

40:14B-21

LEGISLATIVE HISTORY CHECKLIST

(Amends "Municipal Utilities Authorities Law"--  
authorizes connection fee based on actual cost  
plus debt services.)

HJSA 40:14B-21

LAWS OF 1977

CHAPTER 441

Bill No. S69

Sponsor(s) Vreeland

Date Introduced Pre-filed

Committee: Assembly Municipal Governments

Senate County & Municipal Government

Amended during passage Yes

xxx Amendments during passage denoted by asterisks

Date of Passage: Assembly December 19, 1977

Senate April 29, 1976

Date of approval February 25, 1978

Following statements are attached if available:

Sponsor statement xYes No

Committee Statement: Assembly Yes xNo

Senate Yes xNo

Fiscal Note xYes No

Veto Message xYes No

Message on signing xYes No

Following were printed:

Reports xYes No

Hearings xYes No

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**SENATE, No. 69****STATE OF NEW JERSEY**

PRE-FILED FOR INTRODUCTION IN THE 1976 SESSION

By Senator VREELAND

AN ACT to amend the "Municipal Utilities Authorities Law,"  
approved August 22, 1957 (P. L. 1957, c. 183).

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

1 1. Section 21 of P. L. 1957, c. 183 (C. 40:14B-21) is amended to  
2 read as follows:

3 21. Every municipal authority is hereby authorized to charge  
4 and collect rents, rates, fees or other charges (in this act some-  
5 times referred to as "water service charges") for direct or indirect  
6 connection with, or the use, products or services of, the water  
7 system, or for sale of water or water services, facilities or products.  
8 Such water service charges may be charged to and collected from  
9 any person contracting for such connection or use, products or  
10 services or for such sale or from the owner or occupant, or both  
11 of them, of any real property which directly or indirectly is or has  
12 been connected with the water system or to which directly or in-  
13 directly has been supplied or furnished such use, products or  
14 services of the water system or water or water services, facilities  
15 or products, and the owner of any such real property shall be liable  
16 for and shall pay such water service charges to the municipal  
17 authority at the time when and place where such water service  
18 charges are due and payable. Such rents, rates, fees and charges  
19 shall as nearly as the municipal authority shall deem practicable  
20 and equitable be uniform throughout the district for the same type,  
21 class and amount of use, products or service of the water system,  
22 and may be based or computed either on the consumption of water  
23 on or in connection with the real property, or on the number and  
24 kind of water outlets on or in connection with the real property, or  
25 on the number and kind of plumbing fixtures or facilities on or in  
26 connection with the real property, or on the number of persons  
27 residing or working on or otherwise connected or identified with the

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

28 real property, or on the capacity of the improvements on or con-  
29 nected with the real property, or on any other factors determining  
30 the type, class and amount of use, products or services of the water  
31 system supplied or furnished, or on any combination of such  
32 factors, and may give weight to the characteristics of the water or  
33 water services, facilities or products and, as to service outside the  
34 district, any other matter affecting the cost of supplying or furnish-  
35 ing the same including the cost of installation of necessary physical  
36 properties.

37 *In addition to any such water service charges, a separate charge*  
38 *in the nature of a connection fee or tapping fee, in respect of each*  
39 *connection of any property with the water system may be imposed*  
40 *upon the person making such connection or upon the owner or*  
41 *occupant of the property so connected. Such connection charges*  
42 *shall be uniform within each class of users \*~~but the amount thereof~~\**  
43 *shall otherwise be entirely within the discretion of the authority*\*  
44 *\*and the amount thereof shall not exceed the actual cost of the*  
45 *physical connection plus an amount representing the fair contribu-*  
46 *tion of the connecting party toward the debt service charges on the*  
47 *bonds issued for the installation and construction of the water*  
48 *system previously paid by users of the water system,\* in order that*  
49 *the combination of such connection fee or tapping fee and the*  
50 *aforesaid water service charges shall meet the requirements of*  
51 *section 23 (C. 40:14B-23).*

1     2. This act shall take effect immediately.

ASSEMBLY MUNICIPAL GOVERNMENT COMMITTEE

STATEMENT TO

**SENATE, No. 69**

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**STATE OF NEW JERSEY**

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DATED: NOVEMBER 9, 1976

Senate Bill No. 69 authorizes any county or municipal water and sewage disposal authority operating under the "municipal utilities authorities law," to charge a separate connection fee or tapping fee for any connections to the water system of such authority. The fees are to be imposed upon any person or persons contracting for such connections.

Connection or tapping fees shall (1) be uniform for each class of users, (2) be at a rate set by the authority, and, (3) in combination with other service charges and fees "comply with the terms of any contract entered into by the municipality, and may be such that the revenues of the municipal authority will at all times be adequate to pay the expenses of operation and maintenance of the utility system, including reserves, insurance, extensions and replacements, and to pay the principal of an interest on any bonds and to maintain such reserves or sinking funds. . . ." (section 23 of P. L. 1957, c. 183; C. 40:14B-23).

The provisions of this bill are identical to those for sewerage connection or tapping fees charged by (1) sewerage authorities pursuant to P. L. 1946, c. 138 (C. 40:14A-8), as amended by P. L. 1968, c. 317, and by (2) municipal utilities authorities under (C. 40:14B-22), as amended by P. L. 1971, c. 298.

Connection fees or tapping fees may include (1) actual costs of connection and (2) debt service charges (see *Airwick Industries v. Carlstadt Sewerage Authority*, 57 N. J. 107 (1970)). In the *Airwick* case, the N. J. Supreme Court upheld the right of a sewerage authority operating under P. L. 1946, c. 138, as amended, to include in the determination of connection fee charge a sum equal to the fair contribution of the connecting party toward the debt service charges (i.e., principal and interest on bonds issued) or the debt costs for construction and installation theretofore met by users of system.

The Assembly committee amendments to the bill were made at the request of the sponsor. The effect of the amendments is to establish a limitation on the amount of the connection or tapping fee to be charged. The fee shall not exceed the actual cost of the physical connection plus

an amount representing the fair contribution of the connecting party toward the debt service charges on the bonds which were issued to construct the water system and were previously paid by users of the system. Under the previous language of the bill, the amount of the connection fee would be left to the discretion of the authority. The language contained in the committee amendment would conform the provisions of the bill to the decision of the N. J. Supreme Court in the Airwick case cited above.

SENATE COUNTY AND MUNICIPAL GOVERNMENT  
COMMITTEE

STATEMENT TO  
**SENATE, No. 69**

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**STATE OF NEW JERSEY**

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DATED: APRIL 12, 1976

Senate Bill No. 69 authorizes any county or municipal water and sewage disposal authority operating under the "municipal utilities authorities law," to charge a separate connection fee or tapping fee for any connections to the water system of such authority. The fees are to be imposed upon any person or persons contracting for such connections.

Connection or tapping fees shall (1) be uniform for each class of users, (2) be at a rate set by the authority, and, (3) in combination with other service charges and fees "comply with the terms of any contract entered into by the municipality, and may be such that the revenues of the municipal authority will at all times be adequate to pay the expenses of operation and maintenance of the utility system, including reserves, insurance, extensions and replacements, and to pay the principal of an interest on any bonds and to maintain such reserves or sinking funds. . . ." (section 23 of P. L. 1957, c. 183; C. 40:14B-23).

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