

40:14B-20.1

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**LEGISLATIVE HISTORY CHECKLIST**

**NJSA:** 40:14B-20.1

(Municipal authorities--deposit money in separate interest-bearing accounts).

**LAWS OF:** 1985

**CHAPTER:** 316

**Bill No:** A339

**Sponsor(s):** Riley and others

**Date Introduced:** Pre-filed

**Committee:** **Assembly:** Municipal Government

**Senate:** County and Municipal Government

**Amended during passage:** Yes Substituted for S1832 (not attached since identical to A339.) Amendments during passage denoted by asterisks.

**Date of Passage:** **Assembly:** June 27, 1985

**Senate:** November 19, 1984

**Date of Approval:** August 28, 1985

**Following statements are attached if available:**

**Sponsor statement:** Yes

**Committee statement:** **Assembly** Yes

**Senate** Yes

**Fiscal Note:** No

**Veto Message:** No

**Message on Signing:** No

**Following were printed:**

**Reports:** No

**Hearings:** No

8-28-85

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## ASSEMBLY, No. 339

## STATE OF NEW JERSEY

PRE-FILED FOR INTRODUCTION IN THE 1984 SESSION

By Assemblymen RILEY, MARSELLA, BOCCHINI and BRYANT

A SUPPLEMENT to the "municipal and county utilities authorities law," approved August 22, 1957 (P. L. 1957, c. 183, C. 40:14B-1 et seq.).

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

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

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

\*—Assembly committee amendments adopted May 14, 1984.

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

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

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

1 2. This act shall take effect immediately.

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 21 an amount of interest paid on a deposit which does not exceed in  
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 23 excess of \$100.00, the municipal authority may receive as  
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 32 and paid on a deposit after the effective date of this act.

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#### STATEMENT

This bill supplements the "municipal and county utilities  
 authorities law," P. L. 1957, c. 183 (C. 40:14B-1 et seq.) to require  
 that a utilities authority keep separate from all other moneys of  
 the authority, hold in escrow, and deposit in an insured interest  
 bearing account in a banking institution or savings and loan  
 association located within the State all moneys it requires as a  
 deposit from persons for professional services and from devel-  
 opers and contractors as inspection fees, performance guarantees,  
 or maintenance guarantees.

The bill further provides that the authority must notify the  
 depositor in writing of the name and address of the institution  
 or association where the moneys are deposited. The interest paid  
 on the deposit, less a maximum of 25% which the authority may  
 retain to cover its administrative costs, is to be refunded to the  
 depositor.

A339 (1985)

ASSEMBLY MUNICIPAL GOVERNMENT COMMITTEE

STATEMENT TO

**ASSEMBLY, No. 339**

with Assembly committee amendments

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**STATE OF NEW JERSEY**

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DATED: MAY 14, 1984

Assembly Bill No. 339 supplements the "municipal and county utilities authorities law," P. L. 1957, c. 183 (C. 40:14B-1 et seq.) to require that an authority keep separate from all other moneys of the authority, hold in escrow, and deposit in an insured interest bearing account in a banking institution or saving and loan association located within the State certain moneys it requires as a deposit from persons for professional services, and from developers and contractors as inspection fees, performances guarantees, or maintenance guarantees.

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

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

SENATE COUNTY AND MUNICIPAL GOVERNMENT  
COMMITTEE

STATEMENT TO  
**ASSEMBLY, No. 339**

[OFFICIAL COPY REPRINT]  
with Senate committee amendments

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**STATE OF NEW JERSEY**

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DATED: JUNE 20, 1985

Assembly Bill No. 339 OCR Sca supplements the provisions of the "municipal and county utilities authorities law," P. L. 1957, c. 183 (C. 40:14B-1 et seq.) to require that a utilities authority hold in escrow and deposit in an insured interest bearing account in a banking institution or savings and loan association located within the State certain moneys it requires as a deposit from persons for professional review fees and from developers and contractors and contractors as inspection fees, performance guarantees or maintenance guarantees.

The bill further provides that the authority must notify the depositor in writing of the name and address of the institution or association where the moneys are deposited. The interest earned and paid on the deposit, when in excess of \$100.00 for the year, is to be refunded to the depositor. The authority may, however, retain not more than 33 $\frac{1}{3}$ % of that interest to cover its administrative expenses. The authority is not obligated to refund amounts of interest which do not exceed \$100.00 for the year.

The provisions of the bill apply only to interest earned and paid after the date of enactment and, as amended by the committee, only to deposits involving amounts in excess of \$5,000.00.