approval for a  
30 municipality's proposal to dissolve a municipal <sup>1</sup>**["water] utilities**<sup>1</sup>  
31 authority on the municipality's proposal to comply with subsection  
32 a. of this section.

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

34

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

36 40A:31-3. As used in **["this act]** the "County and Municipal  
37 Water Supply Act," N.J.S.40A:31-1 et seq. :

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

40 b. "Cost" as applied to water supply facilities or extensions or  
41 additions thereto, means the cost of acquisition or the construction,  
42 including improvement, reconstruction, extension or enlargement,  
43 the cost of all labor materials, machinery and equipment, the cost of  
44 all lands, property, rights and easements acquired, the cost of  
45 demolition or removal of any buildings or structures thereon,  
46 financing charges, interest on bonds issued to finance water supply  
47 facilities prior to and during construction, the cost of plans and  
48 specifications, surveys or estimates of costs and revenues, the cost

1 of engineering, legal services, and any other expenses necessary or  
2 incident to determining the feasibility of construction,  
3 administrative expenses and such other expenses as may be  
4 necessary or incident to the construction or acquisition of water  
5 supply facilities, and the financing thereof.

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

7 d. "Water supply facilities" means the plants, structures or  
8 other real and personal property acquired, constructed or operated,  
9 or to be financed, acquired, constructed or operated, or any parts  
10 thereof, including reservoirs, basins, dams, canals, aqueducts,  
11 standpipes, conduits, pipelines, mains, pumping stations, water  
12 distribution systems, compensating reservoirs, waterworks, or  
13 sources of water supply, well, purification or filtration plants, or  
14 other plants or works, connections, rights of flowage or diversion,  
15 and other plants, structures, boats, conveyances and other real and  
16 personal property, or rights therein, and appurtenances necessary or  
17 useful for the accumulation, supply or distribution of water.  
18 Source: C.40:14C-3 (P.L.1979, c.451, s.3).

19 The term "water supply facilities" includes the replacement of  
20 service connections to a publicly-owned water system, from the  
21 distribution main onto privately-owned real property and into a  
22 privately-owned structure, when used in reference to a project  
23 undertaken for the purpose of replacing **【lead-contaminated】**  
24 **residential lead service 【connections】 lines**, regardless of possible  
25 private service connection ownership **【**, so long as the project is (1)  
26 an environmental infrastructure project, as defined under section 3  
27 of P.L.1985, c.334 (C.58:11B-3), and (2) funded either by loans  
28 from the New Jersey Infrastructure Bank, created pursuant to  
29 section 4 of P.L.1985, c.334 (C.58:11B-4), or by loans issued  
30 through the Department of Environmental Protection **】**.

31 (cf: P.L.2018, c.114, s.5)

32

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

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

45 b. The public notice required under subsection a. of this section  
46 shall describe the type of services desired and provide the name,  
47 address and phone number of the person who can provide additional  
48 information and a proposal document to an interested party. The

1 notice shall specify a deadline, that shall be not less than 30 days  
2 from the date of the publication of the notice for the submission of  
3 proposals by private firms to the public entity. The public entity  
4 may at any time revise the proposal document and each private firm  
5 that received a proposal document shall be provided with the  
6 revised proposal document.

7 c. The public entity shall conduct a review of the proposals  
8 submitted by private firms to determine which proposals meet the  
9 minimum qualifications and standards. The review shall be  
10 conducted in a manner that avoids disclosure of the contents of a  
11 proposal to any private firm submitting a competing proposal. The  
12 public entity may conduct discussions with a private firm  
13 submitting a qualified proposal for the purpose of clarifying the  
14 information submitted in the proposal. The public entity may at any  
15 time revise its proposal document after the review of the submitted  
16 proposals if it notifies simultaneously and in writing each private  
17 firm that submitted a proposal of the revision and provides a  
18 uniform time within which a firm may submit a revised proposal for  
19 review.

20 d. A public entity shall select one qualified proposal from  
21 among those submitted. The public entity shall negotiate a contract  
22 with the private firm that submitted the selected proposal. If the  
23 public entity is unable to negotiate a satisfactory contract with the  
24 selected private firm, it may select another qualified proposal from  
25 among those submitted and proceed to negotiate a contract with the  
26 private firm that submitted the proposal. The public entity shall set  
27 forth in writing the reasons for the selection of the qualified  
28 proposal submitted by the private firm with which the public entity  
29 has negotiated a proposed contract and shall make this document  
30 available to the public along with the proposed contract upon  
31 request and during the public hearing conducted pursuant to section  
32 6 of P.L.1995, c.101 (C.58:26-24).

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

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

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

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

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

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

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

4 (7) The private firm's authority and the extent, or the procedures  
5 for the use, of that authority to initiate, negotiate and finalize the  
6 terms for a bulk sale of surplus water. The contract shall either  
7 grant the private firm such authority or specifically state that the  
8 firm is denied that authority. Nothing in P.L.1995, c.101 (C.58:26-  
9 19. et al.) shall be construed to authorize a public entity that enters  
10 into a contract pursuant to P.L.1995, c.101 (C.58:26-19 et al.) to  
11 provide for the bulk sale, lease or transfer of water if the water  
12 being transferred, leased or sold has been supplied to the public  
13 entity either by the New Jersey Water Supply Authority or by the  
14 North Jersey District Water Supply Commission, unless the  
15 authority pursuant to P.L.1981, c.293 (C.58:1B-1 et seq.) or the  
16 district pursuant to R.S.58:5-1 et seq., as appropriate, has agreed to  
17 the bulk sale, lease or transfer **[.]** ;

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

20 (9) The allocation of responsibility for compliance with the  
21 provisions of the “Water Quality Accountability Act,” P.L.2017,  
22 c.133 (C.58:31-1 et seq.), if applicable .

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

25 f. If a dispute over contract compliance, performance or  
26 termination cannot be resolved by the public entity and the private  
27 firm pursuant to the procedures set forth in the contract, either party  
28 to the contract may file with the Superior Court which has  
29 appropriate jurisdiction a request for an order either to terminate the  
30 contract based on the reasons stated in the request or for an order  
31 for other appropriate relief to the dispute. The court may take such  
32 action as it may deem necessary to facilitate the expeditious  
33 resolution of the dispute and an expeditious response to the request,  
34 including ordering the parties to undertake a dispute resolution or  
35 mediation process. The court shall use, as it deems necessary, the  
36 services of a financial expert in the area of water supply service  
37 contracts in its analysis of the contract and the issues before it.  
38 Within 90 days after the filing of a request, the court shall either  
39 grant the request or deny the request. If the request is granted, the  
40 court shall order such appropriate relief measures or remedies as it  
41 deems appropriate and necessary.

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

1 h. If a public entity entering a contract consists of multiple  
2 municipalities, a concession fee or other monetary benefit paid by a  
3 private firm as a result of the contract shall be paid directly to the  
4 municipalities constituting that public entity. Any concession fee or  
5 monetary benefit paid by a private firm to a public entity shall be  
6 used for the purpose of reducing or off-setting property taxes.  
7 (cf: P.L.1995, c.101, s.5)

8  
9 16. Section 7 of P.L.1995, c.101 (C.58:26-25) is amended to  
10 read as follows:

11 7. a. Within 60 days of receipt of the application, the board  
12 and division shall approve, or conditionally approve, an application  
13 submitted by a public entity pursuant to subsection f. of section 6 of  
14 P.L.1995, c.101 (C.58:26-24). Within 60 days of receipt of the  
15 hearing report, the department shall provide any comments on the  
16 hearing report it deems appropriate to the board, division and public  
17 entity. If the board or division fail to approve or conditionally  
18 approve the application within 60 days after receipt, the application  
19 shall be deemed approved, unless the public entity has agreed to an  
20 extension of the period.

21 b. If either the board or division conditionally approves the  
22 application, the board or division shall state in writing the revision  
23 to the proposed contract that is necessary in order for it to be  
24 approved. If the board or division determines that the required  
25 revision is substantial, the public entity shall hold a public hearing  
26 on the revision and adhere to the provisions of section 6 of  
27 P.L.1995, c.101 (C.58:26-24) in so doing. A substantial revision  
28 shall be a change that results in an increase in the charges, rates or  
29 fees of the private firm or that materially changes other terms and  
30 conditions of the contract. The proposed revision to the contract  
31 shall be submitted to the board, division and department 15 days  
32 prior to the date of the public hearing. If the board or division  
33 determines that the required revision in the conditional approval is  
34 not substantial, the public entity shall submit the proposed revision  
35 to the contract to the board and the division for approval and to the  
36 department for review. The revision shall be approved if found to  
37 be consistent with the conditions set forth in the conditional  
38 approval, or disapproved with a written explanation as to why the  
39 revision is not consistent, within 15 days after the next public  
40 meeting of the board or division.

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

43 (1) The private firm entering into the contract has the financial  
44 capacity and technical and administrative experience to ensure  
45 continuity of service over the term of the contract and that the  
46 standards and requirements contained in the application documents  
47 concerning the financial, technical and administrative capacity of

1 the private firm are necessary and sufficient to protect the public  
2 interest.

3 (2) The terms of the contract are not unreasonable. In  
4 determining whether the terms of the contract are not unreasonable,  
5 the board shall review the fees and charges to be charged or  
6 assessed under the contract to determine that they are reasonable to  
7 the public entity, taking into consideration all of the obligations  
8 undertaken by the private firm and all the benefits obtained by the  
9 public entity. In making this determination, the board shall not use  
10 the traditional rate based rate of return methodology.

11 (3) The franchise customers of a public utility participating in a  
12 contract are protected from the risks of the proposed contract and  
13 that they are not subsidizing the contract. If a private firm is not a  
14 public utility, the board shall ensure that under the terms of the  
15 proposed contract the users of water outside of the jurisdiction or  
16 service area that will receive water supply services under the  
17 contract are also protected from the risks of the contract and that  
18 water users outside the jurisdiction or service area are not  
19 subsidizing the contract through increased charges, rates or fees for  
20 the supply of water.

21 (4) The contract contains the provisions required by paragraphs  
22 (1), (2) and (6) of subsection e. of section 5 of P.L.1995, c.101  
23 (C.58:26-23).

24 Upon approval of a contract as proposed or as revised in  
25 response to a conditional approval, the jurisdiction of the board  
26 over the contract shall terminate until or unless the contract is  
27 amended to change the formula or other basis of determining  
28 charges contained therein.

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

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

35 (2) A concession fee or other monetary benefit paid by a private  
36 firm as a result of the contract is paid directly to the municipalities  
37 constituting that public entity, if a public entity consisting of  
38 multiple municipalities has entered into a contract. Any concession  
39 fee or monetary benefit paid by a private firm to a public entity is  
40 used for the purpose of reducing or off-setting property taxes.

41 (3) The contract contains the provisions required by paragraphs  
42 (3), (4), (5), (7) **and** (8) and (9) of subsection e. of section 5 of  
43 P.L.1995, c.101 (C.58:26-23).

44 The division shall also review and specifically approve any  
45 contract provision pursuant to which a public entity will or may  
46 execute a financing instrument for the purposes set forth in the  
47 contract.

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

4 f. The board or division shall assess and the applicant shall pay  
5 a fee equal to the cost incurred by the board or division for an  
6 analysis of an application by an independent person who has  
7 expertise in the area of water supply services if during the review of  
8 an application the board or division determine that such an analysis  
9 is required and a person with the required expertise is not readily  
10 available from within any executive department of the State  
11 government.

12 g. If the public entity and private firm would like to amend a  
13 contract after approval of an application by the board and division,  
14 the public entity shall submit proposed amendments to the board  
15 and division for approval and to the department for review. At the  
16 next public meeting of the board and of the division after receipt of  
17 proposed amendments, the board and the division shall determine  
18 whether the proposed amendments are substantial. If the  
19 amendments are substantial in nature as determined by either the  
20 board or the division, the public entity shall conduct a hearing  
21 pursuant to section 6 of P.L.1995, c.101 (C.58:26-24). Within 60  
22 days of the receipt of proposed amendments that are not determined  
23 to be substantial, or within 60 days of the receipt of an application  
24 for approval of proposed amendments that are determined to be  
25 substantial, the board and division shall approve or conditionally  
26 approve the amendments in accordance with the applicable  
27 procedures established for approval of an original contract pursuant  
28 to this section **[7 of P.L.1995, c.101 (C.58:26-19 et al.)]** .

29 (cf: P.L.1995, c.101, s.7)

30  
31 <sup>1</sup>**[17. Section 2 of P.L.2017, c.133 (C.58:31-2) is amended to**  
32 **read as follows:**

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

34 "Board" means the Board of Public Utilities.

35 "Department" means the Department of Environmental  
36 Protection.

37 "New Jersey Cybersecurity and Communications Integration  
38 Cell" means the New Jersey Cybersecurity and Communications  
39 Integration Cell established pursuant to Executive Order No. 178  
40 (2015) in the New Jersey Office of Homeland Security and  
41 Preparedness, or any successor entity.

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

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

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

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

3       3. a. Each water purveyor shall inspect each valve in its  
4 **public** water system in accordance with the provisions of  
5 subsection b. of this section in order to determine (1) accessibility  
6 of the valve for operational purposes, and (2) the valve's operating  
7 condition. A water purveyor shall repair or replace any valve found  
8 to be broken or otherwise not operational.

9       b. Each water purveyor shall inspect each valve that is 12 or  
10 more inches in diameter **at least** in accordance with industry  
11 standards and no less frequently than once every **two** four years,  
12 and shall inspect all other valves **at least** in accordance with  
13 industry standards and no less frequently than once every **four**  
14 eight years, except that the requirements of this subsection shall not  
15 apply to any service connection valve or customer shut-off valve.  
16 At a minimum, each valve inspection conducted pursuant to this  
17 subsection shall include:

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

20       (2) cleaning out of the valve box;

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

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

25       (b) the number of turns which constitutes 15 percent of the total  
26 number of turns necessary to completely open or completely close  
27 the valve; and

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

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

35       (2) Each water purveyor shall formulate and implement a plan  
36 for flushing every fire hydrant in the **public** water system, and  
37 every dead end of a main in the **public** water system. This plan  
38 for flushing may be combined with the periodic testing of fire  
39 hydrants required pursuant to paragraph (1) of this subsection.

40       d. Each water purveyor shall keep a record of all inspections,  
41 tests, and flushings conducted pursuant to this section for a period  
42 of at least **six** 10 years.

43       e. Each water purveyor that owns, solely or jointly, a fire  
44 hydrant shall mark each hydrant with the initials of its name,  
45 abbreviation of its name, corporate symbol, or other distinguishing  
46 mark or code by which ownership may be readily and definitely  
47 ascertained. Each fire hydrant shall be marked with a number or

1 symbol, or both, by which the location of the hydrant may be  
2 determined on the water purveyor's office records. The markings  
3 may be made with paint, brand, **【or with】** a soft metal plate, or by  
4 another method approved by the department, and shall be of such  
5 size and so spaced and maintained as to be easily read.

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

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

11  
12 <sup>1</sup>**【19. Section 4 of P.L.2017, c.133 (C.58:31-4) is amended to**  
13 **read as follows:**

14 4. a. Within 120 days after the effective date of **【this act】**  
15 P.L.2017, c.133 (C.58:31-1 et seq.) , each water purveyor shall  
16 develop a cybersecurity program, in accordance with requirements  
17 established by the board and the New Jersey Cybersecurity and  
18 Communications Integration Cell , that defines and implements  
19 organization accountabilities and responsibilities for cyber risk  
20 management activities, and establishes policies, plans, processes,  
21 and procedures for identifying and mitigating cyber risk to its  
22 **【public】** water system. As part of the program, a water purveyor  
23 shall conduct risk assessments and implement appropriate controls  
24 to mitigate identified risks to the **【public】** water system, maintain  
25 situational awareness of cyber threats and vulnerabilities to the  
26 **【public】** water system, and create and exercise incident response  
27 and recovery plans.

28 A copy of the program developed pursuant to this subsection  
29 shall be provided to the New Jersey Cybersecurity and  
30 Communications Integration Cell **【,** established pursuant to  
31 Executive Order No. 178 (2015) in the New Jersey Office of  
32 Homeland Security and Preparedness**】** .

