

ASSEMBLY, No. 2784

STATE OF NEW JERSEY

220th LEGISLATURE

INTRODUCED FEBRUARY 28, 2022

Sponsored by:

Assemblyman ROY FREIMAN

District 16 (Hunterdon, Mercer, Middlesex and Somerset)

SYNOPSIS

Modifies interest rates and accrual of interest on certain unpaid water and sewer utility bills and delinquent municipal taxes, assessments, and other municipal liens and charges.

CURRENT VERSION OF TEXT

As introduced.



1 **AN ACT** concerning interest rates and the accrual of interest on
2 certain unpaid water and sewer utility bills and delinquent
3 municipal taxes, assessments, and other municipal liens and
4 charges, amending various parts of statutory law and
5 supplementing Title 58 of the Revised Statutes.

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

9
10 1. Section 3 of P.L.1946, c.138 (C.40:14A-3) is amended to
11 read as follows:

12 3. As used in **[this act]** P.L.1946, c.138 (C.40:14A-1 et seq.),
13 unless a different meaning clearly appears from the context:

14 (1) "Municipality" shall mean any city of any class, any
15 borough, village, town, township, or any other municipality other
16 than a county or a school district, and except when used in section 4
17 or 21 of **[this act]** P.L.1946, c.138 (C.40:14A-4 or 40:14A-21), any
18 agency thereof or any two or more thereof acting jointly or any joint
19 meeting or other agency of any two or more thereof;

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

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

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

33 (5) "Sewerage or water reclamation authority" shall mean a
34 public body created pursuant to section 4 of **[this act]**
35 P.L.1946, c.138 (C.40:14A-4);

36 (6) Subject to the exceptions provided in section 4 of **[this act]**
37 P.L.1946, c.138 (C.40:14A-4), "district" shall mean the area within
38 the territorial boundaries of the county, or of the municipality or
39 municipalities, which created or joined in the creation of a sewerage
40 authority;

41 (7) "Local unit" shall mean the county, or any municipality,
42 which created or joined in the creation of a sewerage authority;

43 (8) "Sewerage system" shall mean the plants, structures, on-site
44 waste-water systems, and other real and personal property acquired,
45 constructed, maintained, or operated or to be acquired, constructed,

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 maintained, or operated by a sewerage authority for the purposes of
2 the sewerage authority, including sewers, conduits, pipe lines,
3 mains, pumping and ventilating stations, sewage treatment or
4 disposal systems, plants and works, connections, and outfalls,
5 compensating reservoirs, and other plants, structures, boats,
6 conveyances, and other real and personal property, and rights
7 therein, and appurtenances necessary or useful and convenient for
8 the collection, treatment, purification, or disposal in a sanitary
9 manner of any sewage, liquid or solid wastes, night soil, or
10 industrial wastes;

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

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

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

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

47 (13) "Sewage" shall mean the water-carried wastes created in and
48 carried, or to be carried, away from, or to be processed by on-site

1 wastewater systems, residences, hotels, apartments, schools,
2 hospitals, industrial establishments, or any other public or private
3 building, together with such surface or ground water and industrial
4 wastes as may be present;

5 (14) "On-site wastewater system" means any of several works,
6 facilities, septic tanks, or other devices, used to collect, treat,
7 reclaim, or dispose of wastewater or sewage on or adjacent to the
8 property on which the wastewater or sewage is produced, or to
9 convey such wastewater or sewage from **[said]** that property to
10 such facilities as the authority may establish for its disposal;

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

15 (16) "Ordinance" means a written act of the governing body of a
16 municipality adopted and otherwise approved and published in the
17 manner or mode of procedure prescribed for ordinances tending to
18 obligate such municipality pecuniarily;

19 (17) "Resolution" means a written act of the governing body of a
20 local unit adopted and otherwise approved in the manner or mode of
21 procedure prescribed for resolutions tending to obligate such local
22 unit pecuniarily;

23 (18) "Bonds" shall mean bonds or other obligations issued
24 pursuant to **[this act]** P.L.1946, c.138 (C.40:14A-1 et seq.); **[and]**

25 (19) "Compensating reservoir" shall mean the structures,
26 facilities, and appurtenances for the impounding, transportation, and
27 release of water for the replenishment in periods of drought or at
28 other necessary times of all or a part of waters in or bordering the
29 State diverted into a sewer, sewage treatment, or sewage disposal
30 system operated by the sewerage authority; and

31 (20) "Prevailing municipal bond yield" means the average
32 estimated yield that would be offered on 20-year general obligation
33 bonds with a composite rating of approximately "A" as reflected by
34 the Bond Buyer 20-Bond Municipal Bond Index during the first
35 week of the last month of the calendar year immediately preceding
36 the calendar year in which the service charge was due; provided
37 however, that, if the sewerage authority determines that the average
38 estimated yield decreases by more than one percentage point from
39 the yield previously determined, the sewerage authority shall
40 redetermine the prevailing municipal bond yield to be that average
41 estimated yield for subsequent calendar quarters of the calendar
42 year in which service charges become due.

