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RH/CL

§1 - C.40:14A-8a
 §2 - C.40:14A-8.5
 §4 - C.40:14B-22a
 §5 –
 C.40:14B-22.5
 §§7-9 -
 C.40A:26A-11.1
 to 40A:26A-11.3
 §§10-12 -
 C.40A:31-11.1 to
 40A:31-11.3

P.L. 2018, CHAPTER 74, *approved August 10, 2018*
 Senate, No. 1247 (*Second Reprint*)

1 **AN ACT** concerning certain utility connection fees, supplementing
 2 Title 40 of the Revised Statutes and Title 40A of the New Jersey
 3 Statutes, and amending P.L.2005, c.29.

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

7
 8 1. (New section) a. For a property connected to the sewerage
 9 system for less than 20 years, a sewerage authority may charge an
 10 additional connection or tapping fee for an addition, alteration, or
 11 change in use that materially increases the level of use and imposes
 12 a greater demand on the sewerage system, but does not involve a
 13 new physical connection of the property to the sewerage system.

14 b. The connection or tapping fee authorized by subsection a. of
 15 this section shall be equal to the amount by which the increased use
 16 and demand on the sewerage system exceeds the use and demand
 17 that existed prior to such addition, alteration, or change in use.

18 c. Nothing in this section shall be construed to preclude a
 19 sewerage authority from charging a new or additional connection or
 20 tapping fee for any new or additional connection of a property to
 21 the sewerage system, or for any increase in the size of an existing
 22 connection ¹or for any new construction of additional service units
 23 connected¹ to the sewerage system that ¹materially¹ increases the
 24 level of use or demand on the sewerage system.

25 d. As used in this section, “materially increases” means any
 26 increase in the number of service units; or any other change which
 27 increases the level of use or demand on the sewerage system by 15
 28 percent or more over the highest actual annual use and demand that
 29 existed during the prior 10-year period immediately preceding the
 30 addition, alteration, or change in use; provided, however, that, if 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.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Senate SCU committee amendments adopted March 26, 2018.

²Senate SBA committee amendments adopted June 4, 2018.

1 property has been connected to the sewerage system for less than 10
2 years, the average level of use and demand shall be calculated based
3 on the actual period of connection.

4

5 2. (New section) a. A sewerage authority shall provide a credit
6 applicable toward a connection or tapping fee to be charged for a
7 reconnection of a disconnected property that was previously
8 connected to the sewerage system, provided that:

9 (1) the property has been connected to the sewerage system for
10 at least 20 years; and

11 (2) service charges have been paid for the property in at least
12 one of the last five years.

13 b. The credit required under subsection a. of this section shall
14 be calculated as follows:

15 (1) If the reconnection does not require any new physical
16 connection or does not increase the nature or size of the service or
17 the number of services units, or does not expand the use of the
18 sewerage system, the credit shall be equal in amount to the new
19 connection or tapping fee.

20 (2) If the reconnection requires a new physical connection,
21 increases the nature or size of the service or the number of service
22 units, or expands the use of the sewerage system, the credit shall be
23 equal in amount to any connection or tapping fee previously paid
24 for the property, and the sewerage authority shall charge the
25 difference between the credit and the connection or tapping fee for
26 the new use or class.

27 (3) If no connection or tapping fee was ever paid for the
28 property, but all service charges due and owing on the property
29 have been paid for at least 20 years, the credit shall be equal in
30 amount to the new connection or tapping fee; provided, however,
31 that any charges due and owing pursuant to paragraph (2) of this
32 subsection shall be paid.

33 c. If no connection or tapping fee was ever paid for a
34 disconnected property that is to be reconnected and which was
35 previously connected to the sewerage system for at least 20 years,
36 the sewerage authority shall charge, in addition to any amount due
37 and owing after application of a credit pursuant to this section, a
38 connection or tapping fee equal to the lesser of:

39 (1) 20 percent of the service charges that would have been paid
40 based upon the usage for the last full year that the property was
41 connected to the sewerage system for the period from the date of
42 the disconnection from the sewerage system to the date of the new
43 connection; or

44 (2) the new connection fee.

45 d. A credit shall not be allowed under this section for a
46 property that has been disconnected from the sewerage system for
47 more than five years.

1 e. As used in this section, “disconnected property” means a
2 property that has been physically disconnected from the sewerage
3 system or a property not physically disconnected but to which
4 service has been discontinued without payments being made. A
5 “disconnected property” shall not include a property that has been
6 temporarily disconnected from the sewerage system or to which
7 service has been discontinued without payments being made for less
8 than 12 consecutive months and is being reconnected as it existed,
9 prior to the temporary disconnection or discontinuance of service.

10
11 3. Section 2 of P.L.2005, c.29 (C.40:14A-8.3) is amended to
12 read as follows:

13 2. a. A county, regional or municipal sewerage authority shall
14 establish within its rates or schedules a 50% reduction in the
15 connection fee or tapping fee assessed pursuant to section 8 of
16 P.L.1946, c.138 (C.40:14A-8) for new connections to the sewerage
17 system which is to be charged to public housing authorities **【and】** ,
18 to non-profit organizations building affordable housing projects ,
19 and to any other affordable housing, including affordable housing
20 units in inclusionary projects.

21 b. For units previously connected to the authority's system that
22 were demolished or refurbished to allow for new affordable housing
23 units and for which a connection or tapping fee was previously
24 paid, a county, regional or municipal sewerage authority shall
25 establish within its rates or schedules a credit against the connection
26 fee or tapping fee to be assessed for connection with the sewerage
27 system to public housing authorities **【and】** , non-profit
28 organizations building affordable projects , and to any other
29 affordable housing, including affordable housing units in
30 inclusionary projects. The credit shall be the connection fee or
31 tapping fee previously assessed and paid for connection with the
32 sewerage system for units previously connected to the authority's
33 system.

34 c. The connection fee or tapping fee assessable against a public
35 housing authority **【or】** , non-profit organization , or other
36 affordable housing owner, for units previously connected to the
37 authority's system that were demolished or refurbished to allow for
38 new affordable housing units, including affordable housing units in
39 inclusionary projects, shall be the lesser of the reduced rate
40 provided for in subsection a. of this section, or the current non-
41 reduced rate applicable to other types of housing developments
42 minus the credit provided under subsection b. of this section for
43 units for which a connection fee or tapping fee was previously paid,
44 provided that said public housing authority **【or】** , non-profit
45 organization , or other affordable housing owner can establish the
46 connection fee or tapping fee was previously assessed and paid for
47 connection with the system. If the same cannot be established, the

1 reduced rate provided for in subsection a. of this section shall be
2 assessed.

3 (cf: P.L.2005, c.29, s.2)

4

5 4. (New section) a. For a property connected to the water or
6 sewerage system for less than 20 years, a municipal authority may
7 charge an additional connection or tapping fee for an addition,
8 alteration, or change in use that materially increases the level of use
9 and imposes a greater demand on the water or sewerage system, but
10 does not involve a new physical connection of the property to the
11 water or sewerage system.

12 b. The connection or tapping fee authorized by subsection a. of
13 this section shall be equal to the amount by which the increased use
14 and demand on the water or sewerage system exceeds the use and
15 demand that existed prior to such addition, alteration, or change in
16 use.

17 c. Nothing in this section shall be construed to preclude a
18 municipal authority from charging a new or additional connection
19 or tapping fee for any new or additional connection of a property to
20 the water or sewerage system, or for any increase in the size of an
21 existing connection ¹or for any new construction of additional
22 service units connected¹ to the water or sewerage system that
23 ¹materially¹ increases the level of use or demand on the water or
24 sewerage system.

25 d. As used in this section, “materially increases” means any
26 increase in the number of service units; or any other change which
27 increases the level of use or demand on the water or sewerage
28 system by 15 percent or more over the highest actual annual use and
29 demand that existed during the prior 10-year period immediately
30 preceding the addition, alteration, or change in use; provided,
31 however, that, if the property has been connected to the water or
32 sewerage system for less than 10 years, the average level of use and
33 demand shall be calculated based on the actual period of
34 connection.

35

36 5. (New section) a. A municipal authority shall provide a
37 credit applicable toward a connection or tapping fee to be charged
38 for a reconnection of a disconnected property that was previously
39 connected to the water or sewerage system, provided that:

40 (1) the property has been connected to the water or sewerage
41 system for at least 20 years; and

42 (2) service charges have been paid for the property in at least
43 one of the last five years.

44 b. The credit required under subsection a. of this section shall
45 be calculated as follows:

46 (1) If the reconnection does not require any new physical
47 connection or does not increase the nature or size of the service or
48 the number of services units, or does not expand the use of the

1 water or sewerage system, the credit shall be equal in amount to the
2 new connection or tapping fee.

3 (2) If the reconnection requires a new physical connection,
4 increases the nature or size of the service or the number of service
5 units, or expands the use of the water or sewerage system, the credit
6 shall be equal in amount to any connection or tapping fee
7 previously paid for the property, and the municipal authority shall
8 charge the difference between the credit and the connection or
9 tapping fee for the new use or class.

10 (3) If no connection or tapping fee was ever paid for the
11 property, but all service charges due and owing on the property
12 have been paid for at least 20 years, the credit shall be equal in
13 amount to the new connection or tapping fee; provided, however,
14 that any charges due and owing pursuant to paragraph (2) of this
15 subsection shall be paid.

16 c. If no connection or tapping fee was ever paid for a
17 disconnected property that is to be reconnected and which was
18 previously connected to the water or sewerage system for at least 20
19 years, the municipal authority shall charge, in addition to any
20 amount due and owing after application of a credit pursuant to this
21 section, a connection or tapping fee equal to the lesser of:

22 (1) 20 percent of the service charges that would have been paid
23 based upon the usage for the last full year that the property was
24 connected to the water or sewerage system for the period from the
25 date of the disconnection from the water or sewerage system to the
26 date of the new connection; or

27 (2) the new connection fee.

28 d. A credit shall not be allowed under this section for a
29 property that has been disconnected from the water or sewerage
30 system for more than five years.

31 e. As used in this section, “disconnected property” means a
32 property that has been physically disconnected from the water or
33 sewerage system or a property not physically disconnected but to
34 which service has been discontinued without payments being made.
35 A “disconnected property” shall not include a property that has
36 been temporarily disconnected from the water or sewerage system
37 or to which service has been discontinued without payments being
38 made for less than 12 consecutive months and is being reconnected
39 as it existed, prior to the temporary disconnection or discontinuance
40 of service.

41

42 6. Section 5 of P.L.2005, c.29 (C.40:14B-22.3) is amended to
43 read as follows:

44 5. a. A county, regional or municipal utilities authority shall
45 establish within its rates or schedules a 50% reduction in the
46 connection fee or tapping fee assessed pursuant to section 21 of
47 P.L.1957, c.183 (C.40:14B-21) for new connections to the water
48 system and a 50% reduction in the connection fee or tapping fee

1 assessed pursuant to section 22 of P.L.1957, c.183 (C.40:14B-22)
2 for new connections to the sewerage system which are to be
3 charged to public housing authorities **【and】** , to non-profit
4 organizations building affordable housing projects , and to any
5 other affordable housing, including affordable housing units in
6 inclusionary projects.

7 b. For units previously connected to the authority's system that
8 were demolished or refurbished to allow for new affordable housing
9 units and for which a connection fee was previously paid, a county,
10 regional or municipal utilities authority shall establish within its
11 rates or schedules a credit against the connection fee or tapping fee
12 to be assessed for connection with the water system or the sewerage
13 system to public housing authorities **【and】** , non-profit
14 organizations building affordable housing projects , and to any
15 other affordable housing, including affordable housing units in
16 inclusionary projects. The credit shall be the connection fee or
17 tapping fee previously assessed and paid for connection with the
18 water system or the sewerage system for units previously connected
19 to the authority's system.

20 c. The connection fee or tapping fee assessable against a public
21 housing authority **【or】** , non-profit organization , or other
22 affordable housing owner, for units previously connected to the
23 authority's system that were demolished or refurbished to allow for
24 new affordable housing units, including affordable housing units in
25 inclusionary projects, shall be the lesser of the reduced rate
26 provided for in subsection a. of this section, or the current non-
27 reduced rate applicable to other types of housing developments
28 minus the credit provided under subsection b. of this section for
29 units for which a connection fee or tapping fee was previously paid,
30 provided that said public housing authority **【or】** , non-profit
31 organization , or other affordable housing owner can establish the
32 connection fee or tapping fee was previously assessed and paid for
33 connection with the system. If the same cannot be established, the
34 reduced rate provided for in subsection a. of this section shall be
35 assessed.

36 (cf: P.L.2005, c.29, s.5)

37

38 7. (New section) a. For a property connected to the sewerage
39 system for less than 20 years, a local unit operating a county or
40 municipal sewerage facility may charge an additional connection or
41 tapping fee for an addition, alteration, or change in use that
42 materially increases the level of use and imposes a greater demand
43 on the sewerage system, but does not involve a new physical
44 connection of the property to the sewerage system.

45 b. The connection or tapping fee authorized by subsection a. of
46 this section shall be equal to the amount by which the increased use
47 and demand on the sewerage system exceeds the use and demand
48 that existed prior to such addition, alteration, or change in use.

1 c. Nothing in this section shall be construed to preclude a local
2 unit operating a county or municipal sewerage facility from
3 charging a new or additional connection or tapping fee for any new
4 or additional connection of a property to the sewerage system, or
5 for any increase in the size of an existing connection ¹or for any
6 new construction of additional service units connected¹ to the
7 sewerage system that ¹materially¹ increases the level of use or
8 demand on the sewerage system.

