



LEGISLATIVE HISTORY CHECKLIST

NJSA: 40:14A-7.3

(Sewerage authorities--deposit money--hold in separate interest bearing accounts)

LAWS OF: 1985

CHAPTER: 314

Bill No: A337

Sponsor(s): Riley and others

Date Introduced: Pre-filed

Committee: Assembly: Municipal Government

Senate: County and Municipal Government

Amended during passage: Yes

Substituted for S1833 (not attached since identical to A337). Amendments during passage denoted by asterisks.

Date of Passage:

Assembly: November 19, 1984

Senate: June 27, 1985

Date of Approval: August 28, 1985

Following statements are attached if available:

Sponsor statement: Yes

Committee statement: Assembly Yes

Senate Yes

Fiscal Note: No

Veto Message: No

Message on Signing: No

Following were printed:

Reports: No

Hearings: No

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ASSEMBLY. No. 337

STATE OF NEW JERSEY

PRE-FILED FOR INTRODUCTION IN THE 1984 SESSION

By Assemblymen RILEY, MARSELLA, BOCCHINI and BRYANT

A SUPPLEMENT to the "sewerage authorities law," approved April 23, 1946 (P. L. 1946, c. 138, C. 40:14A-1 et seq.).

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

1 1. Whenever a sewerage authority requires a person to deposit
2 ***an amount of*** ***[an amount of]*** money ***[exceeding**
3 **\$3,000.00]*** ***exceeding \$5,000.00*** for professional services em-
4 ployed by the sewerage authority, for sewerage authority in-
4A spection fees or to satisfy any performance or maintenance
5 guarantee requirements, the money, until repaid or applied to the
6 purposes for which it is deposited, including the person's portion
7 of the interest earned thereon, except as otherwise provided in this
8 section, shall continue to be the property of the person and shall
9 be held in trust by the sewerage authority. Money deposited shall be
10 held in escrow ***[in a separate account for each person]*** ***[and*
11 *shall not be mingled with other sewerage authority funds]***. The
12 sewerage authority receiving the money shall deposit it in a banking
13 institution or savings and loan association in this State insured by
14 an agency of the federal government, or in any other fund or
15 depository approved for such deposits by the State, in an account
16 bearing interest at a minimum at the rate currently paid by the
17 institution or depository on time or savings deposits. The sewerage
18 authority shall notify the person in writing of the name and address
19 of the institution or depository in which the deposit is made and
20 the amount of the deposit. The sewerage authority shall not be

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 printed in italics *thus* is new matter.

Matter enclosed in asterisks or stars has been adopted as follows:

*—Assembly committee amendments adopted May 14, 1984.

**—Senate committee amendments adopted June 20, 1985.

21 required to refund an amount of interest paid on a deposit which
22 does not exceed ***[in the aggregate]*** \$100.00 for the year. ***[For**
23 amounts of interest in excess of \$100.00, the sewerage authority
24 may receive as administration expenses a sum equivalent to no
25 more than 25% of the interest actually paid by the institution or
26 depository on the deposit, which shall be in lieu of all other ad-
27 ministrative and custodial expenses. The balance of the interest
28 so earned shall belong to the person and shall be refunded to him
29 by the authority annually or at the time the deposit is repaid or
30 applied to the purposes for which it was deposited, as the case
31 may be.]* **If the amount of interest exceeds \$100.00, that entire*
32 *amount shall belong to the person and shall be refunded to him*
33 *by the authority annually or at the time the deposit is repaid or*
34 *applied to the purposes for which it was deposited, as the case may*
35 *be; except that the sewerage authority may retain for administra-*
36 *tive expenses a sum equivalent to no more than ****[25%]*****
37 *****33 $\frac{1}{3}$ %**** of that entire amount, which shall be in lieu of all other*
38 *administrative and custodial expenses.**

39 The provisions of this act shall apply only to that interest earned
40 and paid on a deposit after the effective date of this act.