43 (cf: P.L.2002, c.42, s.4)

44
45 2. Section 21 of P.L.1946, c.138 (C.40:14A-21) is amended to
46 read as follows:

47 21. (a) In the event that a service charge of any sewerage
48 authority with regard to any parcel of real property shall not be paid

1 as and when due and remains unpaid for 30 days following the date
2 for the payment thereof, interest shall accrue and be due to the
3 sewerage authority on the unpaid balance at ~~the~~ a rate ~~of 1 1/2~~
4 ~~% per month~~ equal to the prevailing municipal bond yield assessed
5 for each month or fraction thereof, compounded annually at the end
6 of each year, from the date the service charge was originally due
7 until ~~such~~ the date the service charge, and the interest thereon,
8 shall be fully paid to the sewerage authority.

9 (b) In the event that a service charge of any sewerage authority
10 with regard to any parcel of real property owned by any person
11 other than the State or an agency or subdivision thereof shall not be
12 paid as and when due, the unpaid balance thereof and all interest
13 accruing thereon shall be a lien on such parcel. Such lien shall be
14 superior and paramount to the interest in such parcel of any owner,
15 lessee, tenant, mortgagee, or other person except the lien of
16 municipal taxes and shall be on a parity with and deemed equal to
17 the lien on such parcel of the municipality where such parcel is
18 situate for taxes thereon due in the same year and not paid when
19 due. Such lien shall not bind or affect a subsequent bona fide
20 purchaser of such parcel for a valuable consideration without actual
21 notice of such lien, unless the sewerage authority shall have filed in
22 the office of the collector or other officer of ~~said~~ that
23 municipality charged with the duty of enforcing municipal liens on
24 real property a statement showing the amount and due date of such
25 unpaid balance and identifying such parcel, which identification
26 may be sufficiently made by reference to the assessment map of
27 ~~said~~ that municipality. The information shown in such statement
28 shall be included in any certificate with respect to ~~said~~ that parcel
29 thereafter made by the official of ~~said~~ that municipality vested
30 with the power to make official certificates of searches for
31 municipal liens. Whenever such service charge and any subsequent
32 service charge with regard to such parcel and all interest accrued
33 thereon shall have been fully paid to the sewerage authority, such
34 statement shall be promptly withdrawn or cancelled by the
35 sewerage authority.

36 (c) In the event that a service charge of any sewerage authority
37 with regard to any parcel of real property shall not be paid as and
38 when due, the sewerage authority may, in its discretion, enter upon
39 such parcel and cause the connection thereof leading directly or
40 indirectly to the sewerage system to be cut and shut off until such
41 service charge and any subsequent service charge with regard to
42 such parcel and all interest accrued thereon shall be fully paid to the
43 sewerage authority.

44 (d) In the event that a service charge of any sewerage authority
45 with regard to any parcel of real property shall not be paid as and
46 when due, the sewerage authority may, in accordance with section
47 ~~twenty-six~~ 26 of this act P.L.1946, c.138 (C.40:14A-26), cause

1 the supply of water to such parcel to be stopped or restricted until
2 such service charge and any subsequent service charge with regard
3 to such parcel and all interest accrued thereon shall be fully paid to
4 the sewerage authority. If for any **any** reason such supply of
5 water shall not be promptly stopped or restricted as required by
6 section **twenty-six** 26 of **this act** P.L.1946, c.138 (C.40:14A-
7 26), the sewerage authority may itself shut off or restrict such
8 supply and, for that purpose, may enter on any lands, waters, or
9 premises of any county, municipality, or other person. The supply
10 of water to such parcel shall, notwithstanding the provisions of this
11 subsection, be restored or increased if the **State** Department of
12 Health, upon application of the local board of health or health
13 officer of the municipality where such parcel is situate, shall after
14 public hearing find and shall certify to the sewerage authority that
15 the continuance of such stopping or restriction of the supply of
16 water endangers the health of the public in such municipality.

17 (e) The collector or other officer of every municipality charged
18 by law with the duty of enforcing municipal liens on real property
19 shall enforce, with and as any other municipal lien on real property
20 in such municipality, all service charges and the lien thereof shown
21 in any statement filed with him by any sewerage authority pursuant
22 to subsection (b) of this section, and shall pay over to the sewerage
23 authority the sums or a pro rata share of the sums realized upon
24 such enforcement or upon liquidation of any property acquired by
25 the municipality by virtue of such enforcement.

26 (f) In the event that any service charge of a sewerage authority
27 shall not be paid as and when due, the unpaid balance thereof and
28 all interest accrued thereon, together with attorney's fees and costs,
29 may be recovered by the sewerage authority in a civil action, and
30 any lien on real property for such service charge and interest
31 accrued thereon may be foreclosed or otherwise enforced by the
32 sewerage authority by action or suit in equity as for the foreclosure
33 of a mortgage on such real property.

34 (g) All rights and remedies granted by **this act** P.L.1946,
35 c.138 (C.40:14A-1 et seq.) for the collection and enforcement of
36 service charges shall be cumulative and concurrent.