9 d. As used in this section, “materially increases” means any
10 increase in the number of service units; or any other change which
11 increases the level of use or demand on the sewerage system by 15
12 percent or more over the highest actual annual use and demand that
13 existed during the prior 10-year period immediately preceding the
14 addition, alteration, or change in use; provided, however, that, if the
15 property has been connected to the sewerage system for less than 10
16 years, the average level of use and demand shall be calculated based
17 on the actual period of connection.

18
19 8. (New section) a. A local unit operating a county or
20 municipal sewerage facility shall provide a credit applicable toward
21 a connection or tapping fee to be charged for a reconnection of a
22 disconnected property that was previously connected to the
23 sewerage system, provided that:

24 (1) the property has been connected to the sewerage system for
25 at least 20 years; and

26 (2) service charges have been paid for the property in at least
27 one of the last five years.

28 b. The credit required under subsection a. of this section shall
29 be calculated as follows:

30 (1) If the reconnection does not require any new physical
31 connection or does not increase the nature or size of the service or
32 the number of services units, or does not expand the use of the
33 sewerage system, the credit shall be equal in amount to the new
34 connection or tapping fee.

35 (2) If the reconnection requires a new physical connection,
36 increases the nature or size of the service or the number of service
37 units, or expands the use of the sewerage system, the credit shall be
38 equal in amount to any connection or tapping fee previously paid
39 for the property, and the local unit shall charge the difference
40 between the credit and the connection or tapping fee for the new use
41 or class.

42 (3) If no connection or tapping fee was ever paid for the
43 property, but all service charges due and owing on the property
44 have been paid for at least 20 years, the credit shall be equal in
45 amount to the new connection or tapping fee; provided, however,
46 that any charges due and owing pursuant to paragraph (2) of this
47 subsection shall be paid.

1 c. If no connection or tapping fee was ever paid for a
2 disconnected property that is to be reconnected and which was
3 previously connected to the sewerage system for at least 20 years,
4 the local unit shall charge, in addition to any amount due and owing
5 after application of a credit pursuant to this section, a connection or
6 tapping fee equal to the lesser of:

7 (1) 20 percent of the service charges that would have been paid
8 based upon the usage for the last full year that the property was
9 connected to the sewerage system for the period from the date of
10 the disconnection from the sewerage system to the date of the new
11 connection; or

12 (2) the new connection fee.

13 d. A credit shall not be allowed under this section for a
14 property that has been disconnected from the sewerage system for
15 more than five years.

16 e. As used in this section, “disconnected property” means a
17 property that has been physically disconnected from the sewerage
18 system or a property not physically disconnected but to which
19 service has been discontinued without payments being made. A
20 “disconnected property” shall not include a property that has been
21 temporarily disconnected from the sewerage system or to which
22 service has been discontinued without payments being made for less
23 than 12 consecutive months and is being reconnected as it existed,
24 prior to the temporary disconnection or discontinuance of service.

25
26 9. (New section) a. A local unit operating a county or
27 municipal sewerage facility shall establish within its rates or
28 schedules a 50% reduction in the connection fee or tapping fee
29 assessed pursuant to N.J.S.40A:26A-11 for new connections to the
30 sewerage system which is to be charged to public housing
31 authorities, non-profit organizations building affordable housing
32 projects, and any other affordable housing, including affordable
33 housing units in inclusionary projects.

34 b. For units previously connected to the local unit’s system that
35 were demolished or refurbished to allow for new affordable housing
36 units and for which a connection or tapping fee was previously
37 paid, a local unit operating a county or municipal sewerage facility
38 shall establish within its rates or schedules a credit against the
39 connection fee or tapping fee to be assessed for connection with the
40 sewerage system to public housing authorities, non-profit
41 organizations building affordable projects, and to any other
42 affordable housing, including affordable housing units in
43 inclusionary projects. The credit shall be the connection fee or
44 tapping fee previously assessed and paid, for connection with the
45 sewerage system for units previously connected to the local unit’s
46 system.

47 c. The connection fee or tapping fee assessable against a public
48 housing authority, non-profit organization, or other affordable

1 housing owner, for units previously connected to the local unit's
2 system that were demolished or refurbished to allow for new
3 affordable housing units, including affordable housing units in
4 inclusionary projects, shall be the lesser of the reduced rate
5 provided for in subsection a. of this section, or the current non-
6 reduced rate applicable to other types of housing developments
7 minus the credit provided under subsection b. of this section for
8 units for which a connection fee or tapping fee was previously paid,
9 provided that such public housing authority, non-profit
10 organization, or other affordable housing owner can establish the
11 connection fee or tapping fee was previously assessed and paid for
12 connection with the system. If such previous assessment and
13 payment cannot be established, the reduced rate provided for in
14 subsection a. of this section shall be assessed.

15

16 10. (New section) a. For a property connected to the water
17 supply system for less than 20 years, a local unit operating a county
18 or municipal water supply facility may charge an additional
19 connection or tapping fee for an addition, alteration, or change in
20 use that materially increases the level of use and imposes a greater
21 demand on the water supply system, but does not involve a new
22 physical connection of the property to the water supply system.

23 b. The connection or tapping fee authorized by subsection a. of
24 this section shall be equal to the amount by which the increased use
25 and demand on the water supply system exceeds the use and
26 demand that existed prior to such addition, alteration, or change in
27 use.

28 c. Nothing in this section shall be construed to preclude a local
29 unit operating a county or municipal water supply facility from
30 charging a new or additional connection or tapping fee for any new
31 or additional connection of a property to the water supply system,
32 or for any increase in the size of an existing connection ²or for any
33 new construction of additional service units connected² to the water
34 supply system that ²materially² increases the level of use or demand
35 on the water supply system.

36 d. As used in this section, "materially increases" means any
37 increase in the number of service units; or any other change which
38 increases the level of use or demand on the water supply system by
39 15 percent or more over the highest actual annual use and demand
40 that existed during the prior 10-year period immediately preceding
41 the addition, alteration, or change in use; provided, however, that, if
42 the property has been connected to the water supply system for less
43 than 10 years, the average level of use and demand shall be
44 calculated based on the actual period of connection.

45

46 11. (New section) a. A local unit operating a county or
47 municipal water supply facility shall provide a credit applicable
48 toward a connection or tapping fee to be charged for a reconnection

1 of a disconnected property that was previously connected to the
2 water supply system, provided that:

3 (1) the property has been connected to the water supply system
4 for at least 20 years; and

5 (2) service charges have been paid for the property in at least
6 one of the last five years.

7 b. The credit required under subsection a. of this section shall
8 be calculated as follows:

9 (1) If the reconnection does not require any new physical
10 connection or does not increase the nature or size of the service or
11 the number of services units, or does not expand the use of the
12 water supply system, the credit shall be equal in amount to the new
13 connection or tapping fee.

14 (2) If the reconnection requires a new physical connection,
15 increases the nature or size of the service or the number of service
16 units, or expands the use of the water supply system, the credit shall
17 be equal in amount to any connection or tapping fee previously paid
18 for the property, and the local unit shall charge the difference
19 between the credit and the connection or tapping fee for the new use
20 or class.

21 (3) If no connection or tapping fee was ever paid for the
22 property, but all service charges due and owing on the property
23 have been paid for at least 20 years, the credit shall be equal in
24 amount to the new connection or tapping fee; provided, however,
25 that any charges due and owing pursuant to paragraph (2) of this
26 subsection shall be paid.

27 c. If no connection or tapping fee was ever paid for a
28 disconnected property that is to be reconnected and which was
29 previously connected to the water supply system for at least 20
30 years, the local unit shall charge, in addition to any amount due and
31 owing after application of a credit pursuant to this section, a
32 connection or tapping fee equal to the lesser of:

33 (1) 20 percent of the service charges that would have been paid
34 based upon the usage for the last full year that the property was
35 connected to the water supply system for the period from the date of
36 the disconnection from the water supply system to the date of the
37 new connection; or

38 (2) the new connection fee.

39 d. A credit shall not be allowed under this section for a
40 property that has been disconnected from the water supply system
41 for more than five years.

42 e. As used in this section, “disconnected property” means a
43 property that has been physically disconnected from the water
44 supply system or a property not physically disconnected but to
45 which service has been discontinued without payments being made.
46 A “disconnected property” shall not include a property that has
47 been temporarily disconnected from the water supply system or to
48 which service has been discontinued without payments being made

1 for less than 12 consecutive months and is being reconnected as it
2 existed, prior to the temporary disconnection or discontinuance of
3 service.

4
5 12. (New section) a. A local unit operating a county or
6 municipal water supply facility shall establish within its rates or
7 schedules a 50% reduction in the connection fee or tapping fee
8 assessed pursuant to N.J.S.40A:31-11 for new connections to the
9 water supply system which is to be charged to public housing
10 authorities, non-profit organizations building affordable housing
11 projects, and any other affordable housing, including affordable
12 housing units in inclusionary projects.

13 b. For units previously connected to the local unit's system that
14 were demolished or refurbished to allow for new affordable housing
15 units and for which a connection or tapping fee was previously
16 paid, a local unit operating a county or municipal water supply
17 facility shall establish within its rates or schedules a credit against
18 the connection fee or tapping fee to be assessed for connection with
19 the water supply system to public housing authorities, non-profit
20 organizations building affordable projects, and to any other
21 affordable housing, including affordable housing units in
22 inclusionary projects. The credit shall be the connection fee or
23 tapping fee previously assessed and paid, for connection with the
24 water supply system for units previously connected to the local
25 unit's system.

26 c. The connection fee or tapping fee assessable against a public
27 housing authority, non-profit organization, or other affordable
28 housing owner, for units previously connected to the local unit's
29 system that were demolished or refurbished to allow for new
30 affordable housing units, including affordable housing units in
31 inclusionary projects, shall be the lesser of the reduced rate
32 provided for in subsection a. of this section, or the current non-
33 reduced rate applicable to other types of housing developments
34 minus the credit provided under subsection b. of this section for
35 units for which a connection fee or tapping fee was previously paid,
36 provided that such public housing authority, non-profit
37 organization, or other affordable housing owner can establish the
38 connection fee or tapping fee was previously assessed and paid for
39 connection with the system. If such previous assessment and
40 payment cannot be established, the reduced rate provided for in
41 subsection a. of this section shall be assessed.

42
43 13. This act shall take effect immediately.

44
45
46 _____
47 Authorizes certain local government utilities to impose
48 additional connection fees; requires certain new credits and
reductions for these fees.

SENATE, No. 1247

STATE OF NEW JERSEY
218th LEGISLATURE

INTRODUCED JANUARY 25, 2018

Sponsored by:

Senator RONALD L. RICE

District 28 (Essex)

Senator THOMAS H. KEAN, JR.

District 21 (Morris, Somerset and Union)

SYNOPSIS

Authorizes certain local government utilities to impose additional connection fees; requires certain new credits and reductions for these fees.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 3/27/2018)

1 AN ACT concerning certain utility connection fees, supplementing
2 Title 40 of the Revised Statutes and Title 40A of the New Jersey
3 Statutes, and amending P.L.2005, c.29.

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

7
8 1. (New section) a. For a property connected to the sewerage
9 system for less than 20 years, a sewerage authority may charge an
10 additional connection or tapping fee for an addition, alteration, or
11 change in use that materially increases the level of use and imposes
12 a greater demand on the sewerage system, but does not involve a
13 new physical connection of the property to the sewerage system.

14 b. The connection or tapping fee authorized by subsection a. of
15 this section shall be equal to the amount by which the increased use
16 and demand on the sewerage system exceeds the use and demand
17 that existed prior to such addition, alteration, or change in use.

18 c. Nothing in this section shall be construed to preclude a
19 sewerage authority from charging a new or additional connection or
20 tapping fee for any new or additional connection of a property to
21 the sewerage system, or for any increase in the size of an existing
22 connection to the sewerage system that increases the level of use or
23 demand on the sewerage system.

24 d. As used in this section, “materially increases” means any
25 increase in the number of service units; or any other change which
26 increases the level of use or demand on the sewerage system by 15
27 percent or more over the highest actual annual use and demand that
28 existed during the prior 10-year period immediately preceding the
29 addition, alteration, or change in use; provided, however, that, if the
30 property has been connected to the sewerage system for less than 10
31 years, the average level of use and demand shall be calculated based
32 on the actual period of connection.

33
34 2. (New section) a. A sewerage authority shall provide a
35 credit applicable toward a connection or tapping fee to be charged
36 for a reconnection of a disconnected property that was previously
37 connected to the sewerage system, provided that:

38 (1) the property has been connected to the sewerage system for
39 at least 20 years; and

40 (2) service charges have been paid for the property in at least
41 one of the last five years.

42 b. The credit required under subsection a. of this section shall
43 be calculated as follows:

44 (1) If the reconnection does not require any new physical
45 connection or does not increase the nature or size of the service or

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 the number of services units, or does not expand the use of the
2 sewerage system, the credit shall be equal in amount to the new
3 connection or tapping fee.

4 (2) If the reconnection requires a new physical connection,
5 increases the nature or size of the service or the number of service
6 units, or expands the use of the sewerage system, the credit shall be
7 equal in amount to any connection or tapping fee previously paid
8 for the property, and the sewerage authority shall charge the
9 difference between the credit and the connection or tapping fee for
10 the new use or class.