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

38 c. **【A water purveyor that does not have an internet-connected**  
39 **control system shall be exempt from the requirements of this**  
40 **section.】** (Deleted by amendment, P.L. , c. (C. ) (pending  
41 before the Legislature as this bill))

42 (cf: P.L.2017, c.133, s.4)**】**<sup>1</sup>

43  
44 <sup>1</sup>**【20. Section 6 of P.L.2017, c.133 (C.58:31-6) is amended to**  
45 **read as follows:**

1       6. In addition to any other certifications required pursuant to  
2 law, rule, or regulation, the responsible corporate officer of **【the】** a  
3 public community water system with more than 500 service  
4 connections , if privately held, executive director, if an authority, or  
5 mayor or chief executive officer of the municipality, if municipally  
6 owned, as applicable, shall be required to certify in writing each  
7 year to the Department of Environmental Protection and, if  
8 applicable, the Board of Public Utilities that the water purveyor  
9 complies with: all federal and State drinking water regulations,  
10 including water quality sampling, testing, and reporting  
11 requirements; the hydrant and valve requirements set forth in  
12 section 3 of **【this act】** P.L.2017, c.133 (C.58:31-3) ; **【the notice of**  
13 **violation mitigation plan requirements set forth in section 5 of this**  
14 **act, if applicable;】** and the infrastructure improvement investment  
15 required pursuant to section 7 of **【this act】** P.L.2017, c.133  
16 (C.58:31-7) .  
17 (cf: P.L.2017, c.133, s.6)**】**<sup>1</sup>

18  
19       <sup>1</sup>**【**21. Section 7 of P.L.2017, c.133 (C.58:31-7) is amended to  
20 read as follows:

21       7. a. Beginning no later than 18 months after the effective date  
22 of **【this act】** P.L.2017, c.133 (C.58:31-1 et seq.) , **【every water**  
23 **purveyor】** an owner of a public community water system shall  
24 implement an asset management plan designed to inspect, maintain,  
25 repair, and renew its infrastructure consistent with standards  
26 established by the American Water Works Association. The asset  
27 management plan shall include:

28       (1) a water main renewal program designed to achieve a **【150-**  
29 **year】** replacement cycle, **【or other appropriate replacement cycle as**  
30 **determined by a detailed engineering analysis of the asset condition**  
31 **and estimated service lives of the water mains serving the public**  
32 **water system】** the duration of which shall be determined by  
33 dividing the number of miles of water mains in the public  
34 community water system by 100 or another calculation determined  
35 to be appropriate by the department ;

36       (2) a water supply and treatment program designed to inspect,  
37 maintain, repair, renew, and upgrade wells, intakes, pumps, and  
38 treatment facilities in accordance with all federal and State  
39 regulations **【,】** and standards established by the American Water  
40 Works Association **【, and any mitigation plan required pursuant to**  
41 **section 5 of this act】** ; **【and】**

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

45       (4) a certification of the completeness of the asset management  
46 plan signed by the licensed operator or professional engineer of the

1 public community water system and: the responsible corporate  
2 officer of the public community water system, if privately held; the  
3 executive director, if an authority; or the mayor or chief executive  
4 officer of the municipality, if municipally owned, as applicable; and

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

9 Each **【water purveyor】** owner of a public community water  
10 system shall dedicate adequate funds on an annual basis 【to address  
11 and remediate】 towards implementing its asset management plan,  
12 including addressing and remediating the highest priority projects  
13 as determined by its asset management plan.

14 **【All asset management plans and system condition reports shall**  
15 **be certified to by the licensed operator or professional engineer of**  
16 **the public water system and the responsible corporate officer of the**  
17 **public water system, if privately held, executive director, if an**  
18 **authority, or mayor or chief executive officer of the municipality, if**  
19 **municipally owned, as applicable. The replacement cycle shall be**  
20 **determined by dividing the miles of water main located in the**  
21 **public water system by 150 or other appropriate demonstration set**  
22 **forth in the certified asset management plan prepared pursuant to**  
23 **this section.】**

24 b. **【At least once every three years, each】** Each water purveyor  
25 shall provide to the department and the board, if applicable, 【a】 an  
26 annual report based on its asset management plan prepared pursuant  
27 to subsection a. of this section identifying the infrastructure  
28 improvements to be undertaken in the 【coming year】 subsequent  
29 three years and the cost of those improvements, as well as  
30 identifying the infrastructure improvements completed in the past  
31 year and the cost of those improvements. If the water purveyor is a  
32 municipality, a county, or an authority subject to the "Local  
33 Authorities Fiscal Control Law" (C.40A:5A-1 et seq.), the report  
34 shall also identify infrastructure improvements to be undertaken  
35 pursuant to the asset management plan in the remaining years of the  
36 water purveyor's capital improvement plan, along with the actual or  
37 estimated cost of such improvements. A municipal water  
38 department or municipal water authority shall also submit the report  
39 required pursuant to this subsection to the Division of Local  
40 Government Services in the Department of Community Affairs.

41 c. The department, the board, and the Department of  
42 Community Affairs shall create a centralized portal allowing for  
43 electronic submittal of the report required pursuant to subsection b.  
44 of this section. The lack of a centralized portal pursuant to this  
45 subsection shall not negate the requirement for a water purveyor to  
46 submit a report pursuant to subsection b. of this section.

1        d. In consultation with the Director of the Division of Local  
2 Government Services in the Department of Community Affairs and  
3 the board, the Commissioner of Environmental Protection shall set a  
4 deadline for submission of the completed annual report; however,  
5 the deadline for submission shall be no later than December 31 for  
6 counties and municipalities with a calendar year budget cycle, June  
7 30 for municipalities with a State fiscal year budget cycle, or, for  
8 authorities subject to the "Local Authorities Fiscal Control Law,"  
9 P.L.1983, c.313 (C.40A:5A-1 et seq.), 15 days prior to the deadline  
10 established by the Division of Local Government Services for an  
11 authority to submit its introduced annual budget. Water purveyors  
12 that are municipalities, counties, or authorities subject to P.L.1983,  
13 c.313 (C.40A:5A-1 et seq.) shall submit the completed annual  
14 report to the Director of the Division of Local Government Services  
15 concurrent with the introduced annual budget for the budget year  
16 next following the date on which the report is required to be  
17 completed.

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

19

20        <sup>1</sup>【22. (New section) Any person who violates the provisions of  
21 P.L.2017, c.133 (C.58:31-1 et seq.), or any rule or regulation  
22 adopted pursuant thereto, shall be subject to the penalties and other  
23 remedies set forth in section 10 of P.L.1977, c.224 (C.58:12A-10).  
24 No later than 18 months after the effective date of P.L. ,  
25 c. (C. ) (pending before the Legislature as this bill), the  
26 department shall adopt, pursuant to the “Administrative Procedure  
27 Act,” P.L.1968, c.410 (C.52:14B-1 et seq.), a schedule of civil  
28 administrative penalties to be applied pursuant to this section for  
29 specific violations of P.L.2017, c.133 (C.58:31-1 et seq.).】<sup>1</sup>

30

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

32

33        <sup>1</sup>【24.】 17.<sup>1</sup> This act shall take effect immediately.

34

35

36

37

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

**CHAPTER 184**  
**(CORRECTED COPY)**

**AN ACT** concerning the financing and operation of water systems, supplementing Title 40A of the New Jersey Statutes, and amending various parts of the statutory law.

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

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

C.40:14B-3 Definitions.

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

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

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

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

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

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

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

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

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

The term "water system" shall include the replacement of service connections to a publicly-owned water system, from the distribution main onto privately-owned real property and into a privately-owned structure, when used in reference to a project undertaken for the purpose of replacing residential, commercial, and institutional lead service lines, regardless of possible private service connection ownership;

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

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

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

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

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

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

(15) "Sewage" shall mean the water-carried wastes created in and carried, or to be carried, away from, or to be processed by on-site wastewater systems, residences, hotels, apartments,

schools, hospitals, industrial establishments, or any other public or private building, together with such surface or ground water and industrial wastes and leachate as may be present;

(16)"On-site wastewater system" means any of several facilities, septic tanks or other devices, used to collect, treat, reclaim, or dispose of wastewater or sewage on or adjacent to the property on which the wastewater or sewage is produced, or to convey such wastewater or sewage from said property to such facilities as the authority may establish for its disposal;

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

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

(19)"Service charges" shall mean water service charges, solid waste service charges, sewer service charges, hydroelectric service charges or any combination of such charges, as said terms are defined in section 21 or 22 of P.L.1957, c.183 (C.40:14B-21 or C.40:14B-22) or in section 7 of P.L.1980, c.34 (C.40:14B-21.1);

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(38) "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.

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

C.40:14B-20 Powers.

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

- (1) To adopt and have a common seal and to alter the same at pleasure;
- (2) To sue and be sued;
- (3) In the name of the municipal authority and on its behalf, to acquire, hold, use and dispose of its service charges and other revenues and other moneys;
- (4) In the name of the municipal authority but for the local unit or units, to acquire, rent, hold, lease as lessor, use and dispose of other personal property for the purposes of the municipal authority;
- (5) In the name of the municipal authority but for the local unit or units and subject to the limitations of P.L.1957, c.183 (C.40:14B-1 et seq.), to acquire by purchase, gift, condemnation or otherwise, or lease as lessee, real property and easements therein, necessary or useful and convenient for the purposes of the municipal authority, and subject to mortgages, deeds of trust or other liens, or otherwise, and to hold, lease as lessor, and to use the same, and to dispose of property so acquired no longer necessary for the purposes of the municipal authority;
- (6) To produce, develop, purchase, accumulate, distribute and sell water and water services, facilities and products within or without the district, provided that no water shall be sold at retail in any municipality or county without the district unless the governing body of such municipality or county shall have adopted a resolution requesting the municipal authority to sell water at retail in such municipality or county, and the board of public utility commissioners shall have approved such resolution as necessary and proper for the public convenience;
- (7) To provide for and secure the payment of any bonds and the rights of the holders thereof, and to purchase, hold and dispose of any bonds;
- (8) To accept gifts or grants of real or personal property, money, material, labor or supplies for the purposes of the municipal or county authority, and to make and perform such agreements and contracts as may be necessary or convenient in connection with the procuring, acceptance or disposition of such gifts or grants;
- (9) To enter on any lands, waters or premises for the purpose of making surveys, borings, soundings and examinations for the purposes of the municipal authority, and whenever the operation of a septic tank or other component of an on-site wastewater system shall result in the creation of pollution or contamination source on private property such that under the provisions of R.S.26:3-49, a local board of health would have the authority to notify the owner and require said owner to abate the same, representatives of an authority shall have the power to enter, at all reasonable times, any premises on which such pollution or contamination source shall exist, for the purpose of inspecting, rehabilitating, securing samples of any discharges, improving, repairing, replacing, or upgrading such septic tank or other component of an on-site wastewater system;
- (10) To establish an inspection program to be performed at least once every three years on all on-site wastewater systems installed within the district which inspection program shall contain the following minimum notice provisions: (i) not less than 30 days prior to the date of the inspection of any on-site wastewater system as described herein, the authority shall

notify the owner and resident of the property that the inspection will occur; and (ii) not less than 60 days prior to the date of the performance of any work other than an inspection, the municipal authority shall provide notice to the owner and resident of the property in which the work will be performed. The notice to be provided to such owner and resident under this subsection shall include a description of the deficiency which necessitates the work and the proposed remedial action, and the proposed date for beginning and duration of the contemplated remedial action;

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

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

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

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

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

(16) Upon the request of a customer: (i) to offer the customer the ability to receive or access, in electronic format, any periodic bill for service sent by the municipal authority to its customers and any additional information sent by the municipal authority to its customers as required by law, provided that any notice of disconnection, discontinuance or termination of service shall be sent to a customer in written form at the customer's legal mailing address in addition to being sent or being made available in electronic format; and (ii) to provide the customer the option of paying any such periodic bill via electronic means;

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

(18) To finance the replacement of service connections to a publicly-owned water system, from the distribution main onto privately-owned real property and into the privately-owned structure, for the purpose of replacing residential, commercial, and institutional lead service lines, regardless of possible private service connection ownership.

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

Local improvements; definition and enumeration, doing work as general improvement.

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

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

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

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

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

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

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

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

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

h. The improvement or reimprovement of any beach or water front, and the providing of suitable protection to prevent damage to lands or property by the ocean or other waters, including the filling in and grading necessary for the protection of such improvements.

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

j. (1) The installation of service connections to a system of water, gas, light, heat or power works owned by a municipality or otherwise, including all such works as may be necessary for supplying water, gas, light, heat or power to real estate for whose benefit such services are provided. This authorization includes, but shall not be limited to, the installation of service connections to a publicly-owned water system, from the distribution main onto privately-owned real property and into the privately-owned structure, for the purpose of replacing residential, commercial, and institutional lead service lines, regardless of possible private service connection ownership;

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

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

l. The installation of such lighting standards, appliances and appurtenances as may be required for the brilliant illumination of the streets in those parts of the municipality where

the governing body of the municipality may deem it necessary or proper to establish what is commonly called a "white way."

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

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

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

p. The reclaiming, filling and improving and bulkheading and filling in lands lying under tidal or other water, in whole or in part, within the municipality; the reclaiming or filling or bulkheading and filling those lands or lands adjacent to such reclaimed or filled lands; to dredge channels or improve harbor approaches in the waters abounding the lands to be reclaimed, filled and improved, or bulkheaded and filled; provided, the approval of the Tidelands Resource Council established pursuant to section 10 of P.L.1948, c.448 (C.13:1B-10), and when necessary, the permission of the federal authorities in charge of the district port in which the improvements are proposed to be made, to improve and dredge channels and construct and improve the harbor approaches to those lands, shall be first had and obtained.

The governing body may enter into agreements with the federal government for reimbursement to the municipality for all or a portion of the cost of dredging channels or improving harbor approaches in waters under the jurisdiction of the federal government.

If any portion of the amount assessed against the lands within the municipality for the improvement shall be reimbursed to the municipality by the federal government after the assessment has been made, then a credit shall be made on each assessment levied in proportion to the amount so received from the federal government; provided, the amount received by the municipality from the federal government shall be in excess of the amount fixed in the assessment to be borne by the municipality at large.

If any portion of the land included within lands benefited or improved by any work done in connection with the reclaiming, filling or bulkheading and filling shall be riparian lands or lands under water, for which the riparian grant has not theretofore been made by the State, the municipal board or body authorized to make assessments for improvements in accordance with this subtitle may include in any such assessment a prospective assessment against the riparian lands or lands under water, and a copy of such prospective assessment shall be filed with the Tidelands Resource Council and shall be a part of the records of that council. Upon the sale or grant by the State of the riparian rights to any such lands for which a prospective assessment has been filed with the council, the amount of such prospective assessment together with interest at the rate of five percent annually from the time of the confirmation of the assessment for the improvement shall be included by the Tidelands Resource Council in the purchase price fixed for such lands and made a part of the payment for the grant, and the amount of the assessment with interest, when paid, shall be turned over by the Tidelands Resource Council to the municipality making the assessment. Such prospective assessment shall also be included in the general assessment for and against any such riparian lands or lands under water for which an annual rental or fee is being charged or collected by the Tidelands Resource Council under any agreement by which the fee of any such riparian lands is passed, and when the fee does so pass by grant from the State the prospective assessment shall become immediately due and payable, together with interest thereon at the rate of five

percent annually from the time of the confirmation of the assessment for the improvement and the assessment shall become a lien upon those lands until paid and shall be collectible as other liens for public improvements in the municipality. Should the Tidelands Resource Council lease for a term of years any such riparian lands or lands under water, included within lands benefited or improved by any work done in connection with the reclaiming, filling or bulkheading and filling, it shall include in the annual rental to be charged therefor one-tenth of the amount of the prospective assessment for each year of the term not exceeding ten years until the prospective assessment and the interest thereon at the rate of five percent annually from the time of confirmation of the assessment for the improvement, shall be paid. If the lease shall be for a period less than ten years, such provision shall be contained in any and all extensions and renewals thereof, or in any new leases until the full prospective assessment with such interest shall have been paid. Nothing contained in this subparagraph shall apply to lands owned by a company whose rates are subject to regulation by the Board of Public Utilities.

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

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

Assessments, payment in installments; delinquent installments.

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

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

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

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

In any municipality which is constructing a local improvement with funds secured from the federal government, through the public works administration, under the terms of the

national recovery act, the governing body may provide that the assessments may be payable in yearly or quarterly installments, with legal interest thereon, over a period of years up to but in no event exceeding the term of years for which the funds therefor are borrowed from the Federal Government, and at such time in each year as the governing body shall determine. The governing body may fix the yearly installments in such amounts as in its opinion are equitable and just.