37 (h) Notwithstanding the provisions of this section, if the
38 Governor has declared a public health emergency pursuant to the
39 "Emergency Health Powers Act," P.L.2005, c.222 (C.26:13-1 et
40 seq.), or a state of emergency, pursuant to P.L.1942, c.251
41 (C.App.A.9-33 et seq.), or both, in response to a flood, hurricane,
42 superstorm, tornado, natural or other disaster, or public health
43 emergency, then, for the duration of the public health emergency,
44 state of emergency, or both and for a period up to 90 days after the
45 public health emergency, state of emergency, or both, are no longer
46 in effect, the sewerage authority may, in its discretion, engage in
47 any combination of the following: (1) not charge interest on the
48 delinquent payment; (2) not place a lien on such parcel of real

1 property for the unpaid balance for any service charge and all
2 interest accruing thereon; or (3) not discontinue service of any
3 property for the failure to pay any amount owing. A sewerage
4 authority shall exercise the discretionary authority it is provided
5 under this subsection consistently to all properties, or to all
6 properties of the same use type or other appropriate category.
7 (cf: P.L.2020, c.39, s.1)

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

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

13 (1) "Municipality" shall mean any city of any class, any
14 borough, village, town, township, or any other municipality other
15 than a county or a school district, and except when used in section
16 4, 5, 6, 11, 12, 13, 42₂ or 45 of P.L.1957, c.183 (C.40:14B-4,
17 C.40:14B-5, C.40:14B-6, C.40:14B-11, C.40:14B-12, C.40:14B-13,
18 C.40:14B-42, or C.40:14B-45), any agency thereof or any two or
19 more thereof acting jointly or any joint meeting or other agency of
20 any two or more thereof;

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

22 (3) "Governing body" shall mean, in the case of a county, the
23 board of chosen freeholders, or in the case of those counties
24 organized pursuant to the provisions of the "Optional County
25 Charter Law," P.L.1972, c.154 (C.40:41A-1 et seq.), the board of
26 chosen freeholders and the county executive, the county supervisor
27 or the county manager, as appropriate, and, in the case of a
28 municipality, the commission, council, board₂ or body, by whatever
29 name it may be known, having charge of the finances of the
30 municipality;

31 (4) "Person" shall mean any person, association, corporation,
32 nation, state₂ or any agency or subdivision thereof, other than a
33 county or municipality of the State or a municipal authority;

34 (5) "Municipal authority," "authority," or "water reclamation
35 authority" shall mean a public body created or organized pursuant
36 to section 4, 5₂ or 6 of P.L.1957, c.183 (C.40:14B-4, C.40:14B-5, or
37 C.40:14B-6) and shall include a municipal utilities authority created
38 by one or more municipalities and a county utilities authority
39 created by a county;

40 (6) Subject to the exceptions provided in section 10, 11₂ or 12 of
41 P.L.1957, c.183 (C.40:14B-10, C.40:14B-11, or C.40:14B-12),
42 "district" shall mean the area within the territorial boundaries of the
43 county, or of the municipality or municipalities, which created or
44 joined in or caused the creation or organization of a municipal
45 authority;

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

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

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

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

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

42 (11) "Cost" shall mean, in addition to the usual connotations
43 thereof, the cost of acquisition or construction of all or any part of a
44 utility system and of all or any property, rights, easements,
45 privileges, agreements, and franchises deemed by the municipal
46 authority to be necessary or useful and convenient therefor or in
47 connection therewith and the cost of retiring the present value of the
48 unfunded accrued liability due and owing by a municipal authority,

1 as calculated by the system actuary for a date certain upon the
2 request of a municipal authority, for early retirement incentive
3 benefits granted by the municipal authority pursuant to
4 P.L.1991, c.230 and P.L.1993, c.181, including interest or discount
5 on bonds, cost of issuance of bonds, engineering and inspection
6 costs and legal expenses, cost of financial, professional and other
7 estimates and advice, organization, administrative, operating, and
8 other expenses of the municipal authority prior to and during such
9 acquisition or construction, and all such other expenses as may be
10 necessary or incident to the financing, acquisition, construction and
11 completion of **【said】** the utility system or part thereof and the
12 placing of the same in operation, and also such provision or
13 reserves for working capital, operating, maintenance, or
14 replacement expenses or for payment or security of principal of or
15 interest on bonds during or after such acquisition or construction as
16 the municipal authority may determine, and also reimbursements to
17 the municipal authority or any county, municipality, or other person
18 of any moneys theretofore expended for the purposes of the
19 municipal authority or to any county or municipality of any moneys
20 theretofore expended for or in connection with water supply, solid
21 waste, water distribution, sanitation, or hydroelectric facilities;

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

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

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

32 (15) "Sewage" shall mean the water-carried wastes created in and
33 carried, or to be carried, away from, or to be processed by on-site
34 wastewater systems, residences, hotels, apartments, schools,
35 hospitals, industrial establishments, or any other public or private
36 building, together with such surface or ground water and industrial
37 wastes and leachate as may be present;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

15 (38) "Lead service line" means a water supply connection that is
16 made of, or lined with, a material consisting of lead, and which
17 connects a water main to a building inlet. A lead pigtail, lead
18 gooseneck, or other lead fitting shall be considered to be a lead
19 service line, regardless of the composition of the service line or
20 other portions of piping to which such piece is attached. A
21 galvanized service line shall be considered to be a lead service line.
22 A lead service line may be owned by the public community water
23 system, a property owner, or both;

24 (39) "Prevailing municipal bond yield" means the average
25 estimated yield that would be offered on 20-year general obligation
26 bonds with a composite rating of approximately "A" as reflected by
27 the Bond Buyer 20-Bond Municipal Bond Index during the first
28 week of the last month of the calendar year immediately preceding
29 the calendar year in which the service charge was due; provided
30 however, that, if the municipal authority determines that the
31 average estimated yield decreases by more than one percentage
32 point from the yield previously determined, the municipal authority
33 shall redetermine the prevailing municipal bond yield to be that
34 average estimated yield for subsequent calendar quarters of the
35 calendar year in which service charges become due.