11 (3) If no connection or tapping fee was ever paid for the
12 property, but all service charges due and owing on the property
13 have been paid for at least 20 years, the credit shall be equal in
14 amount to the new connection or tapping fee; provided, however,
15 that any charges due and owing pursuant to paragraph (2) of this
16 subsection shall be paid.

17 c. If no connection or tapping fee was ever paid for a
18 disconnected property that is to be reconnected and which was
19 previously connected to the sewerage system for at least 20 years,
20 the sewerage authority shall charge, in addition to any amount due
21 and owing after application of a credit pursuant to this section, a
22 connection or tapping fee equal to the lesser of:

23 (1) 20 percent of the service charges that would have been paid
24 based upon the usage for the last full year that the property was
25 connected to the sewerage system for the period from the date of
26 the disconnection from the sewerage system to the date of the new
27 connection; or

28 (2) the new connection fee.

29 d. A credit shall not be allowed under this section for a
30 property that has been disconnected from the sewerage system for
31 more than five years.

32 e. As used in this section, "disconnected property" means a
33 property that has been physically disconnected from the sewerage
34 system or a property not physically disconnected but to which
35 service has been discontinued without payments being made. A
36 "disconnected property" shall not include a property that has been
37 temporarily disconnected from the sewerage system or to which
38 service has been discontinued without payments being made for less
39 than 12 consecutive months and is being reconnected as it existed,
40 prior to the temporary disconnection or discontinuance of service.

41

42 3. Section 2 of P.L.2005, c.29 (C.40:14A-8.3) is amended to
43 read as follows:

44 2. a. A county, regional or municipal sewerage authority shall
45 establish within its rates or schedules a 50% reduction in the
46 connection fee or tapping fee assessed pursuant to section 8 of
47 P.L.1946, c.138 (C.40:14A-8) for new connections to the sewerage
48 system which is to be charged to public housing authorities **[and]** .

1 to non-profit organizations building affordable housing projects ,
2 and to any other affordable housing, including affordable housing
3 units in inclusionary projects.

4 b. For units previously connected to the authority's system that
5 were demolished or refurbished to allow for new affordable housing
6 units and for which a connection or tapping fee was previously
7 paid, a county, regional or municipal sewerage authority shall
8 establish within its rates or schedules a credit against the connection
9 fee or tapping fee to be assessed for connection with the sewerage
10 system to public housing authorities **【and】** , non-profit
11 organizations building affordable projects , and to any other
12 affordable housing, including affordable housing units in
13 inclusionary projects. The credit shall be the connection fee or
14 tapping fee previously assessed and paid for connection with the
15 sewerage system for units previously connected to the authority's
16 system.

17 c. The connection fee or tapping fee assessable against a public
18 housing authority **【or】** , non-profit organization , or other
19 affordable housing owner, for units previously connected to the
20 authority's system that were demolished or refurbished to allow for
21 new affordable housing units, including affordable housing units in
22 inclusionary projects, shall be the lesser of the reduced rate
23 provided for in subsection a. of this section, or the current non-
24 reduced rate applicable to other types of housing developments
25 minus the credit provided under subsection b. of this section for
26 units for which a connection fee or tapping fee was previously paid,
27 provided that said public housing authority **【or】** , non-profit
28 organization , or other affordable housing owner can establish the
29 connection fee or tapping fee was previously assessed and paid for
30 connection with the system. If the same cannot be established, the
31 reduced rate provided for in subsection a. of this section shall be
32 assessed.

33 (cf: P.L.2005, c.29, s.2)

34

35 4. (New section) a. For a property connected to the water or
36 sewerage system for less than 20 years, a municipal authority may
37 charge an additional connection or tapping fee for an addition,
38 alteration, or change in use that materially increases the level of use
39 and imposes a greater demand on the water or sewerage system, but
40 does not involve a new physical connection of the property to the
41 water or sewerage system.

42 b. The connection or tapping fee authorized by subsection a. of
43 this section shall be equal to the amount by which the increased use
44 and demand on the water or sewerage system exceeds the use and
45 demand that existed prior to such addition, alteration, or change in
46 use.

47 c. Nothing in this section shall be construed to preclude a
48 municipal authority from charging a new or additional connection

1 or tapping fee for any new or additional connection of a property to
2 the water or sewerage system, or for any increase in the size of an
3 existing connection to the water or sewerage system that increases
4 the level of use or demand on the water or sewerage system.

5 d. As used in this section, “materially increases” means any
6 increase in the number of service units; or any other change which
7 increases the level of use or demand on the water or sewerage
8 system by 15 percent or more over the highest actual annual use and
9 demand that existed during the prior 10-year period immediately
10 preceding the addition, alteration, or change in use; provided,
11 however, that, if the property has been connected to the water or
12 sewerage system for less than 10 years, the average level of use and
13 demand shall be calculated based on the actual period of
14 connection.

15

16 5. (New section) a. A municipal authority shall provide a
17 credit applicable toward a connection or tapping fee to be charged
18 for a reconnection of a disconnected property that was previously
19 connected to the water or sewerage system, provided that:

20 (1) the property has been connected to the water or sewerage
21 system for at least 20 years; and

22 (2) service charges have been paid for the property in at least
23 one of the last five years.

24 b. The credit required under subsection a. of this section shall
25 be calculated as follows:

26 (1) If the reconnection does not require any new physical
27 connection or does not increase the nature or size of the service or
28 the number of services units, or does not expand the use of the
29 water or sewerage system, the credit shall be equal in amount to the
30 new connection or tapping fee.

31 (2) If the reconnection requires a new physical connection,
32 increases the nature or size of the service or the number of service
33 units, or expands the use of the water or sewerage system, the credit
34 shall be equal in amount to any connection or tapping fee
35 previously paid for the property, and the municipal authority shall
36 charge the difference between the credit and the connection or
37 tapping fee for the new use or class.

38 (3) If no connection or tapping fee was ever paid for the
39 property, but all service charges due and owing on the property
40 have been paid for at least 20 years, the credit shall be equal in
41 amount to the new connection or tapping fee; provided, however,
42 that any charges due and owing pursuant to paragraph (2) of this
43 subsection shall be paid.

44 c. If no connection or tapping fee was ever paid for a
45 disconnected property that is to be reconnected and which was
46 previously connected to the water or sewerage system for at least 20
47 years, the municipal authority shall charge, in addition to any

1 amount due and owing after application of a credit pursuant to this
2 section, a connection or tapping fee equal to the lesser of:

3 (1) 20 percent of the service charges that would have been paid
4 based upon the usage for the last full year that the property was
5 connected to the water or sewerage system for the period from the
6 date of the disconnection from the water or sewerage system to the
7 date of the new connection; or

8 (2) the new connection fee.

9 d. A credit shall not be allowed under this section for a
10 property that has been disconnected from the water or sewerage
11 system for more than five years.

12 e. As used in this section, "disconnected property" means a
13 property that has been physically disconnected from the water or
14 sewerage system or a property not physically disconnected but to
15 which service has been discontinued without payments being made.
16 A "disconnected property" shall not include a property that has
17 been temporarily disconnected from the water or sewerage system
18 or to which service has been discontinued without payments being
19 made for less than 12 consecutive months and is being reconnected
20 as it existed, prior to the temporary disconnection or discontinuance
21 of service.

22
23 6. Section 5 of P.L.2005, c.29 (C.40:14B-22.3) is amended to
24 read as follows:

25 5. a. A county, regional or municipal utilities authority shall
26 establish within its rates or schedules a 50% reduction in the
27 connection fee or tapping fee assessed pursuant to section 21 of
28 P.L.1957, c.183 (C.40:14B-21) for new connections to the water
29 system and a 50% reduction in the connection fee or tapping fee
30 assessed pursuant to section 22 of P.L.1957, c.183 (C.40:14B-22)
31 for new connections to the sewerage system which are to be
32 charged to public housing authorities **【and】** , to non-profit
33 organizations building affordable housing projects , and to any
34 other affordable housing, including affordable housing units in
35 inclusionary projects.

36 b. For units previously connected to the authority's system that
37 were demolished or refurbished to allow for new affordable housing
38 units and for which a connection fee was previously paid, a county,
39 regional or municipal utilities authority shall establish within its
40 rates or schedules a credit against the connection fee or tapping fee
41 to be assessed for connection with the water system or the sewerage
42 system to public housing authorities **【and】** , non-profit
43 organizations building affordable housing projects , and to any
44 other affordable housing, including affordable housing units in
45 inclusionary projects. The credit shall be the connection fee or
46 tapping fee previously assessed and paid for connection with the
47 water system or the sewerage system for units previously connected
48 to the authority's system.

1 c. The connection fee or tapping fee assessable against a public
2 housing authority **【or】** , non-profit organization , or other
3 affordable housing owner, for units previously connected to the
4 authority's system that were demolished or refurbished to allow for
5 new affordable housing units, including affordable housing units in
6 inclusionary projects, shall be the lesser of the reduced rate
7 provided for in subsection a. of this section, or the current non-
8 reduced rate applicable to other types of housing developments
9 minus the credit provided under subsection b. of this section for
10 units for which a connection fee or tapping fee was previously paid,
11 provided that said public housing authority **【or】** , non-profit
12 organization , or other affordable housing owner can establish the
13 connection fee or tapping fee was previously assessed and paid for
14 connection with the system. If the same cannot be established, the
15 reduced rate provided for in subsection a. of this section shall be
16 assessed.

17 (cf: P.L.2005, c.29, s.5)

18

19 7. (New section) a. For a property connected to the sewerage
20 system for less than 20 years, a local unit operating a county or
21 municipal sewerage facility may charge an additional connection or
22 tapping fee for an addition, alteration, or change in use that
23 materially increases the level of use and imposes a greater demand
24 on the sewerage system, but does not involve a new physical
25 connection of the property to the sewerage system.

26 b. The connection or tapping fee authorized by subsection a. of
27 this section shall be equal to the amount by which the increased use
28 and demand on the sewerage system exceeds the use and demand
29 that existed prior to such addition, alteration, or change in use.

30 c. Nothing in this section shall be construed to preclude a local
31 unit operating a county or municipal sewerage facility from
32 charging a new or additional connection or tapping fee for any new
33 or additional connection of a property to the sewerage system, or
34 for any increase in the size of an existing connection to the
35 sewerage system that increases the level of use or demand on the
36 sewerage system.

37 d. As used in this section, “materially increases” means any
38 increase in the number of service units; or any other change which
39 increases the level of use or demand on the sewerage system by 15
40 percent or more over the highest actual annual use and demand that
41 existed during the prior 10-year period immediately preceding the
42 addition, alteration, or change in use; provided, however, that, if the
43 property has been connected to the sewerage system for less than 10
44 years, the average level of use and demand shall be calculated based
45 on the actual period of connection.

46

47 8. (New section) a. A local unit operating a county or
48 municipal sewerage facility shall provide a credit applicable toward

1 a connection or tapping fee to be charged for a reconnection of a
2 disconnected property that was previously connected to the
3 sewerage system, provided that:

4 (1) the property has been connected to the sewerage system for
5 at least 20 years; and

6 (2) service charges have been paid for the property in at least
7 one of the last five years.

8 b. The credit required under subsection a. of this section shall
9 be calculated as follows:

10 (1) If the reconnection does not require any new physical
11 connection or does not increase the nature or size of the service or
12 the number of services units, or does not expand the use of the
13 sewerage system, the credit shall be equal in amount to the new
14 connection or tapping fee.

15 (2) If the reconnection requires a new physical connection,
16 increases the nature or size of the service or the number of service
17 units, or expands the use of the sewerage system, the credit shall be
18 equal in amount to any connection or tapping fee previously paid
19 for the property, and the local unit shall charge the difference
20 between the credit and the connection or tapping fee for the new use
21 or class.

22 (3) If no connection or tapping fee was ever paid for the
23 property, but all service charges due and owing on the property
24 have been paid for at least 20 years, the credit shall be equal in
25 amount to the new connection or tapping fee; provided, however,
26 that any charges due and owing pursuant to paragraph (2) of this
27 subsection shall be paid.

28 c. If no connection or tapping fee was ever paid for a
29 disconnected property that is to be reconnected and which was
30 previously connected to the sewerage system for at least 20 years,
31 the local unit shall charge, in addition to any amount due and owing
32 after application of a credit pursuant to this section, a connection or
33 tapping fee equal to the lesser of:

34 (1) 20 percent of the service charges that would have been paid
35 based upon the usage for the last full year that the property was
36 connected to the sewerage system for the period from the date of
37 the disconnection from the sewerage system to the date of the new
38 connection; or

39 (2) the new connection fee.

40 d. A credit shall not be allowed under this section for a
41 property that has been disconnected from the sewerage system for
42 more than five years.

43 e. As used in this section, “disconnected property” means a
44 property that has been physically disconnected from the sewerage
45 system or a property not physically disconnected but to which
46 service has been discontinued without payments being made. A
47 “disconnected property” shall not include a property that has been
48 temporarily disconnected from the sewerage system or to which

1 service has been discontinued without payments being made for less
2 than 12 consecutive months and is being reconnected as it existed,
3 prior to the temporary disconnection or discontinuance of service.
4

5 9. (New section) a. A local unit operating a county or
6 municipal sewerage facility shall establish within its rates or
7 schedules a 50% reduction in the connection fee or tapping fee
8 assessed pursuant to N.J.S.40A:26A-11 for new connections to the
9 sewerage system which is to be charged to public housing
10 authorities, non-profit organizations building affordable housing
11 projects, and any other affordable housing, including affordable
12 housing units in inclusionary projects.