In any municipality in which the local improvement is being financed by the sale of bonds, the governing body may provide that the assessments may be payable in yearly or quarterly installments, with legal interest thereon, over a period of years up to but in no event exceeding the period of years for which the bonds were issued, or for 20 years, whichever shall be less, and at such time in each year as the governing body shall determine. In the case of assessments for the replacement of service connections to a publicly-owned water system, from the distribution main onto privately-owned real property and into a privately-owned structure, when used in reference to a project undertaken for the purpose of replacing residential, commercial, and institutional lead service lines, regardless of possible private service connection ownership, the period of years may be greater than 20 years but shall not exceed 30 years. The governing body may fix the yearly installments in such amounts as in its opinion are equitable and just.

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

Maximum bond terms.

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

a. Buildings and structures.

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

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

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

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

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

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

4. Additional furnishings, five years.

b. Marine improvements.

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

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

c. Additional equipment and machinery.

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

2. Voting machines, 15 years.

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

d. Real property.

1. Acquisition for any public purpose of lands or riparian rights, or both, and the original dredging, grading, draining or planting thereof, 40 years.

2. Improvement of airport, cemetery, golf course, park, playground, 15 years.

3. Stadia of concrete or other incombustible materials, 20 years.

e. Streets or thoroughfares.

1. Elimination of grade crossings, 35 years.

2. Streets or roads:

Class A: Rigid pavement. A pavement of not less than eight inches of cement concrete or a six-inch cement concrete base with not less than three-inch bituminous concrete surface course, or equivalent wearing surface, 20 years.

Flexible pavement. A pavement not less than 10 inches in depth consisting of five-inch macadam base, three-inch modified penetration macadam and three-inch bituminous concrete surface course or other pavements of equivalent strength, in accordance with the findings of the American Association of State Highway Officials (AASHO) Road Test, 20 years.

Class B: Mixed surface-treated road. An eight-inch surface of gravel, stone or other selected material under partial control mixed with cement or lime and fly ash, six inches in compacted thickness with bituminous surface treatment and cover, 10 years.

Bituminous penetration road. A five-inch gravel or stone base course and a three-inch course bound with a bituminous or equivalent binder, 10 years.

Class C: Mixed bituminous road. An eight-inch surface of gravel, stone, or other selected material under partial control mixed with bituminous material one inch or more in compacted thickness, five years.

Penetration macadam road. A road of sand, gravel or water-bound macadam, or surfacing with penetration macadam, five years.

3. Sidewalks, curbs and gutters of stone, concrete or brick, 10 years.

The period of usefulness in this subsection shall apply to construction and reconstruction of streets and thoroughfares.

f. Utilities and municipal systems.

1. Sewerage system, whether sanitary or storm water, water supply or distribution system, 40 years.

2. Electric light, power or gas systems, garbage, refuse or ashes incinerator or disposal plant, 25 years.

3. Communication and signal systems, 10 years.

4. Service connections to publicly-owned gas, water or sewerage systems from the service main in the street to the curb or property lines where not part of original installation, five years.

5. Service connections to publicly-owned water systems, from the distribution main onto privately-owned real property and into the privately-owned structure, for the purpose of replacing residential, commercial, and institutional lead service lines, 30 years.

g. Vehicles and apparatus.

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

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

3. Major repairs, reconditioning or overhaul of fire engines and apparatus, ambulances, rescue vehicles, and similar public safety vehicles (other than passenger cars and station

wagons) which may reasonably be expected to extend for at least five years the period of usefulness thereof, five years.

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

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

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

C.40A:4-35.2 Periodic study of adequacy, reasonableness of certain charges for water system.

6. a. A local unit shall be required to conduct a periodic study of the adequacy and reasonableness of the rates, fees, rents, and charges for a water system that the local unit owns or operates through a utility. The Local Finance Board in the Department of Community Affairs shall adopt, pursuant to the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), the procedures, requirements, and frequency of the study. Each completed study shall be submitted to the Director of the Division of Local Government Services in the Department of Community Affairs along with the annual budget of the local unit.

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

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

Capital budgets; definition.

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

A capital budget shall be a plan for the expenditure of public funds for capital purposes, showing as income the revenues, special assessments, free surplus, and down payment

appropriations to be applied to the cost of a capital project or projects, expenses of issuance of obligations, engineering supervision, contracts and any other related expenditures. The capital budget for a local unit that is required to prepare an asset management plan pursuant to section 7 of the "Water Quality Accountability Act," P.L.2017, c.133 (C.58:31-7) or that holds a permit pursuant to the "Water Pollution Control Act," P.L.1977, c.74 (C.58:10A-1 et seq.) shall identify the infrastructure improvements to be undertaken in accordance with the local unit's asset management plan or pursuant to any rule or regulation pertaining to asset management adopted by the Commissioner of Environmental Protection pursuant to P.L.1977, c.74 (C.58:10A-1 et seq.), as applicable, and their cost.

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

Form, arrangement and detail of capital budgets.

40A:4-44. The local government board shall adopt, and may from time to time amend, reasonable rules and regulations for capital budgets. Regulations may classify the type of budget required, according to the size of the local unit, the nature of the capital projects or any other reasonable basis of distinction, and shall require a statement of capital undertakings underway or projected for a period not greater than over the next ensuing 6 years as a general improvement program. The statement of capital undertakings for local unit that is required to prepare an asset management plan pursuant to section 7 of the "Water Quality Accountability Act," P.L.2017, c.133 (C.58:31-7) or that holds a permit pursuant to the "Water Pollution Control Act," P.L.1977, c.74 (C.58:10A-1 et seq.) shall identify the infrastructure improvements to be undertaken in accordance with the local unit's asset management plan or pursuant to any rule or regulation pertaining to asset management adopted by the Commissioner of Environmental Protection pursuant to P.L.1977, c.74 (C.58:10A-1 et seq.), as applicable, and their cost.

After promulgation of regulations by the local government board, the governing body shall expend or incur obligations for capital purposes only after the adoption of a capital budget and in accordance with such budget except for the preliminary expense of plans, specifications and estimates.

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

Approval of budget, exemptions.

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

The director, in refusing to approve a budget, shall not substitute the director's discretion with respect to the amount of an appropriation when such amount is not made mandatory because of the requirements of law. If a budget fails to incorporate infrastructure improvements identified in an asset management plan required pursuant to section 7 of P.L.2017, c.133 (C.58:31-7) or any rule or regulation pertaining to asset management adopted by the Commissioner of Environmental Protection pursuant to P.L.1977, c.74 (C.58:10A-1 et seq.), as applicable, the director may order the inclusion of the improvements, along with any revenues or appropriations necessary to fund and effectuate the improvements. The director may order such other measures as the director deems necessary to ensure the integrity of the local unit's water infrastructure; however, the director

may take into account the local unit's fiscal circumstances in determining appropriate measures.

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

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

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

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

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

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

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

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

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

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

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

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

C.40A:5A-10 Submission of budget.

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

b. The Local Finance Board shall prescribe by rule or regulation the procedure for the adoption of budgets by authorities. The rules and regulations may include or be similar to any provisions of the "Local Budget Law" (N.J.S.40A:4-1 et seq.) which the Local Finance Board shall deem to be practicable or necessary, and may further include any other provisions and requirements which the Local Finance Board shall deem appropriate or

necessary. The rules and regulations shall provide for approval or disapproval of a budget within 45 days of the director's receipt thereof.

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

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

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

(2) the director shall examine the budgets of such authorities in accordance with the provisions of this section and section 11 of P.L.1983, c.313 (C.40A:5A-11), at least every third year;

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

(a) examined the budget in the manner prescribed under this section and section 11 of P.L.1983, c.313 (C.40A:5A-11), and determined that the budget complies with requirements set forth therein; and

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

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

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

The director shall act to require immediate compliance with the "Local Authorities Fiscal Control Law," P.L.1983, c.313 (C.40A:5A-1 et seq.), if the director finds that any such exemption impairs the fiscal integrity or solvency of any such authority. Any appeal of a governing body's action in adopting an annual budget shall be made to the director.

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

C.40A:5A-10.1 Periodic study of adequacy, reasonableness for certain charges.

11. a. A municipal utilities authority with a water supply operation shall be required to conduct a periodic study of the adequacy and reasonableness of the rates, fees, rents, or charges for the operation. The Local Finance Board in the Department of Community

Affairs shall adopt, pursuant to the “Administrative Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et seq.), the procedures, requirements, and frequency of the study. Each completed study shall be submitted to the Director of the Division of Local Government Services in the Department of Community Affairs along with the annual budget of the authority.

b. The director may summon appropriate officials of the authority to a hearing before the Local Finance Board if the director determines that the authority’s rates, fees, rents, or charges may not be adequate or reasonable as supported by a study conducted pursuant to subsection a. of this section, or if the authority fails to conduct a study pursuant to subsection a. of this section. The Local Finance Board may require the production of papers, documents, witnesses, or information and may take or cause to be made an audit or investigation of the circumstances with respect to which the hearing was called. After the hearing, the Local Finance Board shall have the power to order the authority to adjust the rents, rates, fees, or charges for its water supply operation, or take such other action as the Local Finance Board deems appropriate to ensure the integrity of the water infrastructure owned by the authority, and this order shall be valid and enforceable notwithstanding any provision of R.S.48:2-1 et seq. to the contrary.

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

C.40A:5A-11 Approval of budget.

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

- a. All estimates of revenue are reasonable, accurate and correctly stated;
- b. Items of appropriation are properly set forth;
- c. In itemization, form and content, the budget will permit the exercise of the comptroller function within the authority;
- d. The schedule of rates, fees and charges then in effect will produce sufficient revenues, together with all other anticipated revenues, to satisfy all obligations to the holders of bonds of the authority, to meet operating expenses, capital outlays, debt service requirements, and to provide for such reserves, all as may be required by law, regulation or terms of contracts and agreements.

The director may require such documentation, records and other information, and undertake any audit or investigation, as the director may deem necessary in connection with the review.

If the director finds that all requirements of law and the rules and regulations of the Local Finance Board have been met, the director shall, within 45 days after receipt of the budget, approve it; otherwise the director shall within that time refuse to approve it. The director, in refusing to approve the budget, shall not substitute the director's discretion with respect to the amount of an appropriation when that amount is not made mandatory by law or regulation. If a budget fails to incorporate infrastructure improvements identified in an asset management plan required pursuant to section 7 of P.L.2017, c.133 (C.58:31-7) or any regulations adopted by the Commissioner of Environmental Protection pursuant to P.L.1977, c.74 (C.58:10A-1 et seq.) pertaining to asset management, as applicable, the director may order the inclusion of the improvements, along with any revenues or appropriations necessary to fund and effectuate the improvements. The director may order other measures as the director deems necessary to ensure the integrity of the authority’s water infrastructure;

however, the director may take into account the authority's fiscal circumstances in determining appropriate measures.

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

C.40A:5A-20.1 Appropriation of certain funds.

13. a. Whenever there is available an undesignated fund balance or unreserved retained earnings held by a municipal utilities authority with a water supply operation that is being dissolved by a municipality, no more than five percent of the annual costs of operation of the authority, as set forth in the final adopted budget of the authority, may be appropriated therefrom for uses not directly related to drinking water management, unless the Local Finance Board determines that the municipality has demonstrated a need for greater than five percent based on a showing of significant fiscal distress.

b. The Local Finance Board may condition its approval for a municipality's proposal to dissolve a municipal utilities authority on the municipality's proposal to comply with subsection a. of this section.

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

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

Definitions.

40A:31-3. As used in the "County and Municipal Water Supply Act," N.J.S.40A:31-1 et seq.:

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

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

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

d. "Water supply facilities" means the plants, structures or other real and personal property acquired, constructed or operated, or to be financed, acquired, constructed or operated, or any parts thereof, including reservoirs, basins, dams, canals, aqueducts, standpipes, conduits, pipelines, mains, pumping stations, water distribution systems, compensating reservoirs, waterworks, or sources of water supply, well, purification or filtration plants, or other plants or works, connections, rights of flowage or diversion, and other plants, structures, boats, conveyances and other real and personal property, or rights therein, and appurtenances necessary or useful for the accumulation, supply or distribution of water.

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

purpose of replacing residential lead service lines, regardless of possible private service connection ownership.

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

C.58:26-23 Notice of intent, review of proposals, negotiation of contract, terms.

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

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

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

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

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

- (1) The charges, rates, fees or formulas to be used to determine the charges, rates, or fees to be charged by the public entity for the water supply services to be provided;
- (2) The allocation of the risks of financing and constructing planned capital additions or upgrades to existing water supply facilities;
- (3) The allocation of the risks of operating and maintaining the water supply facility;
- (4) The allocation of the risks associated with circumstances or occurrences beyond the control of the parties to the contract;

(5) The defaulting and termination of the contract;

(6) The employment of current employees of the public entity whose positions or employment will be affected by the terms of the contract;

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

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

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

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

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

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

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

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

C.58:26-25 Approval of application.

7. a. Within 60 days of receipt of the application, the board and division shall approve, or conditionally approve, an application submitted by a public entity pursuant to subsection f. of section 6 of P.L.1995, c.101 (C.58:26-24). Within 60 days of receipt of the hearing report,

the department shall provide any comments on the hearing report it deems appropriate to the board, division and public entity. If the board or division fail to approve or conditionally approve the application within 60 days after receipt, the application shall be deemed approved, unless the public entity has agreed to an extension of the period.

b. If either the board or division conditionally approves the application, the board or division shall state in writing the revision to the proposed contract that is necessary in order for it to be approved. If the board or division determines that the required revision is substantial, the public entity shall hold a public hearing on the revision and adhere to the provisions of section 6 of P.L.1995, c.101 (C.58:26-24) in so doing. A substantial revision shall be a change that results in an increase in the charges, rates or fees of the private firm or that materially changes other terms and conditions of the contract. The proposed revision to the contract shall be submitted to the board, division and department 15 days prior to the date of the public hearing. If the board or division determines that the required revision in the conditional approval is not substantial, the public entity shall submit the proposed revision to the contract to the board and the division for approval and to the department for review. The revision shall be approved if found to be consistent with the conditions set forth in the conditional approval, or disapproved with a written explanation as to why the revision is not consistent, within 15 days after the next public meeting of the board or division.

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

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

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

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

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

Upon approval of a contract as proposed or as revised in response to a conditional approval, the jurisdiction of the board over the contract shall terminate until or unless the contract is amended to change the formula or other basis of determining charges contained therein.

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

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

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

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

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

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

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

g. If the public entity and private firm would like to amend a contract after approval of an application by the board and division, the public entity shall submit proposed amendments to the board and division for approval and to the department for review. At the next public meeting of the board and of the division after receipt of proposed amendments, the board and the division shall determine whether the proposed amendments are substantial. If the amendments are substantial in nature as determined by either the board or the division, the public entity shall conduct a hearing pursuant to section 6 of P.L.1995, c.101 (C.58:26-24). Within 60 days of the receipt of proposed amendments that are not determined to be substantial, or within 60 days of the receipt of an application for approval of proposed amendments that are determined to be substantial, the board and division shall approve or conditionally approve the amendments in accordance with the applicable procedures established for approval of an original contract pursuant to this section .

17. This act shall take effect immediately.

Approved July 22, 2021.

# ASSEMBLY, No. 5407

## STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED MARCH 1, 2021

**Sponsored by:**

**Assemblyman GARY S. SCHAER**

**District 36 (Bergen and Passaic)**

**Assemblyman ROBERT J. KARABINCHAK**

**District 18 (Middlesex)**

**Assemblyman ANTHONY S. VERRELLI**

**District 15 (Hunterdon and Mercer)**

**SYNOPSIS**

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

**CURRENT VERSION OF TEXT**

As introduced.



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

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

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

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

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

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

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

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

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

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

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

**EXPLANATION** – Matter enclosed in bold-faced brackets **[thus]** in the above bill is  
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

29

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

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

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

39 (2) To sue and be sued;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

19

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

12

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

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

18 a. Buildings and structures.

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

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

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

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

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

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

36 4. Additional furnishings, five years.

37 b. Marine improvements.

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

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

41 c. Additional equipment and machinery.

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

44 2. Voting machines, 15 years.

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

48 d. Real property.

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

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

9 g. Vehicles and apparatus.

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

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

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

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

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

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

39

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

1 of Local Government Services in the Department of Community  
2 Affairs along with the annual budget of the local unit.

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

19

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

21 40A:4-43. The governing body may and shall, when directed by  
22 the local government board, prepare, approve and adopt a budget  
23 for the expenditure of public funds for capital purposes to give  
24 effect to general improvement programs.

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

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

41

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

43 40A:4-44. The local government board shall adopt, and may  
44 from time to time amend, reasonable rules and regulations for  
45 capital budgets. Regulations may classify the type of budget  
46 required, according to the size of the local unit, the nature of the  
47 capital projects or any other reasonable basis of distinction, and  
48 shall require a statement of capital undertakings underway or

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

13 After promulgation of regulations by the local government  
14 board, the governing body shall expend or incur obligations for  
15 capital purposes only after the adoption of a capital budget and in  
16 accordance with such budget except for the preliminary expense of  
17 plans, specifications and estimates.