36 (cf: P.L.2021, c.184, s.1)

37
38 4. Section 41 of P.L.1957, c.183 (C.40:14B-41) is amended to
39 read as follows:

40 41. a. In the event that a service charge of any municipal
41 authority with regard to any parcel of real property shall not be paid
42 as and when due and remains unpaid for 30 days following the date
43 for the payment thereof, interest shall accrue and be due to the
44 municipal authority on the unpaid balance at **the** a rate **of 1**
45 **1/2% per month** equal to the prevailing municipal bond yield
46 assessed for each month or fraction thereof, compounded annually
47 at the end of each year, from the date the service charge was

1 originally due until **【such】** the date the service charge, and the
2 interest thereon, shall be fully paid to the municipal authority.

3 b. Notwithstanding the provisions of subsection a. of this
4 section regarding delinquent payments, if the Governor has declared
5 a public health emergency pursuant to the "Emergency Health
6 Powers Act," P.L.2005, c.222 (C.26:13-1 et seq.), or a state of
7 emergency, pursuant to P.L.1942, c.251 (C.App.A:9-33 et seq.), or
8 both, in response to a flood, hurricane, superstorm, tornado, natural
9 or other disaster, or public health emergency that the municipal
10 authority has experienced, then, for the duration of the public health
11 emergency, state of emergency, or both and for a period up to 90
12 days after the public health emergency, state of emergency, or both,
13 are no longer in effect, the municipal authority may, in its
14 discretion, refrain from charging interest on the delinquent
15 payment. A municipal authority shall exercise the discretionary
16 authority it is provided under this subsection consistently to all
17 properties, or to all properties of the same use type or other
18 appropriate category.

19 (cf: P.L.2020, c.39, s.2)

20
21 5. Section 1 of P.L.1952, c.324 (C.40:62-83.1) is amended to
22 read as follows:

23 1. Any municipality which, pursuant to law, furnishes a supply
24 of water and sewerage service to the inhabitants of another
25 municipality, may, if prompt payment of any water or sewer rent, or
26 charges for work done or materials furnished for such services, is
27 not made by any such inhabitant when due, discontinue the service
28 so furnished to any such inhabitant in arrears until such arrears with
29 interest and penalties, as may be charged and assessed in
30 accordance with R.S.54:4-67, shall be fully paid.

31 (cf: P.L.1952, c.324, s.1)

32
33 6. R.S.40:62-107 is amended to read as follows:

34 40:62-107. The governing body of any municipality owning its
35 water and sewer systems and operating the same as one utility may
36 fix a combination water and sewer rental, and in case prompt
37 payment of **【said】** that combined rent is not made according to the
38 regulations adopted by **【said】** that governing body cause **【said】**
39 water to be shut off from such houses, tenements, buildings, or
40 other premises so supplied and not to turn the same on again until
41 all arrears, with interest and penalties, as may be charged and
42 assessed in accordance with R.S.54:4-67, shall be fully paid.

43 (cf: R.S.40:62-107)

44
45 7. R.S.40:62-107.6 is amended to read:

46 40:62-107.6. a. After any municipality shall have purchased a
47 water distribution system pursuant to **【sections 40:62-107.4】**
48 R.S.40:62-107.4 and **【40:62-107.5 of this title】** R.S.40:62-107.5,

1 the governing body of the municipality shall be authorized to
2 operate the water distribution system as nearly as may be as a part
3 of its own system, and any schedule of rates, rents, charges, and
4 penalties which the governing body shall thereafter fix shall be
5 applicable to water users within both municipalities, and in the
6 collection of all rates, rents, charges, and penalties, as may be
7 charged and assessed in accordance with R.S.54:4-67, the
8 municipality shall have all the rights and remedies that may apply
9 to private water companies supplying water to municipalities of this
10 State.

11 b. The governing body of a municipality that has purchased a
12 water distribution system shall establish a rate structure that
13 provides for uniform rates, rentals, or other service charges for
14 water supply service and fire protection systems.

15 The governing body shall not impose standby fees or charges for
16 any fire protection system to a residential customer served by a
17 water service line of two inches or less in diameter.

18 Nothing in this section shall preclude the governing body of a
19 municipality that has purchased a water distribution system from
20 requiring separate dedicated service lines for fire protection. The
21 governing body of a municipality that has purchased a water
22 distribution system may require that fire service lines be metered.
23 Nothing in this section shall alter the liability for maintenance and
24 repair of service lines which exists on the effective date of
25 P.L.2003, c.278.

26 (cf: P.L.2003, c.278, s.3)

27

28 8. R.S.40:62-141 is amended to read as follows:

29 40:62-141. The owner of any house, tenement, building, or lot
30 shall be liable for the payment of the price or rent as fixed by the
31 commission for the use of water by such owner or by the occupier,
32 and for the installation, purchase price, repair, and testing of any
33 water meter or water meters, water service, water services,
34 connections, appliances or parts, and renewals thereof furnished or
35 made by the commission, in, upon, or connecting with such house,
36 tenement, building, or lot and the interest and penalties as may be
37 charged and assessed in accordance with R.S.54:4-67.