13 b. For units previously connected to the local unit's system that
14 were demolished or refurbished to allow for new affordable housing
15 units and for which a connection or tapping fee was previously
16 paid, a local unit operating a county or municipal sewerage facility
17 shall establish within its rates or schedules a credit against the
18 connection fee or tapping fee to be assessed for connection with the
19 sewerage system to public housing authorities, non-profit
20 organizations building affordable projects, and to any other
21 affordable housing, including affordable housing units in
22 inclusionary projects. The credit shall be the connection fee or
23 tapping fee previously assessed and paid, for connection with the
24 sewerage system for units previously connected to the local unit's
25 system.

26 c. The connection fee or tapping fee assessable against a public
27 housing authority, non-profit organization, or other affordable
28 housing owner, for units previously connected to the local unit's
29 system that were demolished or refurbished to allow for new
30 affordable housing units, including affordable housing units in
31 inclusionary projects, shall be the lesser of the reduced rate
32 provided for in subsection a. of this section, or the current non-
33 reduced rate applicable to other types of housing developments
34 minus the credit provided under subsection b. of this section for
35 units for which a connection fee or tapping fee was previously paid,
36 provided that such public housing authority, non-profit
37 organization, or other affordable housing owner can establish the
38 connection fee or tapping fee was previously assessed and paid for
39 connection with the system. If such previous assessment and
40 payment cannot be established, the reduced rate provided for in
41 subsection a. of this section shall be assessed.
42

43 10. (New section) a. For a property connected to the water
44 supply system for less than 20 years, a local unit operating a county
45 or municipal water supply facility may charge an additional
46 connection or tapping fee for an addition, alteration, or change in
47 use that materially increases the level of use and imposes a greater

1 demand on the water supply system, but does not involve a new
2 physical connection of the property to the water supply system.

3 b. The connection or tapping fee authorized by subsection a. of
4 this section shall be equal to the amount by which the increased use
5 and demand on the water supply system exceeds the use and
6 demand that existed prior to such addition, alteration, or change in
7 use.

8 c. Nothing in this section shall be construed to preclude a local
9 unit operating a county or municipal water supply facility from
10 charging a new or additional connection or tapping fee for any new
11 or additional connection of a property to the water supply system,
12 or for any increase in the size of an existing connection to the water
13 supply system that increases the level of use or demand on the
14 water supply system.

15 d. As used in this section, “materially increases” means any
16 increase in the number of service units; or any other change which
17 increases the level of use or demand on the water supply system by
18 15 percent or more over the highest actual annual use and demand
19 that existed during the prior 10-year period immediately preceding
20 the addition, alteration, or change in use; provided, however, that, if
21 the property has been connected to the water supply system for less
22 than 10 years, the average level of use and demand shall be
23 calculated based on the actual period of connection.

24

25 11. (New section) a. A local unit operating a county or
26 municipal water supply facility shall provide a credit applicable
27 toward a connection or tapping fee to be charged for a reconnection
28 of a disconnected property that was previously connected to the
29 water supply system, provided that:

30 (1) the property has been connected to the water supply system
31 for at least 20 years; and

32 (2) service charges have been paid for the property in at least
33 one of the last five years.

34 b. The credit required under subsection a. of this section shall
35 be calculated as follows:

36 (1) If the reconnection does not require any new physical
37 connection or does not increase the nature or size of the service or
38 the number of services units, or does not expand the use of the
39 water supply system, the credit shall be equal in amount to the new
40 connection or tapping fee.

41 (2) If the reconnection requires a new physical connection,
42 increases the nature or size of the service or the number of service
43 units, or expands the use of the water supply system, the credit shall
44 be equal in amount to any connection or tapping fee previously paid
45 for the property, and the local unit shall charge the difference
46 between the credit and the connection or tapping fee for the new use
47 or class.

1 (3) If no connection or tapping fee was ever paid for the
2 property, but all service charges due and owing on the property
3 have been paid for at least 20 years, the credit shall be equal in
4 amount to the new connection or tapping fee; provided, however,
5 that any charges due and owing pursuant to paragraph (2) of this
6 subsection shall be paid.

7 c. If no connection or tapping fee was ever paid for a
8 disconnected property that is to be reconnected and which was
9 previously connected to the water supply system for at least 20
10 years, the local unit shall charge, in addition to any amount due and
11 owing after application of a credit pursuant to this section, a
12 connection or tapping fee equal to the lesser of:

13 (1) 20 percent of the service charges that would have been paid
14 based upon the usage for the last full year that the property was
15 connected to the water supply system for the period from the date of
16 the disconnection from the water supply system to the date of the
17 new connection; or

18 (2) the new connection fee.

19 d. A credit shall not be allowed under this section for a
20 property that has been disconnected from the water supply system
21 for more than five years.

22 e. As used in this section, “disconnected property” means a
23 property that has been physically disconnected from the water
24 supply system or a property not physically disconnected but to
25 which service has been discontinued without payments being made.
26 A “disconnected property” shall not include a property that has
27 been temporarily disconnected from the water supply system or to
28 which service has been discontinued without payments being made
29 for less than 12 consecutive months and is being reconnected as it
30 existed, prior to the temporary disconnection or discontinuance of
31 service.

32

33 12. (New section) a. A local unit operating a county or
34 municipal water supply facility shall establish within its rates or
35 schedules a 50% reduction in the connection fee or tapping fee
36 assessed pursuant to N.J.S.40A:31-11 for new connections to the
37 water supply system which is to be charged to public housing
38 authorities, non-profit organizations building affordable housing
39 projects, and any other affordable housing, including affordable
40 housing units in inclusionary projects.

41 b. For units previously connected to the local unit’s system that
42 were demolished or refurbished to allow for new affordable housing
43 units and for which a connection or tapping fee was previously
44 paid, a local unit operating a county or municipal water supply
45 facility shall establish within its rates or schedules a credit against
46 the connection fee or tapping fee to be assessed for connection with
47 the water supply system to public housing authorities, non-profit
48 organizations building affordable projects, and to any other

1 affordable housing, including affordable housing units in
2 inclusionary projects. The credit shall be the connection fee or
3 tapping fee previously assessed and paid, for connection with the
4 water supply system for units previously connected to the local
5 unit's system.

6 c. The connection fee or tapping fee assessable against a public
7 housing authority, non-profit organization, or other affordable
8 housing owner, for units previously connected to the local unit's
9 system that were demolished or refurbished to allow for new
10 affordable housing units, including affordable housing units in
11 inclusionary projects, shall be the lesser of the reduced rate
12 provided for in subsection a. of this section, or the current non-
13 reduced rate applicable to other types of housing developments
14 minus the credit provided under subsection b. of this section for
15 units for which a connection fee or tapping fee was previously paid,
16 provided that such public housing authority, non-profit
17 organization, or other affordable housing owner can establish the
18 connection fee or tapping fee was previously assessed and paid for
19 connection with the system. If such previous assessment and
20 payment cannot be established, the reduced rate provided for in
21 subsection a. of this section shall be assessed.

22

23 13. This act shall take effect immediately.

24

25

26

STATEMENT

27

28 This bill authorizes additional connection fees for certain utilities
29 operated by local governments and establishes certain credits and
30 reductions for these fees. The local government entities covered by
31 the bill are: sewerage authorities under the "sewerage authorities
32 law," P.L.1946, c.138 (C.40:14A-1 et seq.); municipal authorities
33 under the "municipal and county utilities authorities law,"
34 P.L.1957, c.183 (C.40:14B-1 et seq.); and local units operating
35 either a county or municipal sewerage facility or water supply
36 facility under the "Municipal and County Sewerage Act,"
37 N.J.S.40A:26A-1 et seq., and the "County and Municipal Water
38 Supply Act," N.J.S.40A:31-1 et seq., respectively. The purpose of
39 this bill is to make the assessment of these utility connection fees
40 more equitable.

41 The bill allows new connection fees to be imposed for an
42 addition, alteration, or change in use that materially increases the
43 level of use and imposes a greater demand on the utility system, but
44 does not involve a new physical connection of the property to the
45 system. This additional fee is equal to the amount by which the
46 increased use and demand on the utility system exceeds the use and
47 demand that existed prior to the addition, alteration, or change in

1 use. Such additional fee does not take the place of fees for any new
2 or additional connections.

3 The bill also requires credits to be applied to connection fees
4 charged for a reconnection of certain disconnected properties that
5 were previously connected to the utility system. If the reconnection
6 does not require any new physical connection or does not increase
7 the nature or size of the service or the number of services units, or
8 does not expand the use of the utility system, the credit is equal to
9 the amount of the new connection fee. If the reconnection requires
10 any of the foregoing, the credit is equal to the amount of any
11 connection fee previously paid for the property. If no connection
12 fee was ever paid for the property, but all service charges due and
13 owing on the property have been paid for at least 20 years, the
14 credit is equal to the amount of the new connection fee.

15 However, if no connection fee was ever paid for certain
16 disconnected properties, a connection fee is to be charged in
17 addition to any amount due and owing after application of a credit.
18 The bill provides for this fee to be equal to the lesser of: (1) 20
19 percent of the service charges that would have been paid based
20 upon the usage for the last full year that the property was connected
21 to the utility system for the period from the date of the
22 disconnection from the utility system to the date of the new
23 connection; or (2) the new connection fee.

24 Lastly, the bill provides that the existing connection fee
25 reductions for certain types of affordable housing serviced by
26 sewerage authorities and municipal authorities is to be extended to
27 all affordable housing, including affordable housing units in
28 inclusionary projects. The bill also newly establishes the same
29 connection fee reductions for all affordable housing serviced by
30 local units operating a county or municipal sewerage facility or
31 water supply facility.

ASSEMBLY STATE AND LOCAL GOVERNMENT
COMMITTEE

STATEMENT TO

[Second Reprint]
SENATE, No. 1247

STATE OF NEW JERSEY

DATED: JUNE 14, 2018

The Assembly State and Local Government Committee reports favorably Assembly Bill No. 1247 (2R).

This bill authorizes additional connection fees for certain utilities operated by local governments and establishes certain credits and reductions for these fees. The local government entities covered by the bill are: sewerage authorities under the “sewerage authorities law,” P.L.1946, c.138 (C.40:14A-1 et seq.); municipal authorities under the “municipal and county utilities authorities law,” P.L.1957, c.183 (C.40:14B-1 et seq.); and local units operating either a county or municipal sewerage facility or water supply facility under the “Municipal and County Sewerage Act,” N.J.S.40A:26A-1 et seq., and the “County and Municipal Water Supply Act,” N.J.S.40A:31-1 et seq., respectively.

The bill allows new connection fees to be imposed for an addition, alteration, or change in use to certain connected properties that materially increases the level of use and imposes a greater demand on the utility system, but does not involve a new physical connection of the property to the system. This additional fee is equal to the amount by which the increased use and demand on the utility system exceeds the use and demand that existed prior to the addition, alteration, or change in use. The additional fee does not take the place of fees for any new or additional connections, including for any new construction of additional service units connected to the applicable utility system.

The bill also requires credits to be applied to connection fees charged for a reconnection of certain disconnected properties that were previously connected to the utility system. If the reconnection does not require any new physical connection or does not increase the nature or size of the service or the number of services units, or does not expand the use of the utility system, the credit is equal to the amount of the new connection fee. If the reconnection requires any of the foregoing, the credit is equal to the amount of any connection fee previously paid for the property. If no connection fee was ever paid for the property, but all service charges due and owing on the property have been paid for at least 20 years, the credit is equal to the amount of the new connection fee.

However, if no connection fee was ever paid for certain disconnected properties, a connection fee is to be charged in addition to any amount due and owing after application of a credit. The bill provides for this fee to be equal to the lesser of: (1) 20 percent of the service charges that would have been paid based upon the usage for the last full year that the property was connected to the utility system for the period from the date of the disconnection from the utility system to the date of the new connection; or (2) the new connection fee.

Lastly, the bill provides that the existing connection fee reductions for certain types of affordable housing serviced by sewerage authorities and municipal authorities is to be extended to all affordable housing, including affordable housing units in inclusionary projects. The bill also newly establishes the same connection fee reductions for all affordable housing serviced by local units operating a county or municipal sewerage facility or water supply facility.

As reported by the committee, S-1247 (2R) is identical to A2779, as that bill has been amended by the committee at this meeting.

SENATE COMMUNITY AND URBAN AFFAIRS COMMITTEE

STATEMENT TO

SENATE, No. 1247

with committee amendments

STATE OF NEW JERSEY

DATED: MARCH 26, 2018

The Senate Community and Urban Affairs Committee reports favorably and with committee amendments Senate Bill No. 1247.

This bill, as amended, authorizes additional connection fees for certain utilities operated by local governments and establishes certain credits and reductions for these fees. The local government entities covered by the amended bill are: sewerage authorities under the “sewerage authorities law,” P.L.1946, c.138 (C.40:14A-1 et seq.); municipal authorities under the “municipal and county utilities authorities law,” P.L.1957, c.183 (C.40:14B-1 et seq.); and local units operating either a county or municipal sewerage facility or water supply facility under the “Municipal and County Sewerage Act,” N.J.S.40A:26A-1 et seq., and the “County and Municipal Water Supply Act,” N.J.S.40A:31-1 et seq., respectively.

The amended bill allows new connection fees to be imposed for an addition, alteration, or change in use to certain connected properties that materially increases the level of use and imposes a greater demand on the utility system, but does not involve a new physical connection of the property to the system. This additional fee is equal to the amount by which the increased use and demand on the utility system exceeds the use and demand that existed prior to the addition, alteration, or change in use. Such additional fee does not take the place of fees for any new or additional connections.