18 (cf: N.J.S.40A:4-44)

19

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

21 40A:4-78. a. If the director finds that all requirements of law  
22 and of the regulations of the local government board have been met,  
23 **[he]** the director shall approve the budget, otherwise **[he]** the  
24 director shall refuse to approve it.

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

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

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

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

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

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

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

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

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

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

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

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

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

35  
36 10. Section 10 of P.L.1983, c.313 (C.40A:5A-10) is amended to  
37 read as follows:

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

44 b. The Local Finance Board shall prescribe by rule or  
45 regulation the procedure for the adoption of budgets by authorities.  
46 The rules and regulations may include or be similar to any  
47 provisions of the "Local Budget Law" (N.J.S.40A:4-1 et seq.) which  
48 the Local Finance Board shall deem to be practicable or necessary,

1 and may further include any other provisions and requirements  
2 which the Local Finance Board shall deem appropriate or necessary.  
3 The rules and regulations shall provide for approval or disapproval  
4 of a budget within 45 days of the director's receipt thereof.

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

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

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

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

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

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

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

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

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

45 The director shall act to require immediate compliance with the  
46 "Local Authorities Fiscal Control Law," P.L.1983, c.313  
47 (C.40A:5A-1 et seq.), if the director finds that any such exemption  
48 impairs the fiscal integrity or solvency of any such authority. Any

1 appeal of a governing body's action in adopting an annual budget  
2 shall be made to the director.

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

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

14

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

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

40

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

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

47 a. All estimates of revenue are reasonable, accurate and  
48 correctly stated;

1 b. Items of appropriation are properly set forth;

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

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

10 The director may require such documentation, records and other  
11 information, and undertake any audit or investigation, as ~~he~~ the  
12 director may deem necessary in connection with ~~his~~ the review.

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

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

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

37

38 13. (New section) a. Whenever there is available an  
39 undesignated fund balance or unreserved retained earnings held by  
40 a municipal water authority that is being dissolved by a  
41 municipality, no more than five percent of the annual costs of  
42 operation of the authority, as set forth in the final adopted budget of  
43 the authority, may be appropriated therefrom for uses not directly  
44 related to drinking water management, unless the Local Finance  
45 Board determines that the municipality has demonstrated a need for  
46 greater than five percent based on a showing of significant fiscal  
47 distress.

1       b. The Local Finance Board may condition its approval for a  
2 municipality's proposal to dissolve a municipal water authority on  
3 the municipality's proposal to comply with subsection a. of this  
4 section.

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

6  
7       14. N.J.S.40A:31-3 is amended to read as follows:

8       40A:31-3. As used in **[this act]** the "County and Municipal  
9 Water Supply Act," N.J.S.40A:31-1 et seq. :

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

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

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

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

39       The term "water supply facilities" includes the replacement of  
40 service connections to a publicly-owned water system, from the  
41 distribution main onto privately-owned real property and into a  
42 privately-owned structure, when used in reference to a project  
43 undertaken for the purpose of replacing **[lead-contaminated]**  
44 residential lead service [connections] lines, regardless of possible  
45 private service connection ownership **[**, so long as the project is (1)  
46 an environmental infrastructure project, as defined under section 3  
47 of P.L.1985, c.334 (C.58:11B-3), and (2) funded either by loans  
48 from the New Jersey Infrastructure Bank, created pursuant to

1 section 4 of P.L.1985, c.334 (C.58:11B-4), or by loans issued  
2 through the Department of Environmental Protection】.

3 (cf: P.L.2018, c.114, s.5)

4

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

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

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

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

40 d. A public entity shall select one qualified proposal from  
41 among those submitted. The public entity shall negotiate a contract  
42 with the private firm that submitted the selected proposal. If the  
43 public entity is unable to negotiate a satisfactory contract with the  
44 selected private firm, it may select another qualified proposal from  
45 among those submitted and proceed to negotiate a contract with the  
46 private firm that submitted the proposal. The public entity shall set  
47 forth in writing the reasons for the selection of the qualified  
48 proposal submitted by the private firm with which the public entity

1 has negotiated a proposed contract and shall make this document  
2 available to the public along with the proposed contract upon  
3 request and during the public hearing conducted pursuant to section  
4 6 of P.L.1995, c.101 (C.58:26-24).

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

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

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

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

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

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

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

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

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

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

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

43 f. If a dispute over contract compliance, performance or  
44 termination cannot be resolved by the public entity and the private  
45 firm pursuant to the procedures set forth in the contract, either party  
46 to the contract may file with the Superior Court which has  
47 appropriate jurisdiction a request for an order either to terminate the

1 contract based on the reasons stated in the request or for an order  
2 for other appropriate relief to the dispute. The court may take such  
3 action as it may deem necessary to facilitate the expeditious  
4 resolution of the dispute and an expeditious response to the request,  
5 including ordering the parties to undertake a dispute resolution or  
6 mediation process. The court shall use, as it deems necessary, the  
7 services of a financial expert in the area of water supply service  
8 contracts in its analysis of the contract and the issues before it.  
9 Within 90 days after the filing of a request, the court shall either  
10 grant the request or deny the request. If the request is granted, the  
11 court shall order such appropriate relief measures or remedies as it  
12 deems appropriate and necessary.

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

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

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

26

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

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

39 b. If either the board or division conditionally approves the  
40 application, the board or division shall state in writing the revision  
41 to the proposed contract that is necessary in order for it to be  
42 approved. If the board or division determines that the required  
43 revision is substantial, the public entity shall hold a public hearing  
44 on the revision and adhere to the provisions of section 6 of  
45 P.L.1995, c.101 (C.58:26-24) in so doing. A substantial revision  
46 shall be a change that results in an increase in the charges, rates or  
47 fees of the private firm or that materially changes other terms and  
48 conditions of the contract. The proposed revision to the contract

1 shall be submitted to the board, division and department 15 days  
2 prior to the date of the public hearing. If the board or division  
3 determines that the required revision in the conditional approval is  
4 not substantial, the public entity shall submit the proposed revision  
5 to the contract to the board and the division for approval and to the  
6 department for review. The revision shall be approved if found to  
7 be consistent with the conditions set forth in the conditional  
8 approval, or disapproved with a written explanation as to why the  
9 revision is not consistent, within 15 days after the next public  
10 meeting of the board or division.

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

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

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

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

38 (4) The contract contains the provisions required by paragraphs  
39 (1), (2) and (6) of subsection e. of section 5 of P.L.1995, c.101  
40 (C.58:26-23).

41 Upon approval of a contract as proposed or as revised in  
42 response to a conditional approval, the jurisdiction of the board  
43 over the contract shall terminate until or unless the contract is  
44 amended to change the formula or other basis of determining  
45 charges contained therein.

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

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

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

11 (3) The contract contains the provisions required by paragraphs  
12 (3), (4), (5), (7) **【and】**, (8) **and** (9) of subsection e. of section 5 of  
13 P.L.1995, c.101 (C.58:26-23).

14 The division shall also review and specifically approve any  
15 contract provision pursuant to which a public entity will or may  
16 execute a financing instrument for the purposes set forth in the  
17 contract.

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

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

29 g. If the public entity and private firm would like to amend a  
30 contract after approval of an application by the board and division,  
31 the public entity shall submit proposed amendments to the board  
32 and division for approval and to the department for review. At the  
33 next public meeting of the board and of the division after receipt of  
34 proposed amendments, the board and the division shall determine  
35 whether the proposed amendments are substantial. If the  
36 amendments are substantial in nature as determined by either the  
37 board or the division, the public entity shall conduct a hearing  
38 pursuant to section 6 of P.L.1995, c.101 (C.58:26-24). Within 60  
39 days of the receipt of proposed amendments that are not determined  
40 to be substantial, or within 60 days of the receipt of an application  
41 for approval of proposed amendments that are determined to be  
42 substantial, the board and division shall approve or conditionally  
43 approve the amendments in accordance with the applicable  
44 procedures established for approval of an original contract pursuant  
45 to this section **【7 of P.L.1995, c.101 (C.58:26-19 et al.)】** .  
46 (cf: P.L.1995, c.101, s.7)

1 17. Section 2 of P.L.2017, c.133 (C.58:31-2) is amended to read  
2 as follows:

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

4 "Board" means the Board of Public Utilities.

5 "Department" means the Department of Environmental  
6 Protection.

7 "New Jersey Cybersecurity and Communications Integration  
8 Cell" means the New Jersey Cybersecurity and Communications  
9 Integration Cell established pursuant to Executive Order No. 178  
10 (2015) in the New Jersey Office of Homeland Security and  
11 Preparedness, or any successor entity.

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

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

16 (cf: P.L.2017, c.133, s.2)

17

18 18. Section 3 of P.L.2017, c.133 (C.58:31-3) is amended to read  
19 as follows:

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

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

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

37 (2) cleaning out of the valve box;

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

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

42 (b) the number of turns which constitutes 15 percent of the total  
43 number of turns necessary to completely open or completely close  
44 the valve; and

45 (4) complying with any other criteria as may be required by the  
46 department pursuant to rules and regulations adopted pursuant to

1 the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et  
2 seq.).

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

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

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

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

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

28 (cf: P.L.2017, c.133, s.3)

29

30 19. Section 4 of P.L.2017, c.133 (C.58:31-4) is amended to read  
31 as follows:

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

46 A copy of the program developed pursuant to this subsection  
47 shall be provided to the New Jersey Cybersecurity and

1 Communications Integration Cell **【**, established pursuant to  
2 Executive Order No. 178 (2015) in the New Jersey Office of  
3 Homeland Security and Preparedness**】** .

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

9 c. **【**A water purveyor that does not have an internet-connected  
10 control system shall be exempt from the requirements of this  
11 section.**】** (Deleted by amendment, P.L. , c. (C. ) (pending  
12 before the Legislature as this bill)  
13 (cf: P.L.2017, c.133, s.4)  
14

15 20. Section 6 of P.L.2017, c.133 (C.58:31-6) is amended to read  
16 as follows:

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

35 21. Section 7 of P.L.2017, c.133 (C.58:31-7) is amended to read  
36 as follows:

37 7. a. Beginning no later than 18 months after the effective date  
38 of **【this act】** P.L.2017, c.133 (C.58:31-1 et seq.) , **【every water**  
39 **purveyor】** an owner of a public community water system shall  
40 implement an asset management plan designed to inspect, maintain,  
41 repair, and renew its infrastructure consistent with standards  
42 established by the American Water Works Association. The asset  
43 management plan shall include:

44 (1) a water main renewal program designed to achieve a **【150-**  
45 **year】** replacement cycle, **【or other appropriate replacement cycle as**  
46 **determined by a detailed engineering analysis of the asset condition**  
47 **and estimated service lives of the water mains serving the public**

1 water system] the duration of which shall be determined by  
2 dividing the number of miles of water mains in the public  
3 community water system by 100 or another calculation determined  
4 to be appropriate by the department ;

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

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

14 (4) a certification of the completeness of the asset management  
15 plan signed by the licensed operator or professional engineer of the  
16 public community water system and: the responsible corporate  
17 officer of the public community water system, if privately held; the  
18 executive director, if an authority; or the mayor or chief executive  
19 officer of the municipality, if municipally owned, as applicable; and

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

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

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

39 b. [At least once every three years, each] Each water purveyor  
40 shall provide to the department and the board, if applicable, [a] an  
41 annual report based on its asset management plan prepared pursuant  
42 to subsection a. of this section identifying the infrastructure  
43 improvements to be undertaken in the [coming year] subsequent  
44 three years and the cost of those improvements, as well as  
45 identifying the infrastructure improvements completed in the past  
46 year and the cost of those improvements. If the water purveyor is a  
47 municipality, a county, or an authority subject to the "Local

1 Authorities Fiscal Control Law" (C.40A:5A-1 et seq.), the report  
2 shall also identify infrastructure improvements to be undertaken  
3 pursuant to the asset management plan in the remaining years of the  
4 water purveyor's capital improvement plan, along with the actual or  
5 estimated cost of such improvements. A municipal water  
6 department or municipal water authority shall also submit the report  
7 required pursuant to this subsection to the Division of Local  
8 Government Services in the Department of Community Affairs.

9 c. The department, the board, and the Department of  
10 Community Affairs shall create a centralized portal allowing for  
11 electronic submittal of the report required pursuant to subsection b.  
12 of this section. The lack of a centralized portal pursuant to this  
13 subsection shall not negate the requirement for a water purveyor to  
14 submit a report pursuant to subsection b. of this section.

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

32 (cf: P.L.2017, c.133, s.7)

33

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

44

45 23. Section 5 of P.L.2017, c.133 (C.58:31-5) is repealed.

46

47 24. This act shall take effect immediately.

## STATEMENT

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This bill would amend various public finance laws to remove existing restrictions on the ability of local governments and authorities to finance the costs of lead service line replacements. P.L.2018, c.114 authorized municipalities and affiliated public water purveyors to levy special assessments, and issue bonds, to replace certain lead-contaminated water service lines. However, the provisions of P.L.2018, c.114 apply only to service line replacement projects that are: (1) undertaken as environmental infrastructure projects, as defined under section 3 of P.L.1985, c.334 (C.58:11B-3); and (2) funded either by loans from the New Jersey Infrastructure Bank or by loans issued through the Department of Environmental Protection (DEP). This bill would remove these restrictions. The bill would also add a definition of "lead service line" in the "municipal and county utilities authorities law," P.L.1957, c.183 (C.40:14B-1 et seq.), which includes lead goosenecks and other connections, and service lines composed of galvanized steel. The definition would also specify that a lead service line may be owned by the supplier of water, a property owner, or both. The bill would also limit applicability of the provisions of P.L.2018, c.114 to the replacement of water service lines that connect publicly-owned water systems to residential properties.

Additionally, the bill would extend to 30 years the period of time over which a municipality may allow a property owner to pay assessments attributable to the replacement of lead service lines. Current law allows assessments to be paid over the lesser of: the period of years for which the bonds were issued, or 20 years.

The bill would supplement the "Local Budget Law," N.J.S.40A:4-1 et seq., and the "Local Authorities Fiscal Control Law," P.L.1983, c.313 (C.40A:5A-1 et seq.), to require local governments that supply water to their residents and water authorities to conduct a periodic study of the rates that they charge, and submit the study to the Director of the Division of Local Government Services in the Department of Community Affairs (DCA). The Local Finance Board in the DCA would be required to adopt the procedures, requirements, and frequency of the study. The bill would also authorize the Local Finance Board to hold hearings based on the study and to order the local government or authority to adjust its rates, or take such other action as the board deems appropriate to ensure the integrity of the water infrastructure operated by the local government or authority.

The bill would also amend the "Local Budget Law" to require local governments to include infrastructure improvements required under the "Water Quality Accountability Act," P.L.2017, c.133 (C.58:31-7) (WQAA) and the "Water Pollution Control Act," P.L.1977, c.74 (C.58:10A-1 et seq.) in the capital budget and

1 statement of capital undertakings of the local government. If a  
2 budget fails to include the improvements, the bill would authorize  
3 the Director of the Division of Local Government Services to order  
4 the inclusion of the improvements, along with any revenues or  
5 appropriations necessary to fund them. Similarly, the bill would  
6 amend the "Local Authorities Fiscal Control Law" to require water  
7 authorities to include improvements required under the WQAA and  
8 the "Water Pollution Control Act" in the authority's budget and  
9 would authorize the Director of the Division of Local Government  
10 Services to order their inclusion and a means of financing them.

11 Under the bill, whenever there is available an undesignated fund  
12 balance or unreserved retained earnings held by a municipal water  
13 authority that is being dissolved by a municipality, no more than  
14 five percent of the annual costs of operation of the authority could  
15 be appropriated by the municipality for uses not directly related to  
16 drinking water management, unless the Local Finance Board  
17 determines that the municipality has demonstrated a need for  
18 greater than five percent based on a showing of significant fiscal  
19 distress.

20 The bill would amend the "New Jersey Water Supply Public-  
21 Private Contracting Act," P.L.1995, c.101 (C.58:26-19 et al.), to  
22 require that any contract entered into pursuant to that law include  
23 provisions addressing the allocation of responsibility for  
24 compliance with the provisions of the WQAA. The bill would also  
25 require the Local Finance Board to verify that a contract includes  
26 the provisions, prior to giving its approval.