38 The price or rent so fixed, and the other costs, expenses, interest
39 and penalties, as may be charged and assessed in accordance with
40 R.S.54:4-67, shall be a lien upon such house, tenement, building, or
41 lot until the same shall be paid and satisfied, and shall be
42 enforceable by an action at law in any **【competent】** court of
43 competent jurisdiction.

44 The commission shall notify the officers or board having charge
45 of the collection of taxes in each municipality in which the
46 commission shall supply water to any of the inhabitants of such
47 municipality, that the commission is supplying water to such
48 inhabitants, and requesting **【said】** those officials or board to notify

1 all persons applying for a certificate showing municipal or other
2 liens against property in such municipality, that the applicant must
3 apply to the commission to ascertain the amount of water rents or
4 other charges due to the commission, which are by law made a lien
5 upon the premises covered by the certificate.

6 The commission may require payment in advance for the use or
7 rent of water furnished by it and for any work to be done or
8 materials to be furnished.

9 (cf: R.S.40:62-141)

10
11 9. R.S.40:62-142 is amended to read as follows:

12 40:62-142. In case prompt payment of any water rent or rents, or
13 for work done or materials furnished, is not made when due, the
14 water may be shut off from such real estate, and shall not be again
15 supplied thereto until the arrears with interest and penalties, as may
16 be charged and assessed in accordance with R.S.54:4-67, shall be
17 fully paid.

18 (cf: R.S.40:62-142)

19
20 10. N.J.S.40A:26A-3 is amended to read as follows:

21 40A:26A-3. As used in **[this act]** N.J.S.40A:26A-1 et seq.:

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

24 "Cost" as applied to sewerage facilities or extensions or additions
25 thereto, means the cost of acquisition or the construction including
26 improvement, reconstruction, extension, or enlargement, the cost of
27 all lands, property, rights, and easements acquired. The cost of
28 demolition or removal of any buildings or structures thereon,
29 financing charges, interest on bonds issued to finance sewerage
30 facilities prior to and during construction, the cost of plans and
31 specifications, surveys or estimates of costs and revenues, the cost
32 of engineering, legal services, and any other expenses necessary or
33 incident to determining the feasibility of construction,
34 administrative, and other expenses as may be necessary or incident
35 to the construction or acquisition of sewerage facilities and the
36 financing thereof.

37 "Local unit" means a county or municipality.

38 "Prevailing municipal bond yield" means the average estimated
39 yield that would be offered on 20-year general obligation bonds
40 with a composite rating of approximately "A" as reflected by the
41 Bond Buyer 20-Bond Municipal Bond Index during the first week
42 of the last month of the calendar year immediately preceding the
43 calendar year in which the payment was due; provided however,
44 that, if the governing body of the local unit or each participating
45 local unit determines that the average estimated yield decreases by
46 more than one percentage point from the yield previously
47 determined, the governing body of the local unit or each
48 participating local unit shall redetermine the prevailing municipal

1 bond yield to be that average estimated yield for subsequent
2 calendar quarters of the calendar year in which payments become
3 due.

4 "Sewerage facilities" means the plants, structures, or other real
5 and personal property acquired, constructed, or operated, or to be
6 financed, acquired, constructed, or operated, or any parts thereof,
7 used for the storage, collection, reduction, reclamation, disposal,
8 separation, or other treatment of wastewater or sewage sludge or for
9 the final disposal of residues resulting from the treatment of
10 wastewater, including, but not limited to, pumping and ventilating
11 stations, treatment plants and works, connections, outfall servers,
12 interceptors, trunk lines, and other appurtenances necessary for their
13 use or operation.

14 (cf: N.J.S.40A:26A-3)

15
16 11. N.J.S.40A:26A-12 is amended to read as follows:

17 40A:26A-12. a. Rates, rentals, connection fees, or other charges
18 levied in accordance with N.J.S.40A:26A-10 and 40A:26A-11, shall
19 be a first lien or charge against the property benefited therefrom. If
20 any part of the amount due and payable in rates, rentals, connection
21 fees, or other charges remain unpaid for 30 days following the date
22 for the payment thereof, interest upon the amount unpaid shall
23 accrue and be due at [a] the rate [of] prescribed for interest on
24 payments required to be **[determined]** made in accordance with
25 N.J.S.40A:26A-17. The governing body or bodies of the local unit
26 or units may authorize payment of delinquent assessments on an
27 installment basis in accordance with R.S.54:5-19. Liens levied in
28 accordance with this section shall be enforceable in the manner
29 provided for real property tax liens in chapter 5 of Title 54 of the
30 Revised Statutes.

31 b. Nothing in this section shall be construed to limit the right of
32 a local unit or local units to discontinue service of any property for
33 the failure to pay any amount owing within 30 days after the date
34 the amount is due and payable, if written notice of the proposed
35 discontinuance of service and of the reasons therefor has been
36 given, within at least 10 days prior to the date of discontinuance, to
37 the owner of record of the property. In the event that notice is
38 provided by mail, the notice requirements shall be satisfied if the
39 mailing is made to the last known address of the owner of record
40 and is postmarked at least 10 days prior to the date of
41 discontinuance.