The amended bill also requires credits to be applied to connection fees charged for a reconnection of certain disconnected properties that were previously connected to the utility system. If the reconnection does not require any new physical connection or does not increase the nature or size of the service or the number of services units, or does not expand the use of the utility system, the credit is equal to the amount of the new connection fee. If the reconnection requires any of the foregoing, the credit is equal to the amount of any connection fee previously paid for the property. If no connection fee was ever paid for the property, but all service charges due and owing on the property have been paid for at least 20 years, the credit is equal to the amount of the new connection fee.

However, if no connection fee was ever paid for certain disconnected properties, a connection fee is to be charged in addition

to any amount due and owing after application of a credit. The amended bill provides for this fee to be equal to the lesser of: (1) 20 percent of the service charges that would have been paid based upon the usage for the last full year that the property was connected to the utility system for the period from the date of the disconnection from the utility system to the date of the new connection; or (2) the new connection fee.

Lastly, the amended bill provides that the existing connection fee reductions for certain types of affordable housing serviced by sewerage authorities and municipal authorities is to be extended to all affordable housing, including affordable housing units in inclusionary projects. The amended bill also newly establishes the same connection fee reductions for all affordable housing serviced by local units operating a county or municipal sewerage facility or water supply facility.

COMMITTEE AMENDMENTS:

The committee amended the bill to clarify that the additional fee authorized under the bill for certain connected properties does not take the place of fees for any new construction of additional service units connected to the applicable utility system.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

SENATE, No. 1247

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 4, 2018

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 1247 (1R), with committee amendments.

As amended, this bill authorizes additional connection fees for certain utilities operated by local governments and establishes certain credits and reductions for these fees. The local government entities covered by the bill are: sewerage authorities under the “sewerage authorities law,” P.L.1946, c.138 (C.40:14A-1 et seq.); municipal authorities under the “municipal and county utilities authorities law,” P.L.1957, c.183 (C.40:14B-1 et seq.); and local units operating either a county or municipal sewerage facility or water supply facility under the “Municipal and County Sewerage Act,” N.J.S.40A:26A-1 et seq., and the “County and Municipal Water Supply Act,” N.J.S.40A:31-1 et seq., respectively.

The bill allows new connection fees to be imposed for an addition, alteration, or change in use to certain connected properties that materially increases the level of use and imposes a greater demand on the utility system, but does not involve a new physical connection of the property to the system. This additional fee is equal to the amount by which the increased use and demand on the utility system exceeds the use and demand that existed prior to the addition, alteration, or change in use. The additional fee does not take the place of fees for any new or additional connections.

The bill also requires credits to be applied to connection fees charged for a reconnection of certain disconnected properties that were previously connected to the utility system. If the reconnection does not require any new physical connection or does not increase the nature or size of the service or the number of services units, or does not expand the use of the utility system, the credit is equal to the amount of the new connection fee. If the reconnection requires any of the foregoing, the credit is equal to the amount of any connection fee previously paid for the property. If no connection fee was ever paid for the property, but all service charges due and owing on the property have been paid for at least 20 years, the credit is equal to the amount of the new connection fee.

However, if no connection fee was ever paid for certain disconnected properties, a connection fee is to be charged in addition to any amount due and owing after application of a credit. The bill provides for this fee to be equal to the lesser of: (1) 20 percent of the service charges that would have been paid based upon the usage for the last full year that the property was connected to the utility system for the period from the date of the disconnection from the utility system to the date of the new connection; or (2) the new connection fee.

Lastly, the bill provides that the existing connection fee reductions for certain types of affordable housing serviced by sewerage authorities and municipal authorities is to be extended to all affordable housing, including affordable housing units in inclusionary projects. The bill also newly establishes the same connection fee reductions for all affordable housing serviced by local units operating a county or municipal sewerage facility or water supply facility.

COMMITTEE AMENDMENTS:

The committee amendments make a technical correction, to clarify that the additional fee authorized under the bill does not preclude a local unit operating a county or municipality water supply facility from levying fees for new construction of additional units connected to the utility system. The bill already provides that sewerage authorities, municipal authorities, and local units operating a county or municipal sewerage authority are not so precluded.

FISCAL IMPACT:

The Office of Legislative Services estimates this bill will have an indeterminate net fiscal impact on local finances.

Local government entities that operate water and sewer systems are authorized to collect two types of revenues: service charges and connection fees. Service charge revenues are generated by utility system users based on system usage (e.g., the number of gallons of water used at a particular property). A connection fee is intended to cover the cost of connecting a property to the physical system. The amount of a connection is calculated using a statutory formula. The formula used to determine the amount of a connection fee is the same for all local government water and sewer entities affected by the bill.

The bill changes connection fee charges in three ways. First, the bill permits a local government entity to charge an additional connection fee for an addition, alteration, or change in use that materially increases the level of use and imposes a greater demand on a utility system, but does not involve a new physical connection to the system. Under these circumstances, a local government entity will collect additional connection fee revenues.

Second, the bill requires credits to be applied to connection fees charged for the reconnection of certain disconnected properties that

were previously connected to a utility system. This change to the method for calculating connection fees will result in a decrease on local revenues, because the amount of the connection fee will be less than what the user would otherwise pay under current law.

Third, the bill expands the types of affordable housing developments that are charged discounted connection fees, to include inclusionary developments that are not wholly affordable housing. This will also result in a decrease in local revenues because these water and sewerage system users will pay a connection fee that would be less than the amount charged under current law.

LEGISLATIVE FISCAL ESTIMATE

[Second Reprint]

SENATE, No. 1247 STATE OF NEW JERSEY 218th LEGISLATURE

DATED: JUNE 12, 2018

SUMMARY

- Synopsis:** Authorizes certain local government utilities to impose additional connection fees; requires certain new credits and reductions for these fees.
- Type of Impact:** Indeterminate net impact on local finances.
- Agencies Affected:** Counties, municipalities, and local water and sewer authorities.

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
Local Revenue		Indeterminate Impact	

- The Office of Legislative Services (OLS) concludes that the enactment of the amended bill would have an indeterminate fiscal impact on local government water and sewer entities.
- The amended bill authorizes local government water and sewer entities to charge additional connection fees on property additions or alterations that materially increase the level of water or sewerage use, thereby increasing local entity revenues.
- The amended bill requires local government water and sewer entities to: (1) apply credits toward connection fees charged for the reconnection of certain disconnected properties to water or sewer systems; and (2) charge reduced connection fees for all affordable housing projects. These requirements would reduce local entity revenues because the resulting connection fees receipts, including the required rebates, would be less than those currently authorized by law.
- Under current law, connection fees are calculated using a statutory formula that accounts for: (1) the costs of system reconnection; (2) the amount of all debt service, including the capital expenses paid to develop the system; (3) any payments made to the local government water or sewer entity from other public and private entities; and (4) the total number of units serviced by the system.

BILL DESCRIPTION

The amended bill authorizes additional connection fees for certain utilities operated by local governments and establishes certain credits and reductions for those fees. Under the amended bill, a local government water or sewer entity may impose an additional connection fee for an addition, alteration, or change in use that materially increases the level of use and imposes a greater demand on the utility system, but does not involve a new physical connection of the property to the system. This additional fee would be equal to the amount by which the increased use and demand on the utility system exceeds the use and demand that existed prior to the addition, alteration, or change in use. As amended, the bill clarifies that the additional connection fee does not take the place of fees for any new or additional connections, or for any new construction of additional service units that are connected to the utility system.

The amended bill also requires local government water or sewer entities to apply credits toward connection fees charged for the reconnection of certain disconnected properties that were previously connected to the utility system. The credit is to equal the amount of the connection fee if the reconnection does not: (1) require a new physical connection; (2) increase the nature or size of the service, or the number of service units; or (3) expand the use of the utility system. If the reconnection requires any of the foregoing, the credit is to equal the amount of any connection fee previously paid for the property. If a connection fee was never paid for the property, but all service charges due and owing on the property have been paid for at least 20 years, then the credit is to equal the amount of the connection fee.

However, if a connection fee was never paid for a disconnected property that is to be reconnected to a utility system and was previously connected to the utility system for at least 20 years, a connection fee would be charged in addition to any amount due and owing after application of a credit. This fee would be equal to the lesser of: (1) 20 percent of the service charges that would have been paid, based upon the usage for the last full year that the property was connected to the utility system, for the period from the date of the disconnection from the utility system to the date of the new connection; or (2) the new connection fee.

The amended bill also extends the existing connection fee reductions, which currently apply for certain types of affordable housing serviced by sewerage authorities and municipal authorities, to all affordable housing units, including those in inclusionary projects. The amended bill also establishes the same connection fee reductions for all affordable housing serviced by local units operating a county or municipal sewerage facility or water supply facility.

The provisions of the amended bill apply to the following local government entities: (1) sewerage authorities under the “sewerage authorities law,” P.L.1946, c.138 (C.40:14A-1 et seq.); (2) county, municipal, and regional authorities under the “municipal and county utilities authorities law,” P.L.1957, c.183 (C.40:14B-1 et seq.); and (3) local units operating either a county or municipal sewerage facility, or a water supply facility, under the “Municipal and County Sewerage Act,” N.J.S.40A:26A-1 et seq., and the “County and Municipal Water Supply Act,” N.J.S.40A:31-1 et seq., respectively.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The amended bill proposes several changes to the way in which local government water and sewer entities charge connection fees (tapping fees). The OLS concludes that these changes, when considered together, would have an indeterminate net impact on local finances. The amended bill allows local government entities that operate water and sewer entities to charge additional connection fees for certain additions or alterations that materially increase the level of use on water or sewer system. In addition, the amended bill requires local government water and sewer entities to: (1) apply credits to connection fees charged for the reconnection of certain disconnected properties to a water of sewer system; and (2) charge reduced connection fees for all affordable housing projects.

Local government entities that operate water and sewer systems are authorized to collect two types of revenues: service charges and connection fees. Service charge revenues are generated by water and sewer system customers based on system usage (e.g., water consumption at a particular property). Connection fees are levied to cover the cost of connecting a property to the physical system and support other capital expenses related to the maintenance of the water or sewer system. Connection fees are calculated using a statutory formula that is identical for all local government water and sewer entities affected by the amended bill. Service charges and connection fees are required to be uniform within each class of users.

Under the current statutory formula, local water and sewerage entities may charge connection fees in an amount equal to the actual cost of the physical reconnection to the utility system, plus an amount calculated as follows: (1) the amount representing all debt service and non-bonded expenditures paid by the local entity to defray the capital cost of developing the water or sewer system; subtracted by (2) any payments or subsidies received by the local entity from any other private or public source; and the remainder divided by (3) the total number of units service by the local water or sewer entity at the end of the preceding fiscal year.

The amended bill proposes to change connection fee charges in three distinct ways. First, the amended bill permits a local government entity to charge an additional connection fee for an addition, alteration, or change in use that materially increases the level of use and imposes a greater demand on a utility system, but does not involve a new physical connection to the system. A local government entity would collect additional connection fee revenues as a result of this provision. Second, the amended bill requires local water and sewer entities to provide credits toward the connection fees charged for the reconnection of certain disconnected properties which were previously connected to a utility system. This proposed change would result in a decrease in local revenues, as the amount of the resulting connection fee, after the credits have been applied, would be less than the amount provided under current law. Third, the amended bill expands the types of affordable housing developments that receive discounted connection fees to include inclusionary developments that are not wholly dedicated to affordable housing units. This change would also result in a decrease in local revenues because a larger number of water and sewerage system users (e.g., residents of inclusionary housing developments) would pay reduced connection fees.

Section: Local Government
Analyst: Joseph A. Pezzulo
Assistant Research Analyst
Approved: Frank W. Haines III
Legislative Budget and Finance Officer

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

ASSEMBLY, No. 2779

STATE OF NEW JERSEY 218th LEGISLATURE

INTRODUCED FEBRUARY 1, 2018

Sponsored by:

Assemblyman LOUIS D. GREENWALD

District 6 (Burlington and Camden)

Assemblyman RAJ MUKHERJI

District 33 (Hudson)

SYNOPSIS

Authorizes certain local government utilities to impose additional connection fees; requires certain new credits and reductions for these fees.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 6/15/2018)

1 AN ACT concerning certain utility connection fees, supplementing
2 Title 40 of the Revised Statutes and Title 40A of the New Jersey
3 Statutes, and amending P.L.2005, c.29.

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

7
8 1. (New section) a. For a property connected to the sewerage
9 system for less than 20 years, a sewerage authority may charge an
10 additional connection or tapping fee for an addition, alteration, or
11 change in use that materially increases the level of use and imposes
12 a greater demand on the sewerage system, but does not involve a
13 new physical connection of the property to the sewerage system.

14 b. The connection or tapping fee authorized by subsection a. of
15 this section shall be equal to the amount by which the increased use
16 and demand on the sewerage system exceeds the use and demand
17 that existed prior to such addition, alteration, or change in use.

18 c. Nothing in this section shall be construed to preclude a
19 sewerage authority from charging a new or additional connection or
20 tapping fee for any new or additional connection of a property to
21 the sewerage system, or for any increase in the size of an existing
22 connection to the sewerage system that increases the level of use or
23 demand on the sewerage system.

24 d. As used in this section, “materially increases” means any
25 increase in the number of service units; or any other change which
26 increases the level of use or demand on the sewerage system by 15
27 percent or more over the highest actual annual use and demand that
28 existed during the prior 10-year period immediately preceding the
29 addition, alteration, or change in use; provided, however, that, if the
30 property has been connected to the sewerage system for less than 10
31 years, the average level of use and demand shall be calculated based
32 on the actual period of connection.