1 2. This act shall take effect immediately.

23 of interest in excess of \$100.00, the sewerage authority may receive
24 as administration expenses a sum equivalent to no more than 25%
25 of the interest actually paid by the institution or depository on the
26 deposit, which shall be in lieu of all other administrative and
27 custodial expenses. The balance of the interest so earned shall
28 belong to the person and shall be refunded to him by the authority
29 annually or at the time the deposit is repaid or applied to the
30 purposes for which it was deposited, as the case may be.

31 The provisions of this act shall apply only to that interest earned
32 and paid on a deposit after the effective date of this act.

1 2. This act shall take effect immediately.

STATEMENT

This bill requires a sewerage authority to segregate and hold in escrow money, when in excess of \$3,000.00, it requires a person to deposit for professional services employed by the authority, authority inspection fees, performance or maintenance guarantees. The sewerage authority shall deposit the money in a financial institution where the funds shall earn at least the minimum interest paid on time or savings deposits. The sewerage authority may retain no more than 25% of the interest, in excess of \$100.00, for administrative costs with the remainder of the interest being paid to the person at least quarterly.

A 337 (1985)

ASSEMBLY MUNICIPAL GOVERNMENT COMMITTEE

STATEMENT TO

ASSEMBLY, No. 337

with Assembly committee amendments

STATE OF NEW JERSEY

DATED: MAY 14, 1984

Assembly Bill No. 337 supplements the "sewerage authorities law," P. L. 1946, c. 138 (C. 40:14A-1 et seq.) to require that a sewerage authority keep separate from all other moneys of the authority, hold in escrow, and deposit in an insured interest bearing account in a banking institution or savings and loan association located within the State certain moneys it requires as a deposit from persons for professional services and from developers and contractors as inspection fees, performance guarantees, or maintenance guarantees.

The bill further provides that the authority must notify the depositor in writing of the name and address of the institution or association where the moneys are deposited. All interest earned on the escrow deposit is to be refunded to the depositor when the amount thereof exceeds \$100.00, provided that the authority may retain a maximum of 25% of that interest for administrative costs. The refund provisions apply only to interest earned after the effective date of the bill.

The Assembly committee amendments clarify that a separate account need not be maintained for each depositor, provided that all moneys deposited are kept separate from other authority funds. The amendments also clarify that the entire amount of interest, when in excess of \$100.00, shall be refunded to a depositor, less a maximum of 25% thereof for administrative expenses.

In addition, the amendments delete the \$3,000.00 threshold below which a deposit would not be held in escrow.

SENATE COUNTY AND MUNICIPAL GOVERNMENT
COMMITTEE

STATEMENT TO

ASSEMBLY, No. 337

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with Senate committee amendments

STATE OF NEW JERSEY

DATED: JUNE 20, 1985

Assembly Bill No. 337 OCR Sea supplements the provisions of the "sewerage authorities law," P. L. 1946, c. 138 (C. 40:14A-1 et seq.) to require that the authority keep separate from all other moneys of the authority, hold in escrow, and deposit in an insured interest bearing account in a banking institution or savings and loan association located within the State those moneys it requires as a deposit from persons for professional review fees and from developers and contractors as in special fees, performance guarantees or maintenance guarantees.

The bill further provides that the authority must notify the depositor in writing of the name and address of the institution or association where the moneys are deposited. The interest earned and paid on the deposit, when in excess of \$100.00 for the year, is to be refunded to the depositor. The authority may, however, retain up to 25% of that interest to cover its administrative expenses. The authority is not obligated to refund amounts of interest which do not exceed \$100.00 for the year.

The provisions of the bill apply only to interest earned after the date of enactment.

The committee amended the bill to establish a \$5,000.00 floor for the application of the bill, to authorize commingling and to increase the percentage which may be retained for administrative expenses to 33 $\frac{1}{3}$ %. The committee made additional amendments so that the bill, as amended, would be identical to Senate Bill No. 1833 Sea.