42 c. Notwithstanding the provisions of subsections a. and b. of
43 this section, if the Governor has declared a public health emergency
44 pursuant to the "Emergency Health Powers Act," P.L.2005, c.222
45 (C.26:13-1 et seq.), or a state of emergency, pursuant to P.L.1942,
46 c.251 (C.App.A:9-33 et seq.), or both, in response to a flood,
47 hurricane, superstorm, tornado, natural or other disaster, or public
48 health emergency, then, for the duration of the public health

1 emergency, state of emergency, or both and for a period up to 90
2 days after the public health emergency, state of emergency, or both,
3 are no longer in effect, the governing body or bodies of the local
4 unit or units may, in its discretion, engage in any combination of the
5 following: (1) not charge interest on the delinquent payment; (2) not
6 place a lien on such parcel of real property for the unpaid balance
7 for any service charge and all interest accruing thereon; or (3) not
8 discontinue service of any property for the failure to pay any
9 amount owing. The governing body shall exercise the discretionary
10 authority it is provided under this subsection consistently to all
11 properties, or to all properties of the same use type or other
12 appropriate category.
13 (cf: P.L.2020, c.39, s.4)

14

15 12. N.J.S.40A:26A-17 is amended to read as follows:

16 40A:26A-17. The chief fiscal officer of another government
17 having entered into a contract pursuant to **【this act】**
18 N.J.S.40A:26A-1 et seq., shall cause to be paid to the local unit the
19 amounts of money at the times stipulated in the contract and
20 certified by the local unit. The power and obligation to make
21 payments in accordance with the terms of the contract shall be
22 unlimited, and the sums necessary therefor shall be included in the
23 annual budget of the other government, which shall be irrevocably
24 and unconditionally obligated to levy ad valorem taxes on all
25 taxable property therein, without limits as to the rate or amount, to
26 the extent necessary to make payments in full as due. **【Any】** If any
27 part of a payment 【that】 remains unpaid for 30 days following the
28 date payment is due, 【shall be assessed at】 interest 【charge】 upon
29 the amount unpaid shall accrue and be due at a rate **【of interest at**
30 **least】** equal to the **【monthly index for the immediately preceding**
31 **month for 20 year tax exempt bond yields as compiled by the Bond**
32 **Buyer or any similar index agreed to by the parties】** prevailing
33 municipal bond yield assessed for each month or fraction thereof,
34 compounded annually at the end of each year, from the date
35 payment was originally due until the date payment is made.

36 (cf: N.J.S.40A:26A-17)

37

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

39 40A:31-3. As used in the "County and Municipal Water Supply
40 Act," N.J.S.40A:31-1 et seq.:

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

43 b. "Cost" as applied to water supply facilities or extensions or
44 additions thereto, means the cost of acquisition or the construction,
45 including improvement, reconstruction, extension, or enlargement,
46 the cost of all labor materials, machinery, and equipment, the cost
47 of all lands, property, rights, and easements acquired, the cost of

1 demolition or removal of any buildings or structures thereon,
2 financing charges, interest on bonds issued to finance water supply
3 facilities prior to and during construction, the cost of plans and
4 specifications, surveys or estimates of costs and revenues, the cost
5 of engineering, legal services, and any other expenses necessary or
6 incident to determining the feasibility of construction,
7 administrative expenses and such other expenses as may be
8 necessary or incident to the construction or acquisition of water
9 supply facilities, and the financing thereof.

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

11 d. "Prevailing municipal bond yield" means the average
12 estimated yield that would be offered on 20-year general obligation
13 bonds with a composite rating of approximately "A" as reflected by
14 the Bond Buyer 20-Bond Municipal Bond Index during the first
15 week of the last month of the calendar year immediately preceding
16 the calendar year in which the payment was due; provided however,
17 that, if the governing body of the local unit or each participating
18 local unit determines that the average estimated yield decreases by
19 more than one percentage point from the yield previously
20 determined, the governing body of the local unit or each
21 participating local unit shall redetermine the prevailing municipal
22 bond yield to be that average estimated yield for subsequent
23 calendar quarters of the calendar year in which payments become
24 due.

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

36 The term "water supply facilities" includes the replacement of
37 service connections to a publicly-owned water system, from the
38 distribution main onto privately-owned real property and into a
39 privately-owned structure, when used in reference to a project
40 undertaken for the purpose of replacing residential lead service
41 lines, regardless of possible private service connection ownership.

42 (cf: P.L.2021, c.184, s.14)

43

44 14. N.J.S.40A:31-12 is amended to read as follows:

45 40A:31-12. a. Rates, rentals, connection fees, or other charges
46 levied in accordance with N.J.S.40A:31-10 and 40A:31-11, shall be
47 a first lien or charge against the property benefited therefrom. If
48 any part of the amount due and payable in rates, rentals, connection

1 fees, or other charges remains unpaid for 30 days following the date
2 for the payment thereof, interest upon the amount unpaid shall
3 accrue and be due at **[a]** the rate **[of]** prescribed for interest on
4 payments required to be **[determined]** made in accordance with
5 N.J.S.40A:31-17. The governing body or bodies of the local unit or
6 units may authorize payment of delinquent assessments on an
7 installment basis in accordance with R.S.54:5-19. Liens levied in
8 accordance with this section shall be enforceable in the manner
9 provided for real property tax liens in chapter 5 of Title 54 of the
10 Revised Statutes.