33
34 2. (New section) a. A sewerage authority shall provide a
35 credit applicable toward a connection or tapping fee to be charged
36 for a reconnection of a disconnected property that was previously
37 connected to the sewerage system, provided that:

38 (1) the property has been connected to the sewerage system for
39 at least 20 years; and

40 (2) service charges have been paid for the property in at least
41 one of the last five years.

42 b. The credit required under subsection a. of this section shall
43 be calculated as follows:

44 (1) If the reconnection does not require any new physical
45 connection or does not increase the nature or size of the service or

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 the number of services units, or does not expand the use of the
2 sewerage system, the credit shall be equal in amount to the new
3 connection or tapping fee.

4 (2) If the reconnection requires a new physical connection,
5 increases the nature or size of the service or the number of service
6 units, or expands the use of the sewerage system, the credit shall be
7 equal in amount to any connection or tapping fee previously paid
8 for the property, and the sewerage authority shall charge the
9 difference between the credit and the connection or tapping fee for
10 the new use or class.

11 (3) If no connection or tapping fee was ever paid for the
12 property, but all service charges due and owing on the property
13 have been paid for at least 20 years, the credit shall be equal in
14 amount to the new connection or tapping fee; provided, however,
15 that any charges due and owing pursuant to paragraph (2) of this
16 subsection shall be paid.

17 c. If no connection or tapping fee was ever paid for a
18 disconnected property that is to be reconnected and which was
19 previously connected to the sewerage system for at least 20 years,
20 the sewerage authority shall charge, in addition to any amount due
21 and owing after application of a credit pursuant to this section, a
22 connection or tapping fee equal to the lesser of:

23 (1) 20 percent of the service charges that would have been paid
24 based upon the usage for the last full year that the property was
25 connected to the sewerage system for the period from the date of
26 the disconnection from the sewerage system to the date of the new
27 connection; or

28 (2) the new connection fee.

29 d. A credit shall not be allowed under this section for a
30 property that has been disconnected from the sewerage system for
31 more than five years.

32 e. As used in this section, "disconnected property" means a
33 property that has been physically disconnected from the sewerage
34 system or a property not physically disconnected but to which
35 service has been discontinued without payments being made. A
36 "disconnected property" shall not include a property that has been
37 temporarily disconnected from the sewerage system or to which
38 service has been discontinued without payments being made for less
39 than 12 consecutive months and is being reconnected as it existed,
40 prior to the temporary disconnection or discontinuance of service.

41

42 3. Section 2 of P.L.2005, c.29 (C.40:14A-8.3) is amended to
43 read as follows:

44 2. a. A county, regional or municipal sewerage authority shall
45 establish within its rates or schedules a 50% reduction in the
46 connection fee or tapping fee assessed pursuant to section 8 of
47 P.L.1946, c.138 (C.40:14A-8) for new connections to the sewerage
48 system which is to be charged to public housing authorities **[and]**.

1 to non-profit organizations building affordable housing projects ,
2 and to any other affordable housing, including affordable housing
3 units in inclusionary projects.

4 b. For units previously connected to the authority's system that
5 were demolished or refurbished to allow for new affordable housing
6 units and for which a connection or tapping fee was previously
7 paid, a county, regional or municipal sewerage authority shall
8 establish within its rates or schedules a credit against the connection
9 fee or tapping fee to be assessed for connection with the sewerage
10 system to public housing authorities **【and】** , non-profit
11 organizations building affordable projects , and to any other
12 affordable housing, including affordable housing units in
13 inclusionary projects. The credit shall be the connection fee or
14 tapping fee previously assessed and paid for connection with the
15 sewerage system for units previously connected to the authority's
16 system.

17 c. The connection fee or tapping fee assessable against a public
18 housing authority **【or】** , non-profit organization , or other
19 affordable housing owner, for units previously connected to the
20 authority's system that were demolished or refurbished to allow for
21 new affordable housing units, including affordable housing units in
22 inclusionary projects, shall be the lesser of the reduced rate
23 provided for in subsection a. of this section, or the current non-
24 reduced rate applicable to other types of housing developments
25 minus the credit provided under subsection b. of this section for
26 units for which a connection fee or tapping fee was previously paid,
27 provided that said public housing authority **【or】** , non-profit
28 organization , or other affordable housing owner can establish the
29 connection fee or tapping fee was previously assessed and paid for
30 connection with the system. If the same cannot be established, the
31 reduced rate provided for in subsection a. of this section shall be
32 assessed.

33 (cf: P.L.2005, c.29, s.2)

34

35 4. (New section) a. For a property connected to the water or
36 sewerage system for less than 20 years, a municipal authority may
37 charge an additional connection or tapping fee for an addition,
38 alteration, or change in use that materially increases the level of use
39 and imposes a greater demand on the water or sewerage system, but
40 does not involve a new physical connection of the property to the
41 water or sewerage system.

42 b. The connection or tapping fee authorized by subsection a. of
43 this section shall be equal to the amount by which the increased use
44 and demand on the water or sewerage system exceeds the use and
45 demand that existed prior to such addition, alteration, or change in
46 use.

47 c. Nothing in this section shall be construed to preclude a
48 municipal authority from charging a new or additional connection

1 or tapping fee for any new or additional connection of a property to
2 the water or sewerage system, or for any increase in the size of an
3 existing connection to the water or sewerage system that increases
4 the level of use or demand on the water or sewerage system.

5 d. As used in this section, “materially increases” means any
6 increase in the number of service units; or any other change which
7 increases the level of use or demand on the water or sewerage
8 system by 15 percent or more over the highest actual annual use and
9 demand that existed during the prior 10-year period immediately
10 preceding the addition, alteration, or change in use; provided,
11 however, that, if the property has been connected to the water or
12 sewerage system for less than 10 years, the average level of use and
13 demand shall be calculated based on the actual period of
14 connection.

15

16 5. (New section) a. A municipal authority shall provide a
17 credit applicable toward a connection or tapping fee to be charged
18 for a reconnection of a disconnected property that was previously
19 connected to the water or sewerage system, provided that:

20 (1) the property has been connected to the water or sewerage
21 system for at least 20 years; and

22 (2) service charges have been paid for the property in at least
23 one of the last five years.

24 b. The credit required under subsection a. of this section shall
25 be calculated as follows:

26 (1) If the reconnection does not require any new physical
27 connection or does not increase the nature or size of the service or
28 the number of services units, or does not expand the use of the
29 water or sewerage system, the credit shall be equal in amount to the
30 new connection or tapping fee.

31 (2) If the reconnection requires a new physical connection,
32 increases the nature or size of the service or the number of service
33 units, or expands the use of the water or sewerage system, the credit
34 shall be equal in amount to any connection or tapping fee
35 previously paid for the property, and the municipal authority shall
36 charge the difference between the credit and the connection or
37 tapping fee for the new use or class.

38 (3) If no connection or tapping fee was ever paid for the
39 property, but all service charges due and owing on the property
40 have been paid for at least 20 years, the credit shall be equal in
41 amount to the new connection or tapping fee; provided, however,
42 that any charges due and owing pursuant to paragraph (2) of this
43 subsection shall be paid.

44 c. If no connection or tapping fee was ever paid for a
45 disconnected property that is to be reconnected and which was
46 previously connected to the water or sewerage system for at least 20
47 years, the municipal authority shall charge, in addition to any

1 amount due and owing after application of a credit pursuant to this
2 section, a connection or tapping fee equal to the lesser of:

3 (1) 20 percent of the service charges that would have been paid
4 based upon the usage for the last full year that the property was
5 connected to the water or sewerage system for the period from the
6 date of the disconnection from the water or sewerage system to the
7 date of the new connection; or

8 (2) the new connection fee.

9 d. A credit shall not be allowed under this section for a
10 property that has been disconnected from the water or sewerage
11 system for more than five years.

12 e. As used in this section, “disconnected property” means a
13 property that has been physically disconnected from the water or
14 sewerage system or a property not physically disconnected but to
15 which service has been discontinued without payments being made.
16 A “disconnected property” shall not include a property that has
17 been temporarily disconnected from the water or sewerage system
18 or to which service has been discontinued without payments being
19 made for less than 12 consecutive months and is being reconnected
20 as it existed, prior to the temporary disconnection or discontinuance
21 of service.

22

23 6. Section 5 of P.L.2005, c.29 (C.40:14B-22.3) is amended to
24 read as follows:

25 5. a. A county, regional or municipal utilities authority shall
26 establish within its rates or schedules a 50% reduction in the
27 connection fee or tapping fee assessed pursuant to section 21 of
28 P.L.1957, c.183 (C.40:14B-21) for new connections to the water
29 system and a 50% reduction in the connection fee or tapping fee
30 assessed pursuant to section 22 of P.L.1957, c.183 (C.40:14B-22)
31 for new connections to the sewerage system which are to be
32 charged to public housing authorities **【and】** , to non-profit
33 organizations building affordable housing projects , and to any
34 other affordable housing, including affordable housing units in
35 inclusionary projects.

36 b. For units previously connected to the authority's system that
37 were demolished or refurbished to allow for new affordable housing
38 units and for which a connection fee was previously paid, a county,
39 regional or municipal utilities authority shall establish within its
40 rates or schedules a credit against the connection fee or tapping fee
41 to be assessed for connection with the water system or the sewerage
42 system to public housing authorities **【and】** , non-profit
43 organizations building affordable housing projects , and to any
44 other affordable housing, including affordable housing units in
45 inclusionary projects. The credit shall be the connection fee or
46 tapping fee previously assessed and paid for connection with the
47 water system or the sewerage system for units previously connected
48 to the authority's system.

1 c. The connection fee or tapping fee assessable against a public
2 housing authority **【or】** , non-profit organization , or other
3 affordable housing owner, for units previously connected to the
4 authority's system that were demolished or refurbished to allow for
5 new affordable housing units, including affordable housing units in
6 inclusionary projects, shall be the lesser of the reduced rate
7 provided for in subsection a. of this section, or the current non-
8 reduced rate applicable to other types of housing developments
9 minus the credit provided under subsection b. of this section for
10 units for which a connection fee or tapping fee was previously paid,
11 provided that said public housing authority **【or】** , non-profit
12 organization , or other affordable housing owner can establish the
13 connection fee or tapping fee was previously assessed and paid for
14 connection with the system. If the same cannot be established, the
15 reduced rate provided for in subsection a. of this section shall be
16 assessed.

17 (cf: P.L.2005, c.29, s.5)

18

19 7. (New section) a. For a property connected to the sewerage
20 system for less than 20 years, a local unit operating a county or
21 municipal sewerage facility may charge an additional connection or
22 tapping fee for an addition, alteration, or change in use that
23 materially increases the level of use and imposes a greater demand
24 on the sewerage system, but does not involve a new physical
25 connection of the property to the sewerage system.

26 b. The connection or tapping fee authorized by subsection a. of
27 this section shall be equal to the amount by which the increased use
28 and demand on the sewerage system exceeds the use and demand
29 that existed prior to such addition, alteration, or change in use.

30 c. Nothing in this section shall be construed to preclude a local
31 unit operating a county or municipal sewerage facility from
32 charging a new or additional connection or tapping fee for any new
33 or additional connection of a property to the sewerage system, or
34 for any increase in the size of an existing connection to the
35 sewerage system that increases the level of use or demand on the
36 sewerage system.

37 d. As used in this section, “materially increases” means any
38 increase in the number of service units; or any other change which
39 increases the level of use or demand on the sewerage system by 15
40 percent or more over the highest actual annual use and demand that
41 existed during the prior 10-year period immediately preceding the
42 addition, alteration, or change in use; provided, however, that, if the
43 property has been connected to the sewerage system for less than 10
44 years, the average level of use and demand shall be calculated based
45 on the actual period of connection.

46

47 8. (New section) a. A local unit operating a county or
48 municipal sewerage facility shall provide a credit applicable toward

1 a connection or tapping fee to be charged for a reconnection of a
2 disconnected property that was previously connected to the
3 sewerage system, provided that:

4 (1) the property has been connected to the sewerage system for
5 at least 20 years; and

6 (2) service charges have been paid for the property in at least
7 one of the last five years.

8 b. The credit required under subsection a. of this section shall
9 be calculated as follows:

10 (1) If the reconnection does not require any new physical
11 connection or does not increase the nature or size of the service or
12 the number of services units, or does not expand the use of the
13 sewerage system, the credit shall be equal in amount to the new
14 connection or tapping fee.

15 (2) If the reconnection requires a new physical connection,
16 increases the nature or size of the service or the number of service
17 units, or expands the use of the sewerage system, the credit shall be
18 equal in amount to any connection or tapping fee previously paid
19 for the property, and the local unit shall charge the difference
20 between the credit and the connection or tapping fee for the new use
21 or class.

22 (3) If no connection or tapping fee was ever paid for the
23 property, but all service charges due and owing on the property
24 have been paid for at least 20 years, the credit shall be equal in
25 amount to the new connection or tapping fee; provided, however,
26 that any charges due and owing pursuant to paragraph (2) of this
27 subsection shall be paid.

28 c. If no connection or tapping fee was ever paid for a
29 disconnected property that is to be reconnected and which was
30 previously connected to the sewerage system for at least 20 years,
31 the local unit shall charge, in addition to any amount due and owing
32 after application of a credit pursuant to this section, a connection or
33 tapping fee equal to the lesser of:

34 (1) 20 percent of the service charges that would have been paid
35 based upon the usage for the last full year that the property was
36 connected to the sewerage system for the period from the date of
37 the disconnection from the sewerage system to the date of the new
38 connection; or

39 (2) the new connection fee.