27 Finally, the bill would modify various requirements of the  
28 WQAA. Specifically, it would modify the definition of "water  
29 purveyor" in the WQAA so that most provisions of the act apply  
30 only to public community water systems with more than 500 service  
31 connections. The bill would make changes to the WQAA's  
32 requirements regarding valve inspections, record keeping, and fire  
33 hydrant identification, as enumerated in section 18 of the bill. The  
34 bill would require water purveyors to conform their cybersecurity  
35 programs to requirements established by the New Jersey  
36 Cybersecurity and Communications Integration Cell in the New  
37 Jersey Office of Homeland Security and Preparedness. In addition,  
38 it would delete an existing exemption from the WQAA's  
39 cybersecurity requirements for water systems that do not have  
40 internet-connected control systems.

41 The bill would also repeal a provision in the WQAA that  
42 required certain water purveyors who violate the "Safe Drinking  
43 Water Act," P.L.1977, c.224 (C.58:12A-1 et seq.) to submit a  
44 mitigation plan to the DEP. The bill would make persons who  
45 violate the WQAA subject to the same penalties as persons who  
46 violate the "Safe Drinking Water Act," and would require the DEP  
47 to adopt a schedule of penalties for specific violations no later than  
48 18 months after the effective date of the bill.

1       The bill would require all owners of public community water  
2 systems to conform to the asset management requirements of the  
3 WQAA, rather than owners of public water systems with more than  
4 500 service connections, as in existing law. The bill would also  
5 make several changes to the asset management requirements of the  
6 WQAA, as enumerated in section 21 of the bill. The changes  
7 include a requirement to include in each asset management plan: (1)  
8 a capital improvement plan identifying the annual cost of  
9 implementing each element of the asset management plan, along  
10 with the sources of funding for each element; and (2) a certification  
11 of the completeness of the asset management plan. The bill would  
12 also delete the requirement in the WQAA that the asset  
13 management plans and system condition reports be certified to by  
14 the licensed operator or professional engineer of the public water  
15 system and the responsible corporate officer of the public water  
16 system, if privately held, executive director, if an authority, or  
17 mayor or chief executive officer of the municipality, if municipally  
18 owned, as applicable.

ASSEMBLY SPECIAL COMMITTEE ON INFRASTRUCTURE  
AND NATURAL RESOURCES COMMITTEE

STATEMENT TO  
**ASSEMBLY, No. 5407**

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. 5407.

As amended by the committee, this bill would revise various public finance laws to remove existing restrictions on the ability of local governments and authorities to finance the costs of lead service line replacements. P.L.2018, c.114 authorized municipalities and affiliated public water purveyors to levy special assessments, and issue bonds, to replace certain lead-contaminated water service lines. However, the provisions of P.L.2018, c.114 apply only to service line replacement projects that are: (1) undertaken as environmental infrastructure projects, as defined under section 3 of P.L.1985, c.334 (C.58:11B-3); and (2) funded either by loans from the New Jersey Infrastructure Bank or by loans issued through the Department of Environmental Protection (DEP). This bill would remove these restrictions. The bill would also add a definition of "lead service line" to the "municipal and county utilities authorities law," P.L.1957, c.183 (C.40:14B-1 et seq.). Specifically, the bill would define "lead service line" to mean a water supply connection that is made of, or lined with, a material containing lead, and which connects a water main to a building inlet. The definition expressly includes lead pigtails, goosenecks, and other lead fittings, regardless of the composition of the service line or other portions of the piping to which such piece is attached. A galvanized service line would also be considered to be a lead service line. The bill would specify, moreover, that a lead service line may be owned by the public community water system, by the property owner, or both. The bill would further clarify that P.L.2018, c.114 applies to the replacement of water service lines that connect publicly-owned water systems to residential, commercial, or institutional properties.

Additionally, the bill would extend to 30 years the period of time over which a municipality may allow a property owner to pay assessments attributable to the replacement of lead service lines.

Current law allows assessments to be paid over the lesser of: the period of years for which the bonds were issued, or 20 years.

The bill would supplement the "Local Budget Law," N.J.S.40A:4-1 et seq., and the "Local Authorities Fiscal Control Law," P.L.1983, c.313 (C.40A:5A-1 et seq.), to require local governments that supply water to their residents and authorities to conduct a periodic study of the rates that they charge, and submit the study to the Director of the Division of Local Government Services in the Department of Community Affairs (DCA). The Local Finance Board in the DCA would be required to adopt the procedures, requirements, and frequency of the study. The bill would also authorize the Local Finance Board to hold hearings based on the study and to order the local government or authority to adjust its rates, or take such other action as the board deems appropriate to ensure the integrity of the water infrastructure operated by the local government or authority.

The bill would also amend the "Local Budget Law" to require local governments to include infrastructure improvements required under the "Water Quality Accountability Act," P.L.2017, c.133 (C.58:31-7) (WQAA) and the "Water Pollution Control Act," P.L.1977, c.74 (C.58:10A-1 et seq.) in the capital budget and statement of capital undertakings of the local government. If a budget fails to include the improvements, the bill would authorize the Director of the Division of Local Government Services to order the inclusion of the improvements, along with any revenues or appropriations necessary to fund them. Similarly, the bill would amend the "Local Authorities Fiscal Control Law" to require authorities to include improvements required under the WQAA and the "Water Pollution Control Act" in the authority's budget and would authorize the Director of the Division of Local Government Services to order their inclusion and a means of financing them.

Under the bill, whenever there is available an undesignated fund balance or unreserved retained earnings held by a municipal utilities authority that is being dissolved by a municipality, no more than five percent of the annual costs of operation of the authority could be appropriated by the municipality for uses not directly related to drinking water management, unless the Local Finance Board determines that the municipality has demonstrated a need for greater than five percent based on a showing of significant fiscal distress.

The bill would amend the "New Jersey Water Supply Public-Private Contracting Act," P.L.1995, c.101 (C.58:26-19 et al.), to require that any contract entered into pursuant to that law include provisions addressing the allocation of responsibility for compliance with the provisions of the WQAA. The bill would also require the Local Finance Board to verify that a contract includes the provisions, prior to giving its approval.

COMMITTEE AMENDMENTS:

The committee amended the bill to expand its provisions to apply to any municipal utilities authority with a water supply operation, rather than applying solely to water-only utilities. The amendments delete language that referred exclusively to water-only authorities, systems, and utilities, and they replace such phraseology with new language referring to water-related authorities, systems, and utilities.

The amendments additionally revise the definition of “lead service line” to make the definition consistent with the definition used in A5343 (Shaer/McKnight/Spearman/Karabinchak), and they further clarify that the terms of P.L.2018, c.114 are intended to apply to residential, commercial, and institutional lead service lines.

Finally, the committee amendments remove all provisions of the bill that modified various requirements of the “Water Quality Accountability Act,” P.L.2017, c.133 (C.58:31-7).

# SENATE BUDGET AND APPROPRIATIONS COMMITTEE

## STATEMENT TO

[First Reprint]

**ASSEMBLY, No. 5407**

# **STATE OF NEW JERSEY**

DATED: JUNE 17, 2021

The Senate Budget and Appropriations Committee reports favorably Assembly Bill No. 5407 (1R).

This bill would revise various public finance laws to remove existing restrictions on the ability of local governments and authorities to finance the costs of lead service line replacements. P.L.2018, c.114 authorized municipalities and affiliated public water purveyors to levy special assessments, and issue bonds, to replace certain lead-contaminated water service lines. However, the provisions of P.L.2018, c.114 apply only to service line replacement projects that are: (1) undertaken as environmental infrastructure projects, as defined under section 3 of P.L.1985, c.334 (C.58:11B-3); and (2) funded either by loans from the New Jersey Infrastructure Bank or by loans issued through the Department of Environmental Protection (DEP). This bill would remove these restrictions. The bill would also add a definition of "lead service line" to the "municipal and county utilities authorities law," P.L.1957, c.183 (C.40:14B-1 et seq.). Specifically, the bill would define "lead service line" to mean a water supply connection that is made of, or lined with, a material containing lead, and which connects a water main to a building inlet. The definition expressly includes lead pigtails, goosenecks, and other lead fittings, regardless of the composition of the service line or other portions of the piping to which such piece is attached. A galvanized service line would also be considered to be a lead service line. The bill would specify, moreover, that a lead service line may be owned by the public community water system, by the property owner, or both. The bill would further clarify that P.L.2018, c.114 applies to the replacement of water service lines that connect publicly-owned water systems to residential, commercial, or institutional properties.

Additionally, the bill would extend to 30 years the period of time over which a municipality may allow a property owner to pay assessments attributable to the replacement of lead service lines. Current law allows assessments to be paid over the lesser of: the period of years for which the bonds were issued, or 20 years.

The bill would supplement the "Local Budget Law," N.J.S.40A:4-1 et seq., and the "Local Authorities Fiscal Control Law," P.L.1983, c.313 (C.40A:5A-1 et seq.), to require local governments that supply

water to their residents and authorities to conduct a periodic study of the rates that they charge, and submit the study to the Director of the Division of Local Government Services in the Department of Community Affairs (DCA). The Local Finance Board in the DCA would be required to adopt the procedures, requirements, and frequency of the study. The bill would also authorize the Local Finance Board to hold hearings based on the study and to order the local government or authority to adjust its rates, or take such other action as the board deems appropriate to ensure the integrity of the water infrastructure operated by the local government or authority.

The bill would also amend the "Local Budget Law" to require local governments to include infrastructure improvements required under the "Water Quality Accountability Act," P.L.2017, c.133 (C.58:31-7) (WQAA) and the "Water Pollution Control Act," P.L.1977, c.74 (C.58:10A-1 et seq.) in the capital budget and statement of capital undertakings of the local government. If a budget fails to include the improvements, the bill would authorize the Director of the Division of Local Government Services to order the inclusion of the improvements, along with any revenues or appropriations necessary to fund them. Similarly, the bill would amend the "Local Authorities Fiscal Control Law" to require authorities to include improvements required under the WQAA and the "Water Pollution Control Act" in the authority's budget and would authorize the Director of the Division of Local Government Services to order their inclusion and a means of financing them.

Under the bill, whenever there is available an undesignated fund balance or unreserved retained earnings held by a municipal utilities authority that is being dissolved by a municipality, no more than five percent of the annual costs of operation of the authority could be appropriated by the municipality for uses not directly related to drinking water management, unless the Local Finance Board determines that the municipality has demonstrated a need for greater than five percent based on a showing of significant fiscal distress.

The bill would amend the "New Jersey Water Supply Public-Private Contracting Act," P.L.1995, c.101 (C.58:26-19 et al.), to require that any contract entered into pursuant to that law include provisions addressing the allocation of responsibility for compliance with the provisions of the WQAA. The bill would also require the Local Finance Board to verify that a contract includes the provisions, prior to giving its approval.

As reported by the committee, this bill is identical to Senate Bill No. 3459 (2R), as amended and reported by the committee on this date.

**FISCAL IMPACT:**

The Office of Legislative Services (OLS) determines that the bill will result in indeterminate increases to annual State and local

government expenditures. Local governments that supply water to their residents will be required to conduct a periodic study of the rates that they charge and submit the study to the Director of the Division of Local Government Services in the Department of Community Affairs (DCA). The bill would authorize the Local Finance Board to hold hearings based on the study and to order the local government or authority to adjust its rates, or take such other action as the board deems appropriate. The increased oversight by the DCA may increase state costs, and local governments may have to adjust rates, which would have an indeterminate impact on their revenues.

The OLS determines that there will be a marginal increase to the Local Finance Board in the DCA to adopt the procedures, requirements, and frequency of the study required to be performed by local governments. The OLS determines this is a one-time cost that could be subsumed within existing duties.

Local governments are also required to include infrastructure improvements required under the Water Quality Accountability Act and Water Pollution Control Act in their capital budgets. Failure to do so would allow the Division of Local Government Services to order the inclusion along with any appropriations necessary to fund them. Local governments may incur additional costs to carry out these capital improvements while the DCA may experience costs related to ensuring that local governments include these improvements in their capital budgets.

The bill allows local governments to issue bonds for up to 30 years to finance lead service line replacements and also extends to 30 years the period of time over which a municipality may allow a property owner to pay assessments attributable to the replacement of lead service lines. Longer dated bonds will increase the expenditures of local governments choosing to use this financing method due to additional interest payments. They will also realize greater revenue from the related assessments used to pay for the capital improvements. Based on financial decisions made, these revenues may or may not offset the expenditure increases.

# LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

## ASSEMBLY, No. 5407

### STATE OF NEW JERSEY 219th LEGISLATURE

DATED: MARCH 29, 2021

#### SUMMARY

- Synopsis:** Removes restrictions on special assessments and bond issuances for replacement of residential lead service lines; revises budgetary requirements for operators of certain water systems.
- Type of Impact:** Annual State expenditure increase; local expenditure and revenue increases.
- Agencies Affected:** Department of Community Affairs and certain local governments.

#### Office of Legislative Services Estimate

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

- The Office of Legislative Services (OLS) determines that the bill will result in indeterminate increases to annual State and local government expenditures. Local governments that supply water to their residents will be required to conduct a periodic study of the rates that they charge and submit the study to the Director of the Division of Local Government Services in the Department of Community Affairs (DCA). The bill would authorize the Local Finance Board to hold hearings based on the study and to order the local government or authority to adjust its rates, or take such other action as the board deems appropriate. The increased oversight by the DCA may increase state costs, and local governments may have to adjust rates, which would have an indeterminate impact on their revenues.
- The OLS determines that there will be a marginal increase to the Local Finance Board in the DCA to adopt the procedures, requirements, and frequency of the study required to be performed by local governments. The OLS determines this is a one-time cost that could be subsumed within existing duties.
- Local governments are also required to include infrastructure improvements required under the Water Quality Accountability Act and Water Pollution Control Act in their capital budgets.

Failure to do so would allow the Division of Local Government Services to order the inclusion along with any appropriations necessary to fund them. Local governments may incur additional costs to carry out these capital improvements while the DCA may experience costs related to ensuring that local governments include these improvements in their capital budgets.

- The bill allows local governments to issue bonds for up to 30 years to finance lead service line replacements and also extends to 30 years the period of time over which a municipality may allow a property owner to pay assessments attributable to the replacement of lead service lines. Longer dated bonds will increase the expenditures of local governments choosing to use this financing method due to additional interest payments. They will also realize greater revenue from the related assessments used to pay for the capital improvements. Based on financial decisions made, these revenues may or may not offset the expenditure increases.

## **BILL DESCRIPTION**

This bill would revise various public finance laws to remove existing restrictions on the ability of local governments and authorities to finance the costs of lead service line replacements. Current law authorizes municipalities and affiliated public water purveyors to levy special assessments, and issue bonds, to replace certain lead-contaminated water service lines.

Additionally, the bill would extend to 30 years the period of time over which a municipality may allow a property owner to pay assessments attributable to the replacement of lead service lines. Current law allows assessments to be paid over the lesser of: the period of years for which the bonds were issued, or 20 years.

The bill would supplement current law to require local governments that supply water to their residents and authorities to conduct a periodic study of the rates that they charge, and submit the study to the Director of the Division of Local Government Services in the DCA. The Local Finance Board in the DCA would be required to adopt the procedures, requirements, and frequency of the study. The bill would also authorize the Local Finance Board to hold hearings based on the study and to order the local government or authority to adjust its rates, or take such other action as the board deems appropriate to ensure the integrity of the water infrastructure operated by the local government or authority.

The bill would also amend the Local Budget Law to require local governments to include infrastructure improvements required under the Water Quality Accountability Act and the Water Pollution Control Act in the capital budget and statement of capital undertakings of the local government. If a budget fails to include the improvements, the bill would authorize the Director of the Division of Local Government Services to order the inclusion of the improvements, along with any revenues or appropriations necessary to fund them.

Under the bill, whenever there is available an undesignated fund balance or unreserved retained earnings held by a municipal utilities authority that is being dissolved by a municipality, no more than five percent of the annual costs of operation of the authority could be appropriated by the municipality for uses not directly related to drinking water management, unless the Local Finance Board determines that the municipality has demonstrated a need for greater than five percent based on a showing of significant fiscal distress.

The bill would amend the New Jersey Water Supply Public-Private Contracting Act to require that any contract entered into pursuant to that law include provisions addressing the allocation of responsibility for compliance with the provisions of the Water Quality Accountability Act. The bill would also require the Local Finance Board to verify that a contract includes the provisions, prior to giving its approval.

## FISCAL ANALYSIS

### *EXECUTIVE BRANCH*

None received.