11 b. Nothing in this section shall be construed to limit the right of
12 a local unit or local units to discontinue service to any property for
13 the failure to pay any amount owing within 30 days after the date
14 the amount is due and payable, if written notice of the proposed
15 discontinuance of service and of the reasons therefor has been
16 given, within at least 10 days prior to the date of discontinuance, to
17 the owner of record of the property. In the event that notice is
18 provided by mail, the notice requirements shall be satisfied if the
19 mailing is made to the last known address of the owner of record
20 and is postmarked at least 10 days prior to the date of
21 discontinuance.

22 c. Notwithstanding the provisions of subsections a. and b. of
23 this section, if the Governor has declared a public health emergency
24 pursuant to the "Emergency Health Powers Act," P.L.2005, c.222
25 (C.26:13-1 et seq.), or a state of emergency, pursuant to P.L.1942,
26 c.251 (C.App:A.9-33 et seq.), or both, in response to a flood,
27 hurricane, superstorm, tornado, natural or other disaster, or public
28 health emergency, then, for the duration of the public health
29 emergency, state of emergency, or both and for a period up to 90
30 days after the public health emergency, state of emergency, or both,
31 are no longer in effect, the governing body or bodies of the local
32 unit or units may, in its discretion, engage in any combination of the
33 following: (1) not charge interest on the delinquent payment; (2) not
34 place a lien on such parcel of real property for the unpaid balance
35 for any service charge and all interest accruing thereon; or (3) not
36 discontinue service of any property for the failure to pay any
37 amount owing. The governing body shall exercise the discretionary
38 authority it is provided under this subsection consistently to all
39 properties, or to all properties of the same use type or other
40 appropriate category.

41 (cf: P.L.2020, c.39, s.5)

42

43 15. N.J.S.40A:31-17 is amended to read as follows:

44 40A:31-17. The chief fiscal officer of another government
45 having entered into a contract pursuant to **[this act]** N.J.S.40A:31-1
46 et seq., shall cause to be paid to the local unit such amounts of
47 money at such times as shall be stipulated in the contract and
48 certified by the local unit. The power and obligation to make

1 payments in accordance with the terms of the contract shall be
2 unlimited, and the sums necessary therefor shall be included in the
3 annual budget of the other government, which shall be irrevocably
4 and unconditionally obligated to levy ad valorem taxes on all
5 taxable property therein, without limits as to rate or amount, to the
6 extent necessary to make payments in full as due. **Any** If any
7 part of a payment that remains unpaid for 30 days following the
8 date payment is due, **shall be assessed an** interest **charge** upon
9 the amount unpaid shall accrue and be due at a rate **of interest at**
10 **least** equal to the **monthly index for the immediately preceding**
11 **month for 20 year tax exempt bond yields as compiled by the Bond**
12 **Buyer or any similar index agreed to by the parties** prevailing
13 municipal bond yield assessed for each month or fraction thereof,
14 compounded annually at the end of each year, from the date
15 payment was originally due until the date payment is made.

16 (cf: N.J.S.40A:31-17)

17

18 16. N.J.S.40A:31-20 is amended to read as follows:

19 40A:31-20. A private water company or industry which shall
20 have entered into a contract with a local unit or local units pursuant
21 to **this act** N.J.S.40A:31-1 et seq., shall pay at such time as may
22 be provided in the contract, the sum of money certified to it on or
23 before the date provided for payment in the contract. Any sum of
24 money so certified by the local unit or units shall be a lien in favor
25 of the local unit or units on and against the property of the private
26 water company or industry. If the sum of money or any part thereof
27 is not paid on or before the contract payment date, **the unpaid**
28 **amount shall bear** interest shall accrue and be due on the unpaid
29 amount at the rate **to be determined** prescribed for interest on
30 payments required to be made in accordance with **the provisions**
31 **of** N.J.S.40A:31-17, until payment is complete and, the local unit
32 or local units shall make and record, in the same manner as
33 conveyances of interest in real property are recorded, a certificate
34 setting forth the facts and giving notice of the existence and amount
35 of the lien remaining unsatisfied. The lien shall have priority over
36 all other liens theretofore or thereafter attaching, except those for
37 federal, State, and local taxes.

38 (cf: N.J.S.40A:31-20)

39

40 17. R.S.54:4-67 is amended to read as follows:

41 54:4-67. a. (1) The governing body of each municipality may by
42 resolution fix the rate of discount to be allowed for the payment of
43 taxes or assessments previous to the date on which they would
44 become delinquent. The rate so fixed shall not exceed 6% per
45 annum, shall be allowed only in case of payment made on or before
46 the thirtieth day previous to the date on which the taxes or
47 assessments would become delinquent, after subtracting the amount

1 of applicable property tax credit as defined in section 1 of P.L.2018,
2 c.11 (C.54:4-66.6). No such discount shall apply to the purchaser
3 of a total property tax levy pursuant to section 16 of P.L.1997, c.99
4 (C.54:5-113.5). The governing body may also fix the rate of
5 interest to be charged for the nonpayment of taxes, assessments, or
6 other municipal liens or charges, unless otherwise provided by law,
7 on or before the date when they would become delinquent, and
8 **【may】 shall** provide that no interest shall be charged if payment of
9 any installment is made within the tenth calendar day following the
10 date upon which the same became payable. The rate so fixed shall
11 not exceed **【8% per annum on the first \$1,500.00 of the**
12 **delinquency and 18% per annum on any amount in excess of**
13 **\$1,500.00, to be calculated】** three percentage points above the
14 prime rate, and shall be assessed for each month or fraction thereof,
15 based upon a 360 day calendar year, from the date the tax was
16 payable until the date that actual payment to the tax collector is
17 made.