40 d. A credit shall not be allowed under this section for a
41 property that has been disconnected from the sewerage system for
42 more than five years.

43 e. As used in this section, “disconnected property” means a
44 property that has been physically disconnected from the sewerage
45 system or a property not physically disconnected but to which
46 service has been discontinued without payments being made. A
47 “disconnected property” shall not include a property that has been
48 temporarily disconnected from the sewerage system or to which

1 service has been discontinued without payments being made for less
2 than 12 consecutive months and is being reconnected as it existed,
3 prior to the temporary disconnection or discontinuance of service.
4

5 9. (New section) a. A local unit operating a county or
6 municipal sewerage facility shall establish within its rates or
7 schedules a 50% reduction in the connection fee or tapping fee
8 assessed pursuant to N.J.S.40A:26A-11 for new connections to the
9 sewerage system which is to be charged to public housing
10 authorities, non-profit organizations building affordable housing
11 projects, and any other affordable housing, including affordable
12 housing units in inclusionary projects.

13 b. For units previously connected to the local unit's system that
14 were demolished or refurbished to allow for new affordable housing
15 units and for which a connection or tapping fee was previously
16 paid, a local unit operating a county or municipal sewerage facility
17 shall establish within its rates or schedules a credit against the
18 connection fee or tapping fee to be assessed for connection with the
19 sewerage system to public housing authorities, non-profit
20 organizations building affordable projects, and to any other
21 affordable housing, including affordable housing units in
22 inclusionary projects. The credit shall be the connection fee or
23 tapping fee previously assessed and paid, for connection with the
24 sewerage system for units previously connected to the local unit's
25 system.

26 c. The connection fee or tapping fee assessable against a public
27 housing authority, non-profit organization, or other affordable
28 housing owner, for units previously connected to the local unit's
29 system that were demolished or refurbished to allow for new
30 affordable housing units, including affordable housing units in
31 inclusionary projects, shall be the lesser of the reduced rate
32 provided for in subsection a. of this section, or the current non-
33 reduced rate applicable to other types of housing developments
34 minus the credit provided under subsection b. of this section for
35 units for which a connection fee or tapping fee was previously paid,
36 provided that such public housing authority, non-profit
37 organization, or other affordable housing owner can establish the
38 connection fee or tapping fee was previously assessed and paid for
39 connection with the system. If such previous assessment and
40 payment cannot be established, the reduced rate provided for in
41 subsection a. of this section shall be assessed.
42

43 10. (New section) a. For a property connected to the water
44 supply system for less than 20 years, a local unit operating a county
45 or municipal water supply facility may charge an additional
46 connection or tapping fee for an addition, alteration, or change in
47 use that materially increases the level of use and imposes a greater

1 demand on the water supply system, but does not involve a new
2 physical connection of the property to the water supply system.

3 b. The connection or tapping fee authorized by subsection a. of
4 this section shall be equal to the amount by which the increased use
5 and demand on the water supply system exceeds the use and
6 demand that existed prior to such addition, alteration, or change in
7 use.

8 c. Nothing in this section shall be construed to preclude a local
9 unit operating a county or municipal water supply facility from
10 charging a new or additional connection or tapping fee for any new
11 or additional connection of a property to the water supply system,
12 or for any increase in the size of an existing connection to the water
13 supply system that increases the level of use or demand on the
14 water supply system.

15 d. As used in this section, “materially increases” means any
16 increase in the number of service units; or any other change which
17 increases the level of use or demand on the water supply system by
18 15 percent or more over the highest actual annual use and demand
19 that existed during the prior 10-year period immediately preceding
20 the addition, alteration, or change in use; provided, however, that, if
21 the property has been connected to the water supply system for less
22 than 10 years, the average level of use and demand shall be
23 calculated based on the actual period of connection.

24
25 11. (New section) a. A local unit operating a county or
26 municipal water supply facility shall provide a credit applicable
27 toward a connection or tapping fee to be charged for a reconnection
28 of a disconnected property that was previously connected to the
29 water supply system, provided that:

30 (1) the property has been connected to the water supply system
31 for at least 20 years; and

32 (2) service charges have been paid for the property in at least
33 one of the last five years.

34 b. The credit required under subsection a. of this section shall
35 be calculated as follows:

36 (1) If the reconnection does not require any new physical
37 connection or does not increase the nature or size of the service or
38 the number of services units, or does not expand the use of the
39 water supply system, the credit shall be equal in amount to the new
40 connection or tapping fee.

41 (2) If the reconnection requires a new physical connection,
42 increases the nature or size of the service or the number of service
43 units, or expands the use of the water supply system, the credit shall
44 be equal in amount to any connection or tapping fee previously paid
45 for the property, and the local unit shall charge the difference
46 between the credit and the connection or tapping fee for the new use
47 or class.

1 (3) If no connection or tapping fee was ever paid for the
2 property, but all service charges due and owing on the property
3 have been paid for at least 20 years, the credit shall be equal in
4 amount to the new connection or tapping fee; provided, however,
5 that any charges due and owing pursuant to paragraph (2) of this
6 subsection shall be paid.

7 c. If no connection or tapping fee was ever paid for a
8 disconnected property that is to be reconnected and which was
9 previously connected to the water supply system for at least 20
10 years, the local unit shall charge, in addition to any amount due and
11 owing after application of a credit pursuant to this section, a
12 connection or tapping fee equal to the lesser of:

13 (1) 20 percent of the service charges that would have been paid
14 based upon the usage for the last full year that the property was
15 connected to the water supply system for the period from the date of
16 the disconnection from the water supply system to the date of the
17 new connection; or

18 (2) the new connection fee.

19 d. A credit shall not be allowed under this section for a
20 property that has been disconnected from the water supply system
21 for more than five years.

22 e. As used in this section, “disconnected property” means a
23 property that has been physically disconnected from the water
24 supply system or a property not physically disconnected but to
25 which service has been discontinued without payments being made.
26 A “disconnected property” shall not include a property that has
27 been temporarily disconnected from the water supply system or to
28 which service has been discontinued without payments being made
29 for less than 12 consecutive months and is being reconnected as it
30 existed, prior to the temporary disconnection or discontinuance of
31 service.

32

33 12. (New section) a. A local unit operating a county or
34 municipal water supply facility shall establish within its rates or
35 schedules a 50% reduction in the connection fee or tapping fee
36 assessed pursuant to N.J.S.40A:31-11 for new connections to the
37 water supply system which is to be charged to public housing
38 authorities, non-profit organizations building affordable housing
39 projects, and any other affordable housing, including affordable
40 housing units in inclusionary projects.

41 b. For units previously connected to the local unit’s system that
42 were demolished or refurbished to allow for new affordable housing
43 units and for which a connection or tapping fee was previously
44 paid, a local unit operating a county or municipal water supply
45 facility shall establish within its rates or schedules a credit against
46 the connection fee or tapping fee to be assessed for connection with
47 the water supply system to public housing authorities, non-profit
48 organizations building affordable projects, and to any other

1 affordable housing, including affordable housing units in
2 inclusionary projects. The credit shall be the connection fee or
3 tapping fee previously assessed and paid, for connection with the
4 water supply system for units previously connected to the local
5 unit's system.

6 c. The connection fee or tapping fee assessable against a public
7 housing authority, non-profit organization, or other affordable
8 housing owner, for units previously connected to the local unit's
9 system that were demolished or refurbished to allow for new
10 affordable housing units, including affordable housing units in
11 inclusionary projects, shall be the lesser of the reduced rate
12 provided for in subsection a. of this section, or the current non-
13 reduced rate applicable to other types of housing developments
14 minus the credit provided under subsection b. of this section for
15 units for which a connection fee or tapping fee was previously paid,
16 provided that such public housing authority, non-profit
17 organization, or other affordable housing owner can establish the
18 connection fee or tapping fee was previously assessed and paid for
19 connection with the system. If such previous assessment and
20 payment cannot be established, the reduced rate provided for in
21 subsection a. of this section shall be assessed.

22

23 13. This act shall take effect immediately.

24

25

26

STATEMENT

27

28 This bill would authorize additional connection fees for certain
29 utilities operated by local governments and establish certain credits
30 and reductions for these fees. The local government entities
31 covered by the bill are: sewerage authorities under the "sewerage
32 authorities law," P.L.1946, c.138 (C.40:14A-1 et seq.); municipal
33 authorities under the "municipal and county utilities authorities
34 law," P.L.1957, c.183 (C.40:14B-1 et seq.); and local units
35 operating either a county or municipal sewerage facility or water
36 supply facility under the "Municipal and County Sewerage Act,"
37 N.J.S.40A:26A-1 et seq., and the "County and Municipal Water
38 Supply Act," N.J.S.40A:31-1 et seq., respectively. This bill would
39 make the assessment of these utility connection fees more equitable.

40 The bill would allow new connection fees to be imposed for an
41 addition, alteration, or change in use that materially increases the
42 level of use and imposes a greater demand on the utility system, but
43 does not involve a new physical connection of the property to the
44 system. This additional fee would be equal to the amount by which
45 the increased use and demand on the utility system exceeds the use
46 and demand that existed prior to the addition, alteration, or change
47 in use. Such additional fee would not take the place of fees for any
48 new or additional connections.

1 The bill would also require credits be applied to connection fees
2 charged for a reconnection of certain disconnected properties that
3 were previously connected to the utility system. If the reconnection
4 does not require any new physical connection or does not increase
5 the nature or size of the service or the number of services units, or
6 does not expand the use of the utility system, the credit is equal to
7 the amount of the new connection fee. If the reconnection requires
8 any of the foregoing, the credit is equal to the amount of any
9 connection fee previously paid for the property. If no connection
10 fee was ever paid for the property, but all service charges due and
11 owing on the property have been paid for at least 20 years, the
12 credit is equal to the amount of the new connection fee.

13 However, if no connection fee was ever paid for certain
14 disconnected properties, a connection fee would be charged in
15 addition to any amount due and owing after application of a credit.
16 This fee would be equal to the lesser of: (1) 20 percent of the
17 service charges that would have been paid based upon the usage for
18 the last full year that the property was connected to the utility
19 system for the period from the date of the disconnection from the
20 utility system to the date of the new connection; or (2) the new
21 connection fee.

22 Lastly, the bill would provide that the existing connection fee
23 reductions for certain types of affordable housing serviced by
24 sewerage authorities and municipal authorities be extended to all
25 affordable housing, including affordable housing units in
26 inclusionary projects. The bill would also newly establish the same
27 connection fee reductions for all affordable housing serviced by
28 local units operating a county or municipal sewerage facility or
29 water supply facility.

ASSEMBLY STATE AND LOCAL GOVERNMENT
COMMITTEE

STATEMENT TO
ASSEMBLY, No. 2779

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 14, 2018

The Assembly State and Local Government Committee reports favorably and with committee amendments Assembly Bill No. 2779.

As amended by the committee, this bill authorizes additional connection fees for certain utilities operated by local governments and establishes certain credits and reductions for these fees. The local government entities covered by the bill are: sewerage authorities under the “sewerage authorities law,” P.L.1946, c.138 (C.40:14A-1 et seq.); municipal authorities under the “municipal and county utilities authorities law,” P.L.1957, c.183 (C.40:14B-1 et seq.); and local units operating either a county or municipal sewerage facility or water supply facility under the “Municipal and County Sewerage Act,” N.J.S.40A:26A-1 et seq., and the “County and Municipal Water Supply Act,” N.J.S.40A:31-1 et seq., respectively.

The bill allows new connection fees to be imposed for an addition, alteration, or change in use to certain connected properties that materially increases the level of use and imposes a greater demand on the utility system, but does not involve a new physical connection of the property to the system. This additional fee is equal to the amount by which the increased use and demand on the utility system exceeds the use and demand that existed prior to the addition, alteration, or change in use. The additional fee does not take the place of fees for any new or additional connections, including for any new construction of additional service units connected to the applicable utility system.

The bill also requires credits to be applied to connection fees charged for a reconnection of certain disconnected properties that were previously connected to the utility system. If the reconnection does not require any new physical connection or does not increase the nature or size of the service or the number of services units, or does not expand the use of the utility system, the credit is equal to the amount of the new connection fee. If the reconnection requires any of the foregoing, the credit is equal to the amount of any connection fee previously paid for the property. If no connection fee was ever paid for the property, but all service charges due and owing on the property

have been paid for at least 20 years, the credit is equal to the amount of the new connection fee.

However, if no connection fee was ever paid for certain disconnected properties, a connection fee is to be charged in addition to any amount due and owing after application of a credit. The bill provides for this fee to be equal to the lesser of: (1) 20 percent of the service charges that would have been paid based upon the usage for the last full year that the property was connected to the utility system for the period from the date of the disconnection from the utility system to the date of the new connection; or (2) the new connection fee.

Lastly, the bill provides that the existing connection fee reductions for certain types of affordable housing serviced by sewerage authorities and municipal authorities is to be extended to all affordable housing, including affordable housing units in inclusionary projects. The bill also newly establishes the same connection fee reductions for all affordable housing serviced by local units operating a county or municipal sewerage facility or water supply facility.

As amended by the committee, this bill is identical to S-1247 (2R), which is also before the committee for consideration on this date.

COMMITTEE AMENDMENTS:

The committee amendments clarify that the additional fee authorized under the bill does not preclude a local unit operating a county or municipal water supply facility from levying fees for new construction of additional units connected to the utility system.