### *OFFICE OF LEGISLATIVE SERVICES*

The OLS determines that the bill will result in indeterminate increases to annual State and local government expenditures. Local governments that supply water to their residents will be required to conduct a periodic study of the rates that they charge and submit the study to the Director of the Division of Local Government Services in the DCA. The bill would authorize the Local Finance Board to hold hearings based on the study and to order the local government or authority to adjust its rates, or take such other action as the board deems appropriate. The increased oversight by the DCA may increase state costs, and local governments may have to adjust rates, which would have an indeterminate impact on their revenues.

Local governments are also required to include infrastructure improvements required under the Water Quality Accountability Act and Water Pollution Control Act in their capital budgets. Failure to do so would allow the Division of Local Government Services to order the inclusion along with any appropriations necessary to fund them. Local governments may incur additional costs to carry out these capital improvements while the DCA may experience costs related to ensuring that local governments include these improvements in their capital budgets.

The bill allows local governments to issue bonds for up to 30 years to finance lead service line replacements and also extends to 30 years the period of time over which a municipality may allow a property owner to pay assessments attributable to the replacement of lead service lines. Longer dated bonds will increase the expenditures of local governments choosing to use this financing method due to additional interest payments. They will also realize greater revenue from the related assessments used to pay for the capital improvements. Based on financial decisions made, these revenues may or may not offset the expenditure increases.

*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.).

**SENATE, No. 3459**

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

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INTRODUCED FEBRUARY 16, 2021

**Sponsored by:**

**Senator TROY SINGLETON**

**District 7 (Burlington)**

**Co-Sponsored by:**

**Senator Rice**

**SYNOPSIS**

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

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 3/11/2021)**

S3459 SINGLETON

2

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

5

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

8

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

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

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

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

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

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

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

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

**EXPLANATION** – Matter enclosed in bold-faced brackets **[thus]** in the above bill is  
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

S3459 SINGLETON

6

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

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

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

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

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

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

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

S3459 SINGLETON

7

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

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

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

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

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

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

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

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

29

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

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

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

39 (2) To sue and be sued;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

19

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

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

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

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

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

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

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

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

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

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

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

- 1 lands or property by the ocean or other waters, including the filing  
2 in and grading necessary for the protection of such improvements.
- 3 i. The construction, reconstruction, enlargement or extension  
4 of a sewer or drain in, under or along a street, alley or public  
5 highway, or portion thereof, or in, under or along any public or  
6 private lands; the construction, reconstruction, enlargement or  
7 extension of a system of sewerage or drainage or both combined;  
8 the construction, reconstruction, enlargement or extension of a  
9 system of drainage of the marshes and wet lowlands within the  
10 municipality; the construction, reconstruction, enlargement or  
11 alteration of a system of works for the sanitary disposal of sewage  
12 or drainage.
- 13 j. (1) The installation of service connections to a system of  
14 water, gas, light, heat or power works owned by a municipality or  
15 otherwise, including all such works as may be necessary for  
16 supplying water, gas, light, heat or power to real estate for whose  
17 benefit such services are provided. This authorization includes, but  
18 shall not be limited to, the installation of service connections to a  
19 publicly-owned water system, from the distribution main onto  
20 privately-owned real property and into the privately-owned  
21 structure, for the purpose of replacing **【lead-contaminated】**  
22 residential lead service **【connections】** lines, regardless of possible  
23 private service connection ownership **【**, so long as the project is (a)  
24 undertaken as an environmental infrastructure project, as defined  
25 under section 3 of P.L.1985, c.334 (C.58:11B-3), and (b) funded  
26 either by loans from the New Jersey Infrastructure Bank, created  
27 pursuant to section 4 of P.L.1985, c.334 (C.58:11B-4), or by loans  
28 issued through the Department of Environmental Protection**】**;
- 29 (2) The installation of service connections including the laying,  
30 construction or placing of mains, conduits or cables in, under or  
31 along a street, alley or other public highway or portion thereof.
- 32 k. The construction, reconstruction, enlargement or extension  
33 of any water main or other works for the distribution of water  
34 supplied by the State or any of its political subdivisions, or any  
35 public agency of any of the same.
- 36 l. The installation of such lighting standards, appliances and  
37 appurtenances as may be required for the brilliant illumination of  
38 the streets in those parts of the municipality where the governing  
39 body of the municipality may deem it necessary or proper to  
40 establish what is commonly called a "white way."
- 41 m. The widening, deepening or improvement of any stream,  
42 creek, river or other waterway.
- 43 n. The removal of obstructions in, and the constructing,  
44 reconstructing, enlarging or extending of any waterway, of  
45 enclosing walls, or of a pipe or conduit or any brook or  
46 watercourse, or part of same.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

12

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

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

18 a. Buildings and structures.

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

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

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

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

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

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

36 4. Additional furnishings, five years.

37 b. Marine improvements.

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

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

41 c. Additional equipment and machinery.

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

44 2. Voting machines, 15 years.

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

48 d. Real property.

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

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

9 g. Vehicles and apparatus.

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

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

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

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

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

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

39  
40 6. (New section) a. A local unit shall be required to conduct a  
41 periodic study of the adequacy and reasonableness of the rates, fees,  
42 rents, and charges for each water utility that the local unit owns or  
43 operates. The Local Finance Board in the Department of  
44 Community Affairs shall adopt, pursuant to the "Administrative  
45 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), the  
46 procedures, requirements, and frequency of the study. Each  
47 completed study shall be submitted to the Director of the Division

1 of Local Government Services in the Department of Community  
2 Affairs along with the annual budget of the local unit.

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

19

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

21 40A:4-43. The governing body may and shall, when directed by  
22 the local government board, prepare, approve and adopt a budget  
23 for the expenditure of public funds for capital purposes to give  
24 effect to general improvement programs.

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

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

41

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

43 40A:4-44. The local government board shall adopt, and may  
44 from time to time amend, reasonable rules and regulations for  
45 capital budgets. Regulations may classify the type of budget  
46 required, according to the size of the local unit, the nature of the  
47 capital projects or any other reasonable basis of distinction, and  
48 shall require a statement of capital undertakings underway or

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

13 After promulgation of regulations by the local government  
14 board, the governing body shall expend or incur obligations for  
15 capital purposes only after the adoption of a capital budget and in  
16 accordance with such budget except for the preliminary expense of  
17 plans, specifications and estimates.

18 (cf: N.J.S.40A:4-44)

19

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

21 40A:4-78. a. If the director finds that all requirements of law and  
22 of the regulations of the local government board have been met,  
23 **[he]** the director shall approve the budget, otherwise **[he]** the  
24 director shall refuse to approve it.

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

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

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

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

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

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

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

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

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

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

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

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

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

35  
36 10. Section 10 of P.L.1983, c.313 (C.40A:5A-10) is amended to  
37 read as follows:

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

44 b. The Local Finance Board shall prescribe by rule or  
45 regulation the procedure for the adoption of budgets by authorities.  
46 The rules and regulations may include or be similar to any  
47 provisions of the "Local Budget Law" (N.J.S.40A:4-1 et seq.) which  
48 the Local Finance Board shall deem to be practicable or necessary,

1 and may further include any other provisions and requirements  
2 which the Local Finance Board shall deem appropriate or necessary.  
3 The rules and regulations shall provide for approval or disapproval  
4 of a budget within 45 days of the director's receipt thereof.

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

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

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

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

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

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

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

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

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

45 The director shall act to require immediate compliance with the  
46 "Local Authorities Fiscal Control Law," P.L.1983, c.313  
47 (C.40A:5A-1 et seq.), if the director finds that any such exemption  
48 impairs the fiscal integrity or solvency of any such authority. Any

1 appeal of a governing body's action in adopting an annual budget  
2 shall be made to the director.

3 e. The budget for an authority that is required to prepare an  
4 asset management plan pursuant to section 7 of the "Water Quality  
5 Accountability Act," P.L.2017, c.133 (C.58:31-7) or that holds a  
6 permit pursuant to the "Water Pollution Control Act," P.L.1977,  
7 c.74 (C.58:10A-1 et seq.) shall identify the infrastructure  
8 improvements to be undertaken in accordance with the authority's  
9 asset management plan or pursuant to any rule or regulation  
10 pertaining to asset management plans adopted by the Commissioner  
11 of Environmental Protection pursuant to P.L.1977, c.74 (C.58:10A-  
12 1 et seq.), as applicable.  
13 (cf: P.L.2015, c.95, s.18)

14

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

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

40

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

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

47 a. All estimates of revenue are reasonable, accurate and  
48 correctly stated;

1 b. Items of appropriation are properly set forth;

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

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

10 The director may require such documentation, records and other  
11 information, and undertake any audit or investigation, as ~~he~~ the  
12 director may deem necessary in connection with ~~his~~ the review.

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

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

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

37

38 13. (New section) a. Whenever there is available an  
39 undesignated fund balance or unreserved retained earnings held by  
40 a municipal water authority that is being dissolved by a  
41 municipality, no more than five percent of the annual costs of  
42 operation of the authority, as set forth in the final adopted budget of  
43 the authority, may be appropriated therefrom for uses not directly  
44 related to drinking water management, unless the Local Finance  
45 Board determines that the municipality has demonstrated a need for  
46 greater than five percent based on a showing of significant fiscal  
47 distress.

1       b. The Local Finance Board may condition its approval for a  
2 municipality's proposal to dissolve a municipal water authority on  
3 the municipality's proposal to comply with subsection a. of this  
4 section.

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

6  
7       14. N.J.S.40A:31-3 is amended to read as follows:

8       40A:31-3. As used in **[this act]** the "County and Municipal  
9 Water Supply Act," N.J.S.40A:31-1 et seq. :

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

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

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

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

39       The term "water supply facilities" includes the replacement of  
40 service connections to a publicly-owned water system, from the  
41 distribution main onto privately-owned real property and into a  
42 privately-owned structure, when used in reference to a project  
43 undertaken for the purpose of replacing **[lead-contaminated]**  
44 residential lead service [connections] lines, regardless of possible  
45 private service connection ownership **[**, so long as the project is (1)  
46 an environmental infrastructure project, as defined under section 3  
47 of P.L.1985, c.334 (C.58:11B-3), and (2) funded either by loans  
48 from the New Jersey Infrastructure Bank, created pursuant to

1 section 4 of P.L.1985, c.334 (C.58:11B-4), or by loans issued  
2 through the Department of Environmental Protection】.

3 (cf: P.L.2018, c.114, s.5)

4

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

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

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

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

40 d. A public entity shall select one qualified proposal from  
41 among those submitted. The public entity shall negotiate a contract  
42 with the private firm that submitted the selected proposal. If the  
43 public entity is unable to negotiate a satisfactory contract with the  
44 selected private firm, it may select another qualified proposal from  
45 among those submitted and proceed to negotiate a contract with the  
46 private firm that submitted the proposal. The public entity shall set  
47 forth in writing the reasons for the selection of the qualified  
48 proposal submitted by the private firm with which the public entity

1 has negotiated a proposed contract and shall make this document  
2 available to the public along with the proposed contract upon  
3 request and during the public hearing conducted pursuant to section  
4 6 of P.L.1995, c.101 (C.58:26-24).

5 e. A contract entered into pursuant to P.L.1995, c.101 (C.58:26-  
6 19 et al.) shall include provisions addressing the following:

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

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

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

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

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

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

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

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

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

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

42 f. If a dispute over contract compliance, performance or  
43 termination cannot be resolved by the public entity and the private  
44 firm pursuant to the procedures set forth in the contract, either party  
45 to the contract may file with the Superior Court which has  
46 appropriate jurisdiction a request for an order either to terminate the  
47 contract based on the reasons stated in the request or for an order

1 for other appropriate relief to the dispute. The court may take such  
2 action as it may deem necessary to facilitate the expeditious  
3 resolution of the dispute and an expeditious response to the request,  
4 including ordering the parties to undertake a dispute resolution or  
5 mediation process. The court shall use, as it deems necessary, the  
6 services of a financial expert in the area of water supply service  
7 contracts in its analysis of the contract and the issues before it.  
8 Within 90 days after the filing of a request, the court shall either  
9 grant the request or deny the request. If the request is granted, the  
10 court shall order such appropriate relief measures or remedies as it  
11 deems appropriate and necessary.

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

18 h. If a public entity entering a contract consists of multiple  
19 municipalities, a concession fee or other monetary benefit paid by a  
20 private firm as a result of the contract shall be paid directly to the  
21 municipalities constituting that public entity. Any concession fee or  
22 monetary benefit paid by a private firm to a public entity shall be  
23 used for the purpose of reducing or off-setting property taxes.

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

25

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

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

38 b. If either the board or division conditionally approves the  
39 application, the board or division shall state in writing the revision  
40 to the proposed contract that is necessary in order for it to be  
41 approved. If the board or division determines that the required  
42 revision is substantial, the public entity shall hold a public hearing  
43 on the revision and adhere to the provisions of section 6 of  
44 P.L.1995, c.101 (C.58:26-24) in so doing. A substantial revision  
45 shall be a change that results in an increase in the charges, rates or  
46 fees of the private firm or that materially changes other terms and  
47 conditions of the contract. The proposed revision to the contract  
48 shall be submitted to the board, division and department 15 days

1 prior to the date of the public hearing. If the board or division  
2 determines that the required revision in the conditional approval is  
3 not substantial, the public entity shall submit the proposed revision  
4 to the contract to the board and the division for approval and to the  
5 department for review. The revision shall be approved if found to  
6 be consistent with the conditions set forth in the conditional  
7 approval, or disapproved with a written explanation as to why the  
8 revision is not consistent, within 15 days after the next public  
9 meeting of the board or division.

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

12 (1) The private firm entering into the contract has the financial  
13 capacity and technical and administrative experience to ensure  
14 continuity of service over the term of the contract and that the  
15 standards and requirements contained in the application documents  
16 concerning the financial, technical and administrative capacity of  
17 the private firm are necessary and sufficient to protect the public  
18 interest.

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

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

37 (4) The contract contains the provisions required by paragraphs  
38 (1), (2) and (6) of subsection e. of section 5 of P.L.1995, c.101  
39 (C.58:26-23).

40 Upon approval of a contract as proposed or as revised in  
41 response to a conditional approval, the jurisdiction of the board  
42 over the contract shall terminate until or unless the contract is  
43 amended to change the formula or other basis of determining  
44 charges contained therein.

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

47 (1) The terms of the proposed contract do not materially impair  
48 the ability of the public entity to punctually pay principal and

1 interest due on its outstanding indebtedness and to supply other  
2 essential public improvements and services.

3 (2) A concession fee or other monetary benefit paid by a private  
4 firm as a result of the contract is paid directly to the municipalities  
5 constituting that public entity, if a public entity consisting of  
6 multiple municipalities has entered into a contract. Any concession  
7 fee or monetary benefit paid by a private firm to a public entity is  
8 used for the purpose of reducing or off-setting property taxes.

9 (3) The contract contains the provisions required by paragraphs  
10 (3), (4), (5), (7) **【and】** , (8) , and (9) of subsection e. of section 5 of  
11 P.L.1995, c.101 (C.58:26-23).

12 The division shall also review and specifically approve any  
13 contract provision pursuant to which a public entity will or may  
14 execute a financing instrument for the purposes set forth in the  
15 contract.

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

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

27 g. If the public entity and private firm would like to amend a  
28 contract after approval of an application by the board and division,  
29 the public entity shall submit proposed amendments to the board  
30 and division for approval and to the department for review. At the  
31 next public meeting of the board and of the division after receipt of  
32 proposed amendments, the board and the division shall determine  
33 whether the proposed amendments are substantial. If the  
34 amendments are substantial in nature as determined by either the  
35 board or the division, the public entity shall conduct a hearing  
36 pursuant to section 6 of P.L.1995, c.101 (C.58:26-24). Within 60  
37 days of the receipt of proposed amendments that are not determined  
38 to be substantial, or within 60 days of the receipt of an application  
39 for approval of proposed amendments that are determined to be  
40 substantial, the board and division shall approve or conditionally  
41 approve the amendments in accordance with the applicable  
42 procedures established for approval of an original contract pursuant  
43 to this section **【7 of P.L.1995, c.101 (C.58:26-19 et al.)】** .

44 (cf: P.L.1995, c.101, s.7)

45

46 17. Section 2 of P.L.2017, c.133 (C.58:31-2) is amended to read  
47 as follows:

48 2. As used in **【this act】** P.L.2017, c.133 (C.58:31-1 et seq.) :

1 "Board" means the Board of Public Utilities.

2 "Department" means the Department of Environmental  
3 Protection.

4 "New Jersey Cybersecurity and Communications Integration  
5 Cell" means the New Jersey Cybersecurity and Communications  
6 Integration Cell established pursuant to Executive Order No. 178  
7 (2015) in the New Jersey Office of Homeland Security and  
8 Preparedness, or any successor entity.

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

11 "Water purveyor" means any person that owns a public  
12 community water system with more than 500 service connections.  
13 (cf: P.L.2017, c.133, s.2)

14

15 18. Section 3 of P.L.2017, c.133 (C.58:31-3) is amended to read  
16 as follows:

17 3. a. Each water purveyor shall inspect each valve in its  
18 **public** water system in accordance with the provisions of  
19 subsection b. of this section in order to determine (1) accessibility  
20 of the valve for operational purposes, and (2) the valve's operating  
21 condition. A water purveyor shall repair or replace any valve found  
22 to be broken or otherwise not operational.

23 b. Each water purveyor shall inspect each valve that is 12 or  
24 more inches in diameter **at least** in accordance with industry  
25 standards and no less frequently than once every **two** four years,  
26 and shall inspect all other valves **at least** in accordance with  
27 industry standards and no less frequently than once every **four**  
28 eight years, except that the requirements of this subsection shall not  
29 apply to any service connection valve or customer shut-off valve.  
30 At a minimum, each valve inspection conducted pursuant to this  
31 subsection shall include:

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

34 (2) cleaning out of the valve box;

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

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

39 (b) the number of turns which constitutes 15 percent of the total  
40 number of turns necessary to completely open or completely close  
41 the valve; and

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

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

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

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

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

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

26 (cf: P.L.2017, c.133, s.3)

27  
28 19. Section 4 of P.L.2017, c.133 (C.58:31-4) is amended to read  
29 as follows:

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

44 A copy of the program developed pursuant to this subsection  
45 shall be provided to the New Jersey Cybersecurity and  
46 Communications Integration Cell **【**, established pursuant to

1 Executive Order No. 178 (2015) in the New Jersey Office of  
2 Homeland Security and Preparedness】 .

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

8 c. 【A water purveyor that does not have an internet-connected  
9 control system shall be exempt from the requirements of this  
10 section.】 (Deleted by amendment, P.L. , c. (C. ) (pending  
11 before the Legislature as this bill))  
12 (cf: P.L.2017, c.133, s.4)

13

14 20. Section 6 of P.L.2017, c.133 (C.58:31-6) is amended to read  
15 as follows:

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

32 (cf: P.L.2017, c.133, s.6)

33

34 21. Section 7 of P.L.2017, c.133 (C.58:31-7) is amended to read  
35 as follows:

36 7. a. Beginning no later than 18 months after the effective date  
37 of 【this act】 P.L.2017, c.133 (C.58:31-1 et seq.) , 【every water  
38 purveyor】 an owner of a public community water system shall  
39 implement an asset management plan designed to inspect, maintain,  
40 repair, and renew its infrastructure consistent with standards  
41 established by the American Water Works Association. The asset  
42 management plan shall include:

43 (1) a water main renewal program designed to achieve a 【150-  
44 year】 replacement cycle, 【or other appropriate replacement cycle as  
45 determined by a detailed engineering analysis of the asset condition  
46 and estimated service lives of the water mains serving the public  
47 water system】 the duration of which shall be determined by

1 dividing the number of miles of water mains in the public  
2 community water system by 100 or another calculation determined  
3 to be appropriate by the department ;

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

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

13 (4) a certification of the completeness of the asset management  
14 plan signed by the licensed operator or professional engineer of the  
15 public community water system and: the responsible corporate  
16 officer of the public community water system, if privately held; the  
17 executive director, if an authority; or the mayor or chief executive  
18 officer of the municipality, if municipally owned, as applicable; and

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

23 Each **[water purveyor]** owner of a public community water  
24 system shall dedicate adequate funds on an annual basis **[to address**  
25 **and remediate]** towards implementing its asset management plan,  
26 including addressing and remediating the highest priority projects  
27 as determined by its asset management plan.

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

38 b. **[At least once every three years, each]** Each water purveyor  
39 shall provide to the department and the board, if applicable, **[a]** an  
40 annual report based on its asset management plan prepared pursuant  
41 to subsection a. of this section identifying the infrastructure  
42 improvements to be undertaken in the **[coming year]** subsequent  
43 three years and the cost of those improvements, as well as  
44 identifying the infrastructure improvements completed in the past  
45 year and the cost of those improvements. If the water purveyor is a  
46 municipality, a county, or an authority subject to the "Local  
47 Authorities Fiscal Control Law" (C.40A:5A-1 et seq.), the report

1 shall also identify infrastructure improvements to be undertaken  
2 pursuant to the asset management plan in the remaining years of the  
3 water purveyor's capital improvement plan, along with the actual or  
4 estimated cost of such improvements. A municipal water  
5 department or municipal water authority shall also submit the report  
6 required pursuant to this subsection to the Division of Local  
7 Government Services in the Department of Community Affairs.

8 c. The department, the board, and the Department of  
9 Community Affairs shall create a centralized portal allowing for  
10 electronic submittal of the report required pursuant to subsection b.  
11 of this section. The lack of a centralized portal pursuant to this  
12 subsection shall not negate the requirement for a water purveyor to  
13 submit a report pursuant to subsection b. of this section.

14 d. In consultation with the Director of the Division of Local  
15 Government Services in the Department of Community Affairs and  
16 the board, the Commissioner of Environmental Protection shall set a  
17 deadline for submission of the completed annual report; however,  
18 the deadline for submission shall be no later than December 31 for  
19 counties and municipalities with a calendar year budget cycle, June  
20 30 for municipalities with a State fiscal year budget cycle, or, for  
21 authorities subject to the "Local Authorities Fiscal Control Law,"  
22 P.L.1983, c.313 (C.40A:5A-1 et seq.), 15 days prior to the deadline  
23 established by the Division of Local Government Services for an  
24 authority to submit its introduced annual budget. Water purveyors  
25 that are municipalities, counties, or authorities subject to P.L.1983,  
26 c.313 (C.40A:5A-1 et seq.) shall submit the completed annual  
27 report to the Director of the Division of Local Government Services  
28 concurrent with the introduced annual budget for the budget year  
29 next following the date on which the report is required to be  
30 completed.

31 (cf: P.L.2017, c.133, s.7)

32

33 22. (New section) Any person who violates the provisions of  
34 P.L.2017, c.133 (C.58:31-1 et seq.), or any rule or regulation  
35 adopted pursuant thereto, shall be subject to the penalties and other  
36 remedies set forth in section 10 of P.L.1977, c.224 (C.58:12A-10).  
37 No later than 18 months after the effective date of P.L. ,  
38 c. (C. ) (pending before the Legislature as this bill), the  
39 department shall adopt, pursuant to the "Administrative Procedure  
40 Act," P.L.1968, c.410 (C.52:14B-1 et seq.), a schedule of civil  
41 administrative penalties to be applied pursuant to this section for  
42 specific violations of P.L.2017, c.133 (C.58:31-1 et seq.).

43

44 23. Section 5 of P.L.2017, c.133 (C.58:31-5) is repealed.

45

46 24. This act shall take effect immediately.

## STATEMENT

1  
2  
3 This bill would amend various public finance laws to remove  
4 existing restrictions on the ability of local governments and  
5 authorities to finance the costs of lead service line replacements.  
6 P.L.2018, c.114 authorized municipalities and affiliated public  
7 water purveyors to levy special assessments, and issue bonds, to  
8 replace certain lead-contaminated water service lines. However, the  
9 provisions of P.L.2018, c.114 apply only to service line replacement  
10 projects that are: (1) undertaken as environmental infrastructure  
11 projects, as defined under section 3 of P.L.1985, c.334 (C.58:11B-  
12 3); and (2) funded either by loans from the New Jersey  
13 Infrastructure Bank or by loans issued through the Department of  
14 Environmental Protection (DEP). This bill would remove these  
15 restrictions. The bill would also add a definition of "lead service  
16 line" in the "municipal and county utilities authorities law,"  
17 P.L.1957, c.183 (C.40:14B-1 et seq.), which includes lead  
18 goosenecks and other connections, and service lines composed of  
19 galvanized steel. The definition would also specify that a lead  
20 service line may be owned by the supplier of water, a property  
21 owner, or both. The bill would also limit applicability of the  
22 provisions of P.L.2018, c.114 to the replacement of water service  
23 lines that connect publicly-owned water systems to residential  
24 properties.

25 Additionally, the bill would extend to 30 years the period of time  
26 over which a municipality may allow a property owner to pay  
27 assessments attributable to the replacement of lead service lines.  
28 Current law allows assessments to be paid over the lesser of: the  
29 period of years for which the bonds were issued, or 20 years.

30 The bill would supplement the "Local Budget Law,"  
31 N.J.S.40A:4-1 et seq., and the "Local Authorities Fiscal Control  
32 Law," P.L.1983, c.313 (C.40A:5A-1 et seq.), to require local  
33 governments that supply water to their residents and water  
34 authorities to conduct a periodic study of the rates that they charge,  
35 and submit the study to the Director of the Division of Local  
36 Government Services in the Department of Community Affairs  
37 (DCA). The Local Finance Board in the DCA would be required to  
38 adopt the procedures, requirements, and frequency of the study.  
39 The bill would also authorize the Local Finance Board to hold  
40 hearings based on the study and to order the local government or  
41 authority to adjust its rates, or take such other action as the board  
42 deems appropriate to ensure the integrity of the water infrastructure  
43 operated by the local government or authority.

44 The bill would also amend the "Local Budget Law" to require  
45 local governments to include infrastructure improvements required  
46 under the "Water Quality Accountability Act," P.L.2017, c.133  
47 (C.58:31-7) (WQAA) and the "Water Pollution Control Act,"  
48 P.L.1977, c.74 (C.58:10A-1 et seq.) in the capital budget and

1 statement of capital undertakings of the local government. If a  
2 budget fails to include the improvements, the bill would authorize  
3 the Director of the Division of Local Government Services to order  
4 the inclusion of the improvements, along with any revenues or  
5 appropriations necessary to fund them. Similarly, the bill would  
6 amend the "Local Authorities Fiscal Control Law" to require water  
7 authorities to include improvements required under the WQAA and  
8 the "Water Pollution Control Act" in the authority's budget and  
9 would authorize the Director of the Division of Local Government  
10 Services to order their inclusion and a means of financing them.

11 Under the bill, whenever there is available an undesignated fund  
12 balance or unreserved retained earnings held by a municipal water  
13 authority that is being dissolved by a municipality, no more than  
14 five percent of the annual costs of operation of the authority could  
15 be appropriated by the municipality for uses not directly related to  
16 drinking water management, unless the Local Finance Board  
17 determines that the municipality has demonstrated a need for  
18 greater than five percent based on a showing of significant fiscal  
19 distress.

20 The bill would amend the "New Jersey Water Supply Public-  
21 Private Contracting Act," P.L.1995, c.101 (C.58:26-19 et al.), to  
22 require that any contract entered into pursuant to that law include  
23 provisions addressing the allocation of responsibility for  
24 compliance with the provisions of the WQAA. The bill would also  
25 require the Local Finance Board to verify that a contract includes  
26 the provisions, prior to giving its approval.

27 Finally, the bill would modify various requirements of the  
28 WQAA. Specifically, it would modify the definition of "water  
29 purveyor" in the WQAA so that most provisions of the act apply  
30 only to public community water systems with more than 500 service  
31 connections. The bill would make changes to the WQAA's  
32 requirements regarding valve inspections, record keeping, and fire  
33 hydrant identification, as enumerated in section 18 of the bill. The  
34 bill would require water purveyors to conform their cybersecurity  
35 programs to requirements established by the New Jersey  
36 Cybersecurity and Communications Integration Cell in the New  
37 Jersey Office of Homeland Security and Preparedness. In addition,  
38 it would delete an existing exemption from the WQAA's  
39 cybersecurity requirements for water systems that do not have  
40 internet-connected control systems.

41 The bill would also repeal a provision in the WQAA that  
42 required certain water purveyors who violate the "Safe Drinking  
43 Water Act," P.L.1977, c.224 (C.58:12A-1 et seq.) to submit a  
44 mitigation plan to the DEP. The bill would make persons who  
45 violate the WQAA subject to the same penalties as persons who  
46 violate the "Safe Drinking Water Act," and would require the DEP  
47 to adopt a schedule of penalties for specific violations no later than  
48 18 months after the effective date of the bill.

**S3459 SINGLETON**

37

1       The bill would require all owners of public community water  
2 systems to conform to the asset management requirements of the  
3 WQAA, rather than owners of public water systems with more than  
4 500 service connections, as in existing law. The bill would also  
5 make several changes to the asset management requirements of the  
6 WQAA, as enumerated in section 21 of the bill. The changes  
7 include a requirement to include in each asset management plan: (1)  
8 a capital improvement plan identifying the annual cost of  
9 implementing each element of the asset management plan, along  
10 with the sources of funding for each element; and (2) a certification  
11 of the completeness of the asset management plan. The bill would  
12 also delete the requirement in the WQAA that the asset  
13 management plans and system condition reports be certified to by  
14 the licensed operator or professional engineer of the public water  
15 system and the responsible corporate officer of the public water  
16 system, if privately held, executive director, if an authority, or  
17 mayor or chief executive officer of the municipality, if municipally  
18 owned, as applicable.

# SENATE COMMUNITY AND URBAN AFFAIRS COMMITTEE

## STATEMENT TO

### **SENATE, No. 3459**

with committee amendments

# **STATE OF NEW JERSEY**

DATED: MARCH 11, 2021

The Senate Community and Urban Affairs Committee reports favorably and with committee amendments Senate Bill No. 3459.

As amended, this bill would amend various public finance laws to remove existing restrictions on the ability of local governments and authorities to finance the costs of lead service line replacements. P.L.2018, c.114 authorized municipalities and affiliated public water purveyors to levy special assessments, and issue bonds, to replace certain lead-contaminated water service lines. However, the provisions of P.L.2018, c.114 apply only to service line replacement projects that are: (1) undertaken as environmental infrastructure projects, as defined under section 3 of P.L.1985, c.334 (C.58:11B-3); and (2) funded either by loans from the New Jersey Infrastructure Bank or by loans issued through the Department of Environmental Protection (DEP). This bill would remove these restrictions. The bill would also add a definition of "lead service line" in the "municipal and county utilities authorities law," P.L.1957, c.183 (C.40:14B-1 et seq.), which includes lead goosenecks and other connections, and service lines composed of galvanized steel. The definition would also specify that a lead service line may be owned by the supplier of water, a property owner, or both. The bill would also limit applicability of the provisions of P.L.2018, c.114 to the replacement of water service lines that connect publicly-owned water systems to residential properties.

Additionally, the bill would extend to 30 years the period of time over which a municipality may allow a property owner to pay assessments attributable to the replacement of lead service lines. Current law allows assessments to be paid over the lesser of: the period of years for which the bonds were issued, or 20 years.

The bill would supplement the "Local Budget Law," N.J.S.40A:4-1 et seq., and the "Local Authorities Fiscal Control Law," P.L.1983, c.313 (C.40A:5A-1 et seq.), to require local governments that supply water to their residents and authorities to conduct a periodic study of the rates that they charge, and submit the study to the Director of the Division of Local Government Services in the Department of Community Affairs (DCA). The Local Finance Board in the DCA would be required to adopt the procedures, requirements, and frequency of the study. The bill would also authorize the Local

Finance Board to hold hearings based on the study and to order the local government or authority to adjust its rates, or take such other action as the board deems appropriate to ensure the integrity of the water infrastructure operated by the local government or authority.

The bill would also amend the "Local Budget Law" to require local governments to include infrastructure improvements required under the "Water Quality Accountability Act," P.L.2017, c.133 (C.58:31-7) (WQAA) and the "Water Pollution Control Act," P.L.1977, c.74 (C.58:10A-1 et seq.) in the capital budget and statement of capital undertakings of the local government. If a budget fails to include the improvements, the bill would authorize the Director of the Division of Local Government Services to order the inclusion of the improvements, along with any revenues or appropriations necessary to fund them. Similarly, the bill would amend the "Local Authorities Fiscal Control Law" to require authorities to include improvements required under the WQAA and the "Water Pollution Control Act" in the authority's budget and would authorize the Director of the Division of Local Government Services to order their inclusion and a means of financing them.

Under the bill, whenever there is available an undesignated fund balance or unreserved retained earnings held by a municipal utilities authority that is being dissolved by a municipality, no more than five percent of the annual costs of operation of the authority could be appropriated by the municipality for uses not directly related to drinking water management, unless the Local Finance Board determines that the municipality has demonstrated a need for greater than five percent based on a showing of significant fiscal distress.