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 2779

STATE OF NEW JERSEY 218th LEGISLATURE

DATED: JUNE 26, 2018

SUMMARY

- Synopsis:** Authorizes certain local government utilities to impose additional connection fees; requires certain new credits and reductions for these fees.
- Type of Impact:** Indeterminate net impact on local finances.
- Agencies Affected:** Counties, municipalities, and local water and sewer authorities.

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
Local Revenue		Indeterminate Impact	

- The Office of Legislative Services (OLS) concludes that the enactment of the amended bill would have an indeterminate fiscal impact on local government water and sewer entities.
- The amended bill authorizes local government water and sewer entities to charge additional connection fees on property additions or alterations that materially increase the level of water or sewerage use, thereby increasing local entity revenues.
- The amended bill requires local government water and sewer entities to: (1) apply credits toward connection fees charged for the reconnection of certain disconnected properties to water or sewer systems; and (2) charge reduced connection fees for all affordable housing projects. These requirements would reduce local entity revenues because the resulting connection fees receipts, including the required rebates, would be less than those currently authorized by law.
- Under current law, connection fees are calculated using a statutory formula that accounts for: (1) the costs of system reconnection; (2) the amount of all debt service, including the capital expenses paid to develop the system; (3) any payments made to the local government water or sewer entity from other public and private entities; and (4) the total number of units serviced by the system.

BILL DESCRIPTION

The amended bill authorizes additional connection fees for certain utilities operated by local governments and establishes certain credits and reductions for those fees. Under the amended bill, a local government water or sewer entity may impose an additional connection fee for an addition, alteration, or change in use that materially increases the level of use and imposes a greater demand on the utility system, but does not involve a new physical connection of the property to the system. This additional fee would be equal to the amount by which the increased use and demand on the utility system exceeds the use and demand that existed prior to the addition, alteration, or change in use. As amended, the bill clarifies that the additional connection fee does not take the place of fees for any new or additional connections, or for any new construction of additional service units that are connected to the utility system.

The amended bill also requires local government water or sewer entities to apply credits toward connection fees charged for the reconnection of certain disconnected properties that were previously connected to the utility system. The credit is to equal the amount of the connection fee if the reconnection does not: (1) require a new physical connection; (2) increase the nature or size of the service, or the number of service units; or (3) expand the use of the utility system. If the reconnection requires any of the foregoing, the credit is to equal the amount of any connection fee previously paid for the property. If a connection fee was never paid for the property, but all service charges due and owing on the property have been paid for at least 20 years, then the credit is to equal the amount of the connection fee.

However, if a connection fee was never paid for a disconnected property that is to be reconnected to a utility system and was previously connected to the utility system for at least 20 years, a connection fee would be charged in addition to any amount due and owing after application of a credit. This fee would be equal to the lesser of: (1) 20 percent of the service charges that would have been paid, based upon the usage for the last full year that the property was connected to the utility system, for the period from the date of the disconnection from the utility system to the date of the new connection; or (2) the new connection fee.

The amended bill also extends the existing connection fee reductions, which currently apply for certain types of affordable housing serviced by sewerage authorities and municipal authorities, to all affordable housing units, including those in inclusionary projects. The amended bill also establishes the same connection fee reductions for all affordable housing serviced by local units operating a county or municipal sewerage facility or water supply facility.

The provisions of the amended bill apply to the following local government entities: (1) sewerage authorities under the “sewerage authorities law,” P.L.1946, c.138 (C.40:14A-1 et seq.); (2) county, municipal, and regional authorities under the “municipal and county utilities authorities law,” P.L.1957, c.183 (C.40:14B-1 et seq.); and (3) local units operating either a county or municipal sewerage facility, or a water supply facility, under the “Municipal and County Sewerage Act,” N.J.S.40A:26A-1 et seq., and the “County and Municipal Water Supply Act,” N.J.S.40A:31-1 et seq., respectively.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The amended bill proposes several changes to the way in which local government water and sewer entities charge connection fees (tapping fees). The OLS concludes that these changes, when considered together, would have an indeterminate net impact on local finances. The amended bill allows local government entities that operate water and sewer entities to charge additional connection fees for certain additions or alterations that materially increase the level of use on water or sewer system. In addition, the amended bill requires local government water and sewer entities to: (1) apply credits to connection fees charged for the reconnection of certain disconnected properties to a water or sewer system; and (2) charge reduced connection fees for all affordable housing projects.

Local government entities that operate water and sewer systems are authorized to collect two types of revenues: service charges and connection fees. Service charge revenues are generated by water and sewer system customers based on system usage (e.g., water consumption at a particular property). Connection fees are levied to cover the cost of connecting a property to the physical system and support other capital expenses related to the maintenance of the water or sewer system. Connection fees are calculated using a statutory formula that is identical for all local government water and sewer entities affected by the amended bill. Service charges and connection fees are required to be uniform within each class of users.

Under the current statutory formula, local water and sewerage entities may charge connection fees in an amount equal to the actual cost of the physical reconnection to the utility system, plus an amount calculated as follows: (1) the amount representing all debt service and non-bonded expenditures paid by the local entity to defray the capital cost of developing the water or sewer system; subtracted by (2) any payments or subsidies received by the local entity from any other private or public source; and the remainder divided by (3) the total number of units service by the local water or sewer entity at the end of the preceding fiscal year.

The amended bill proposes to change connection fee charges in three distinct ways. First, the amended bill permits a local government entity to charge an additional connection fee for an addition, alteration, or change in use that materially increases the level of use and imposes a greater demand on a utility system, but does not involve a new physical connection to the system. A local government entity would collect additional connection fee revenues as a result of this provision. Second, the amended bill requires local water and sewer entities to provide credits toward the connection fees charged for the reconnection of certain disconnected properties which were previously connected to a utility system. This proposed change would result in a decrease in local revenues, as the amount of the resulting connection fee, after the credits have been applied, would be less than the amount provided under current law. Third, the amended bill expands the types of affordable housing developments that receive discounted connection fees to include inclusionary developments that are not wholly dedicated to affordable housing units. This change would also result in a decrease in local revenues because a larger number of water and sewerage system users (e.g., residents of inclusionary housing developments) would pay reduced connection fees.

Section: Local Government
Analyst: Joseph A. Pezzulo
Assistant Research Analyst
Approved: Frank W. Haines III
Legislative Budget and Finance Officer

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



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Newark, N.J.

Governor Murphy Takes Action on Legislation

08/10/2018

TRENTON – Governor Phil Murphy today signed the following bills into law:

A837 (Land, Andrzejczak, DeAngelo, Mazzeo/Diegnan, Van Drew) – Requires public utility to charge veterans' organization residential rate for service delivered to property at which veterans' organization primarily operates.

A1531 (Zwicker, Lopez, Mukherji/Kean, Singer, Pou) – Revises law concerning reciprocity for out-of-State professional and occupational licenses.

A2178 (Schaer, Calabrese, Wimberly/Sarlo) – Permits conduct of raffles at large sporting venues.

A2189 (Lampitt, Downey, Danielsen/Ruiz, Corrado) – Requires school districts to include instruction on consequences of distributing and soliciting sexually explicit images through electronic means as part of New Jersey Student Learning Standards in Comprehensive Health and Physical Education.

A2193 (Jones, Benson, Lampitt/Diegnan, Ruiz) – Directs State of Board of Education to authorize computer science endorsement to instructional certificate.

A2366 (Vainieri Huttel, Mukherji, Benson/Weinberg, Stack) – Requires DOH to develop New Jersey Report Card of Hospital Maternity Care.

A3861 (Quijano, DeAngelo, Giblin/Vitale, Gopal) – Concerns unemployment compensation and labor disputes.

A4169 (Pintor Marin, Mukherji, Lampitt/Stack) – Authorizes NJ Infrastructure Bank to expend certain sums to make loans for environmental infrastructure projects for FY2019.

A4170 (Taliaferro, Carter, Caputo/Sweeney) – Appropriates funds to DEP for environmental infrastructure projects for FY2019.

A4210 (Armato, Freiman, Jasey/Codey, Oroho) – Appropriates \$15,294,000 from constitutionally dedicated CBT revenues to DEP for State acquisition of lands for recreation and conservation purposes, including Blue Acres projects.

A4211 (Reynolds-Jackson, Chiaravalloti, Andrzejczak/Greenstein, Bateman) – Appropriates \$9.703 million from constitutionally dedicated CBT revenues for recreation and conservation purposes to DEP for State capital and park development projects.

A4228 (Murphy, Conaway, Space/Singleton) – Requires SHBP and SEHBP to establish and contract for

Medicare Primary Assignment and Audit Program ensuring that all persons in SHBP and SEHBP eligible for Medicare as primary provider.

A4255 (Andrzejczak, Land, Mazzeo/Van Drew) – FY2019 supplemental appropriation of \$1.2 million to Shellfish and Marine Fisheries Management for Bureau of Marine Fisheries in DEP.

S430 (Pou, Oroho/Giblin) – Concerns certain real estate licenses.

S647 (Beach, Cruz-Perez/Jones, Lampitt, Barclay, Taliaferro) – Permits registered voters to receive mail-in ballots automatically for all elections under certain conditions.

S847 (Turner, Diegnan/Jasey, Murphy) – Requires school districts to provide daily recess period for students in grade kindergarten through 5; permits denial of recess for violation of code of student conduct but student must be provided restorative justice activities.

S1247 (Rice, Kean/Greenwald, Mukherji) – Authorizes certain local government utilities to impose additional connection fees; requires certain new credits and reductions for these fees.

S2645 (Singleton/Pinkin, McKeon, Reynolds-Jackson, Murphy) – Makes various changes to New Jersey Infrastructure Bank's enabling act.

S2763 (Scutari/Carter, Kennedy) – Revises special charter for City of Plainfield.

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Newark, N.J.

Bill Signings

08/10/2018

The Governor has acted on the following bills today:

BILL SIGNINGS:

S-430/A-2726 (Pou, Oroho/Giblin) - Concerns certain real estate licensees

SCS for S-647/ACS for A-1186 (Beach, Cruz-Perez/Jones, Lampitt, Taliaferro) - Permits registered voters to receive mail-in ballots automatically for all elections under certain conditions

S-847/A-4076 (Turner, Diegnan/Jasey, Murphy) - Requires school districts to provide daily recess period for students in grade kindergarten through 5; permits denial of recess for violation of code of student conduct but student must be provided restorative justice activities

S-1247/A-2779 (Rice, T. Kean/Greenwald, Mukherji) - Authorizes certain local government utilities to impose additional connection fees; requires certain new credits and reductions for these fees

S-2645/A-4173 (Singleton/Pinkin, McKeon, Reynolds-Jackson, Murphy) - Makes various changes to New Jersey Infrastructure Bank's enabling act

S-2763/A-4220 (Scutari/Carter, Kennedy) - Revises special charter for City of Plainfield

A-837/S-2446 (Land, Andrzejczak, DeAngelo, Mazzeo/Diegnan, Van Drew) - Requires public utility to charge veterans' organization residential rate for service delivered to property at which veterans' organization primarily operates

A-1531/S-522 (Zwicker, Lopez, Mukherji/T. Kean, Singer, Pou) - Revises law concerning reciprocity for out-of-State professional and occupational licenses

A-2178/S-1231 (Schaer, Calabrese, Wimberly/Sarlo) - Permits conduct of raffles at large sporting venues

A-2189/S-2092 (Lampitt, Downey, Danielsen/Ruiz, Corrado) - Requires school districts to include instruction on consequences of distributing and soliciting sexually explicit images through electronic means as part of New Jersey Student Learning Standards in Comprehensive Health and Physical Education

A-2193/S-1816 (Jones, Benson, Lampitt/Diegnan, Ruiz) - Directs State Board of Education to authorize computer science education endorsement to instructional certificate

A-2366/S-1786 (Vainieri Huttle, Mukherji, Benson/Weinberg, Stack) - Requires DOH to develop New Jersey Report Card of Hospital Maternity Care

A-3861/S-1046 (Quijano, DeAngelo, Giblin/Vitale, Gopal) - Concerns unemployment compensation and labor disputes

A-4169/S-2647 (Pintor Marin, Mukherji, Lampitt/Stack) - Authorizes NJ Infrastructure Bank to expend certain sums to make loans for environmental infrastructure projects for FY2019

A-4170/S-2646 (Taliaferro, Carter, Caputo/Sweeney) - Appropriates funds to DEP for environmental infrastructure projects for FY2019

A-4210/S-2728 (Armato, Freiman, Jasey/Codey, Oroho) - Appropriates \$15,294,000 from constitutionally dedicated CBT revenues to DEP for State acquisition of lands for recreation and conservation purposes, including Blue Acres projects

A-4211/S-2729 (Reynolds-Jackson, Chiaravalloti, Andrzejczak/Greenstein, Bateman) - Appropriates \$9.703 million from constitutionally dedicated CBT revenues for recreation and conservation purposes to DEP for State capital and park development projects

A-4228/S-2771 (Murphy, Conaway, Space/Singleton) - Requires SHBP and SEHBP to establish and contract for Medicare Primary Assignment and Audit Program ensuring that all persons in SHBP and SEHBP eligible for Medicare have Medicare as primary provider

A-4255/S-2793 (Andrzejczak, Land, Mazzeo/Van Drew) - FY2019 supplemental appropriation of \$1.2 million to Shellfish and Marine Fisheries Management for Bureau of Marine Fisheries in DEP

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Governor Phil Murphy

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