The bill would amend the "New Jersey Water Supply Public-Private Contracting Act," P.L.1995, c.101 (C.58:26-19 et al.), to require that any contract entered into pursuant to that law include provisions addressing the allocation of responsibility for compliance with the provisions of the WQAA. The bill would also require the Local Finance Board to verify that a contract includes the provisions, prior to giving its approval.

#### COMMITTEE AMENDMENTS:

The committee amendments expand the bill's provisions to apply to more than solely a water-only utility. Additionally, the amendments provide technical changes to the bill to include water-related authorities, systems, and utilities instead of exclusively water-only authorities, systems, and utilities. Lastly, the committee amendments removed all provisions of the bill that modified various requirements of the "Water Quality Accountability Act," P.L.2017, c.133 (C.58:31-7).

# SENATE BUDGET AND APPROPRIATIONS COMMITTEE

## STATEMENT TO

[First Reprint]

## **SENATE, No. 3459**

with committee amendments

# **STATE OF NEW JERSEY**

DATED: JUNE 17, 2021

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 3459 (1R), with committee amendments.

This bill would revise various public finance laws to remove existing restrictions on the ability of local governments and authorities to finance the costs of lead service line replacements. P.L.2018, c.114 authorized municipalities and affiliated public water purveyors to levy special assessments, and issue bonds, to replace certain lead-contaminated water service lines. However, the provisions of P.L.2018, c.114 apply only to service line replacement projects that are: (1) undertaken as environmental infrastructure projects, as defined under section 3 of P.L.1985, c.334 (C.58:11B-3); and (2) funded either by loans from the New Jersey Infrastructure Bank or by loans issued through the Department of Environmental Protection (DEP). This bill would remove these restrictions. The bill would also add a definition of "lead service line" to the "municipal and county utilities authorities law," P.L.1957, c.183 (C.40:14B-1 et seq.). Specifically, the bill would define "lead service line" to mean a water supply connection that is made of, or lined with, a material containing lead, and which connects a water main to a building inlet. The definition expressly includes lead pigtails, goosenecks, and other lead fittings, regardless of the composition of the service line or other portions of the piping to which such piece is attached. A galvanized service line would also be considered to be a lead service line. The bill would specify, moreover, that a lead service line may be owned by the public community water system, by the property owner, or both. The bill would further clarify that P.L.2018, c.114 applies to the replacement of water service lines that connect publicly-owned water systems to residential, commercial, or institutional properties.

Additionally, the bill would extend to 30 years the period of time over which a municipality may allow a property owner to pay assessments attributable to the replacement of lead service lines. Current law allows assessments to be paid over the lesser of: the period of years for which the bonds were issued, or 20 years.

The bill would supplement the "Local Budget Law," N.J.S.40A:4-1 et seq., and the "Local Authorities Fiscal Control Law," P.L.1983, c.313 (C.40A:5A-1 et seq.), to require local governments that supply water to their residents and authorities to conduct a periodic study of the rates that they charge, and submit the study to the Director of the Division of Local Government Services in the Department of Community Affairs (DCA). The Local Finance Board in the DCA would be required to adopt the procedures, requirements, and frequency of the study. The bill would also authorize the Local Finance Board to hold hearings based on the study and to order the local government or authority to adjust its rates, or take such other action as the board deems appropriate to ensure the integrity of the water infrastructure operated by the local government or authority.

The bill would also amend the "Local Budget Law" to require local governments to include infrastructure improvements required under the "Water Quality Accountability Act," P.L.2017, c.133 (C.58:31-7) (WQAA) and the "Water Pollution Control Act," P.L.1977, c.74 (C.58:10A-1 et seq.) in the capital budget and statement of capital undertakings of the local government. If a budget fails to include the improvements, the bill would authorize the Director of the Division of Local Government Services to order the inclusion of the improvements, along with any revenues or appropriations necessary to fund them. Similarly, the bill would amend the "Local Authorities Fiscal Control Law" to require authorities to include improvements required under the WQAA and the "Water Pollution Control Act" in the authority's budget and would authorize the Director of the Division of Local Government Services to order their inclusion and a means of financing them.

Under the bill, whenever there is available an undesignated fund balance or unreserved retained earnings held by a municipal utilities authority that is being dissolved by a municipality, no more than five percent of the annual costs of operation of the authority could be appropriated by the municipality for uses not directly related to drinking water management, unless the Local Finance Board determines that the municipality has demonstrated a need for greater than five percent based on a showing of significant fiscal distress.

The bill would amend the "New Jersey Water Supply Public-Private Contracting Act," P.L.1995, c.101 (C.58:26-19 et al.), to require that any contract entered into pursuant to that law include provisions addressing the allocation of responsibility for compliance with the provisions of the WQAA. The bill would also require the Local Finance Board to verify that a contract includes the provisions, prior to giving its approval.

As amended and reported by the committee, this bill is identical to Assembly Bill No. 5407 (1R), which also was reported by the committee on this date.

COMMITTEE AMENDMENTS:

The committee amendments clarify that P.L.2018, c.114 applies to the replacement of water service lines that connect publicly-owned water systems to residential, commercial, or institutional properties. The amendments also revise the definition of “lead service line.”

FISCAL IMPACT:

The Office of Legislative Services (OLS) determines that the bill will result in indeterminate increases to annual State and local government expenditures. Local governments that supply water to their residents will be required to conduct a periodic study of the rates that they charge and submit the study to the Director of the Division of Local Government Services in the Department of Community Affairs (DCA). The bill would authorize the Local Finance Board to hold hearings based on the study and to order the local government or authority to adjust its rates, or take such other action as the board deems appropriate. The increased oversight by the DCA may increase state costs, and local governments may have to adjust rates, which would have an indeterminate impact on their revenues.

The OLS determines that there will be a marginal increase to the Local Finance Board in the DCA to adopt the procedures, requirements, and frequency of the study required to be performed by local governments. The OLS determines this is a one-time cost that could be subsumed within existing duties.

Local governments are also required to include infrastructure improvements required under the Water Quality Accountability Act and Water Pollution Control Act in their capital budgets. Failure to do so would allow the Division of Local Government Services to order the inclusion along with any appropriations necessary to fund them. Local governments may incur additional costs to carry out these capital improvements while the DCA may experience costs related to ensuring that local governments include these improvements in their capital budgets.

The bill allows local governments to issue bonds for up to 30 years to finance lead service line replacements and also extends to 30 years the period of time over which a municipality may allow a property owner to pay assessments attributable to the replacement of lead service lines. Longer dated bonds will increase the expenditures of local governments choosing to use this financing method due to additional interest payments. They will also realize greater revenue from the related assessments used to pay for the capital improvements. Based on financial decisions made, these revenues may or may not offset the expenditure increases.

# LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

## SENATE, No. 3459 STATE OF NEW JERSEY 219th LEGISLATURE

DATED: MAY 11, 2021

### SUMMARY

- Synopsis:** Removes restrictions on special assessments and bond issuances for replacement of residential lead service lines; revises budgetary requirements for operators of certain water systems.
- Type of Impact:** Annual State expenditure increase; local expenditure and revenue increases.
- Agencies Affected:** Department of Community Affairs and certain local governments.

#### Office of Legislative Services Estimate

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

- The Office of Legislative Services (OLS) determines that the bill will result in indeterminate increases to annual State and local government expenditures. Local governments that supply water to their residents will be required to conduct a periodic study of the rates that they charge and submit the study to the Director of the Division of Local Government Services in the Department of Community Affairs (DCA). The bill would authorize the Local Finance Board to hold hearings based on the study and to order the local government or authority to adjust its rates, or take such other action as the board deems appropriate. The increased oversight by the DCA may increase state costs, and local governments may have to adjust rates, which would have an indeterminate impact on their revenues.
- The OLS determines that there will be a marginal increase to the Local Finance Board in the DCA to adopt the procedures, requirements, and frequency of the study required to be performed by local governments. The OLS determines this is a one-time cost that could be subsumed within existing duties.
- Local governments are also required to include infrastructure improvements required under the Water Quality Accountability Act and Water Pollution Control Act in their capital budgets.

Failure to do so would allow the Division of Local Government Services to order the inclusion along with any appropriations necessary to fund them. Local governments may incur additional costs to carry out these capital improvements while the DCA may experience costs related to ensuring that local governments include these improvements in their capital budgets.

- The bill allows local governments to issue bonds for up to 30 years to finance lead service line replacements and also extends to 30 years the period of time over which a municipality may allow a property owner to pay assessments attributable to the replacement of lead service lines. Longer dated bonds will increase the expenditures of local governments choosing to use this financing method due to additional interest payments. They will also realize greater revenue from the related assessments used to pay for the capital improvements. Based on financial decisions made, these revenues may or may not offset the expenditure increases.

## **BILL DESCRIPTION**

This bill would revise various public finance laws to remove existing restrictions on the ability of local governments and authorities to finance the costs of lead service line replacements. Current law authorizes municipalities and affiliated public water purveyors to levy special assessments, and issue bonds, to replace certain lead-contaminated water service lines.

Additionally, the bill would extend to 30 years the period of time over which a municipality may allow a property owner to pay assessments attributable to the replacement of lead service lines. Current law allows assessments to be paid over the lesser of: the period of years for which the bonds were issued, or 20 years.

The bill would supplement current law to require local governments that supply water to their residents and authorities to conduct a periodic study of the rates that they charge, and submit the study to the Director of the Division of Local Government Services in the DCA. The Local Finance Board in the DCA would be required to adopt the procedures, requirements, and frequency of the study. The bill would also authorize the Local Finance Board to hold hearings based on the study and to order the local government or authority to adjust its rates, or take such other action as the board deems appropriate to ensure the integrity of the water infrastructure operated by the local government or authority.

The bill would also amend the Local Budget Law to require local governments to include infrastructure improvements required under the Water Quality Accountability Act and the Water Pollution Control Act in the capital budget and statement of capital undertakings of the local government. If a budget fails to include the improvements, the bill would authorize the Director of the Division of Local Government Services to order the inclusion of the improvements, along with any revenues or appropriations necessary to fund them.

Under the bill, whenever there is available an undesignated fund balance or unreserved retained earnings held by a municipal utilities authority that is being dissolved by a municipality, no more than five percent of the annual costs of operation of the authority could be appropriated by the municipality for uses not directly related to drinking water management, unless the Local Finance Board determines that the municipality has demonstrated a need for greater than five percent based on a showing of significant fiscal distress.

The bill would amend the New Jersey Water Supply Public-Private Contracting Act to require that any contract entered into pursuant to that law include provisions addressing the allocation of responsibility for compliance with the provisions of the Water Quality Accountability Act. The bill would also require the Local Finance Board to verify that a contract includes the provisions, prior to giving its approval.

## FISCAL ANALYSIS

### *EXECUTIVE BRANCH*

None received.

### *OFFICE OF LEGISLATIVE SERVICES*

The OLS determines that the bill will result in indeterminate increases to annual State and local government expenditures. Local governments that supply water to their residents will be required to conduct a periodic study of the rates that they charge and submit the study to the Director of the Division of Local Government Services in the DCA. The bill would authorize the Local Finance Board to hold hearings based on the study and to order the local government or authority to adjust its rates, or take such other action as the board deems appropriate. The increased oversight by the DCA may increase state costs, and local governments may have to adjust rates, which would have an indeterminate impact on their revenues.

Local governments are also required to include infrastructure improvements required under the Water Quality Accountability Act and Water Pollution Control Act in their capital budgets. Failure to do so would allow the Division of Local Government Services to order the inclusion along with any appropriations necessary to fund them. Local governments may incur additional costs to carry out these capital improvements while the DCA may experience costs related to ensuring that local governments include these improvements in their capital budgets.

The bill allows local governments to issue bonds for up to 30 years to finance lead service line replacements and also extends to 30 years the period of time over which a municipality may allow a property owner to pay assessments attributable to the replacement of lead service lines. Longer dated bonds will increase the expenditures of local governments choosing to use this financing method due to additional interest payments. They will also realize greater revenue from the related assessments used to pay for the capital improvements. Based on financial decisions made, these revenues may or may not offset the expenditure increases.

*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]

**SENATE, No. 3459**

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

DATED: JUNE 24, 2021

### **SUMMARY**

- Synopsis:** Removes restrictions on special assessments and bond issuances for replacement of residential lead service lines; revises budgetary requirements for operators of certain water systems.
- Type of Impact:** Annual State expenditure increase; local expenditure and revenue increases.
- Agencies Affected:** Department of Community Affairs and certain local governments.

#### **Office of Legislative Services Estimate**

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

- The Office of Legislative Services (OLS) determines that the bill will result in indeterminate increases to annual State and local government expenditures. Local governments that supply water to their residents will be required to conduct a periodic study of the rates that they charge and submit the study to the Director of the Division of Local Government Services in the Department of Community Affairs (DCA). The bill would authorize the Local Finance Board to hold hearings based on the study and to order the local government or authority to adjust its rates, or take such other action as the board deems appropriate. The increased oversight by the DCA may increase state costs, and local governments may have to adjust rates, which would have an indeterminate impact on their revenues.
- The OLS determines that there will be a marginal increase to the Local Finance Board in the DCA to adopt the procedures, requirements, and frequency of the study required to be performed by local governments. The OLS determines this is a one-time cost that could be subsumed within existing duties.
- Local governments are also required to include infrastructure improvements required under the Water Quality Accountability Act and Water Pollution Control Act in their capital budgets.

Failure to do so would allow the Division of Local Government Services to order the inclusion along with any appropriations necessary to fund them. Local governments may incur additional costs to carry out these capital improvements while the DCA may experience costs related to ensuring that local governments include these improvements in their capital budgets.

- The bill allows local governments to issue bonds for up to 30 years to finance lead service line replacements and also extends to 30 years the period of time over which a municipality may allow a property owner to pay assessments attributable to the replacement of lead service lines. Longer dated bonds will increase the expenditures of local governments choosing to use this financing method due to additional interest payments. They will also realize greater revenue from the related assessments used to pay for the capital improvements. Based on financial decisions made, these revenues may or may not offset the expenditure increases.

### **BILL DESCRIPTION**

This bill would revise various public finance laws to remove existing restrictions on the ability of local governments and authorities to finance the costs of lead service line replacements. Current law authorizes municipalities and affiliated public water purveyors to levy special assessments, and issue bonds, to replace certain lead-contaminated water service lines.

Additionally, the bill would extend to 30 years the period of time over which a municipality may allow a property owner to pay assessments attributable to the replacement of lead service lines. Current law allows assessments to be paid over the lesser of: the period of years for which the bonds were issued, or 20 years.

The bill would supplement current law to require local governments that supply water to their residents and authorities to conduct a periodic study of the rates that they charge, and submit the study to the Director of the Division of Local Government Services in the DCA. The Local Finance Board in the DCA would be required to adopt the procedures, requirements, and frequency of the study. The bill would also authorize the Local Finance Board to hold hearings based on the study and to order the local government or authority to adjust its rates, or take such other action as the board deems appropriate to ensure the integrity of the water infrastructure operated by the local government or authority.

The bill would also amend the Local Budget Law to require local governments to include infrastructure improvements required under the Water Quality Accountability Act and the Water Pollution Control Act in the capital budget and statement of capital undertakings of the local government. If a budget fails to include the improvements, the bill would authorize the Director of the Division of Local Government Services to order the inclusion of the improvements, along with any revenues or appropriations necessary to fund them.

Under the bill, whenever there is available an undesignated fund balance or unreserved retained earnings held by a municipal utilities authority that is being dissolved by a municipality, no more than five percent of the annual costs of operation of the authority could be appropriated by the municipality for uses not directly related to drinking water management, unless the Local Finance Board determines that the municipality has demonstrated a need for greater than five percent based on a showing of significant fiscal distress.

The bill would amend the New Jersey Water Supply Public-Private Contracting Act to require that any contract entered into pursuant to that law include provisions addressing the allocation of responsibility for compliance with the provisions of the Water Quality Accountability Act. The bill would also require the Local Finance Board to verify that a contract includes the provisions, prior to giving its approval.

## FISCAL ANALYSIS

### *EXECUTIVE BRANCH*

None received.

### *OFFICE OF LEGISLATIVE SERVICES*

The OLS determines that the bill will result in indeterminate increases to annual State and local government expenditures. Local governments that supply water to their residents will be required to conduct a periodic study of the rates that they charge and submit the study to the Director of the Division of Local Government Services in the DCA. The bill would authorize the Local Finance Board to hold hearings based on the study and to order the local government or authority to adjust its rates, or take such other action as the board deems appropriate. The increased oversight by the DCA may increase state costs, and local governments may have to adjust rates, which would have an indeterminate impact on their revenues.

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*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.”

[READ MORE](#)

## 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.”

[READ MORE](#)

## 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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