18 (2) Notwithstanding the provisions of paragraph (1) of this
19 subsection regarding delinquent payments, in the case of a
20 municipality that has experienced a flood, hurricane, superstorm,
21 tornado, or other natural disaster, interest shall not be charged by
22 the municipality to a delinquent taxpayer if:

23 (a) a state of emergency has been declared as a result thereof by
24 the Governor less than 30 days prior to the date upon which a
25 property tax installment payment is payable pursuant to R.S.54:4-66
26 or section 2 of P.L.1994, c.72 (C.54:4-66.1), as appropriate, and

27 (b) the governing body of the municipality adopts a resolution
28 providing that interest shall not be charged to a delinquent taxpayer
29 if payment of the property tax installment, plus any available
30 property tax credit as defined in section 1 of P.L.2018, c.11
31 (C.54:4-66.6), is made on or before the first day of the next
32 calendar month from the date upon which it became payable.

33 (3) The municipal clerk shall notify the Director of the Division
34 of Local Government Services in the Department of Community
35 Affairs of its adoption of a resolution effectuating the provisions of
36 paragraph (2) of this subsection not later than the third business day
37 next following the municipal governing body's adoption of the
38 resolution. If the municipality is under State supervision pursuant
39 to the provisions of Article 4 of the "Local Government Supervision
40 Act (1947)," P.L.1947, c.151 (C.52:27BB-54 et seq.), is subject to
41 the provisions of the "Municipal Rehabilitation and Economic
42 Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.), or is
43 otherwise subject to a memorandum of understanding or similar
44 agreement with the division as a condition of receiving
45 supplemental State aid, the resolution shall not be effective unless it
46 is approved by the director.

47 (4) (a) As used in this paragraph:

48 "Eligible resident" means either:

1 (i) an employee of a federal government agency who is
2 furloughed because of a shutdown and receives unemployment
3 benefits during the shutdown or who works during a shutdown but
4 is not paid because of the shutdown; or

5 (ii) a contractor whose pay is received through a contract with a
6 federal government agency but whose payment is delayed or
7 diminished because of a shutdown, provided that the contractor
8 receives unemployment benefits during the shutdown.

9 "Shutdown" means any period in which there is more than a 24-
10 hour lapse in appropriations for any federal government agency as a
11 result of a failure to enact a regular appropriations bill or continuing
12 resolution due to an impasse between the President and the
13 Congress of the United States or between the two Houses of
14 Congress.

15 (b) Notwithstanding the provisions of paragraph (1) of this
16 subsection regarding delinquent payments, a municipality shall not
17 charge interest to a delinquent taxpayer who is an eligible resident
18 or who resides with a spouse, partner in a civil union, or domestic
19 partner who is an eligible resident, if:

20 (i) a shutdown remains in effect for more than 21 days and
21 either ends less than 14 days prior to the date upon which a property
22 tax installment payment is payable pursuant to R.S.54:4-66 or
23 section 2 of P.L.1994, c.72 (C.54:4-66.1), as appropriate, or
24 remains in effect on the date that the property tax installment
25 payment is due and payable; and

26 (ii) the governing body of the municipality in which the
27 delinquent taxpayer resides adopts a resolution providing that
28 interest shall not be charged to such a delinquent taxpayer if
29 payment of the property tax installment, less any available property
30 tax credit as defined in section 1 of P.L.2018, c.11 (C.54:4-66.6), is
31 made on or before the date upon which the next property tax
32 installment payment is payable.

33 (c) Interest shall not be charged pursuant to this paragraph only
34 if a delinquent property taxpayer provides to the municipality proof
35 that the delinquent property taxpayer's pay, or the pay of the
36 delinquent property taxpayer's spouse, partner in a civil union, or
37 domestic partner, is derived from a federal government agency that
38 is affected by a shutdown. In the case of a federal employee, that
39 proof shall be demonstrated by a pay stub showing employment by
40 a federal government agency that is affected by a shutdown. In the
41 case of a contractor, the resolution adopted by the governing body
42 of the municipality pursuant to subparagraph (b) of this paragraph
43 shall establish the criteria necessary to verify the that the
44 contractor's pay is received through a contract with a federal agency
45 that is affected by a shutdown.

46 (d) The municipal clerk shall notify the Director of the Division
47 of Local Government Services in the Department of Community
48 Affairs of the municipality's adoption of a resolution effectuating

1 the provisions of part (ii) of subparagraph (b) of this paragraph not
2 later than the third business day next following the adoption of the
3 resolution. If the municipality is under State supervision pursuant
4 to the provisions of Article 4 of the "Local Government Supervision
5 Act (1947)," P.L.1947, c.151 (C.52:27BB-54 et seq.), is subject to
6 the provisions of the "Municipal Rehabilitation and Economic
7 Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.), or is
8 otherwise subject to a memorandum of understanding or similar
9 agreement with the division as a condition of receiving
10 supplemental State aid, the resolution shall not be effective unless it
11 is approved by the director.

12 b. At any time when the governing body changes the rate of
13 interest to be charged for delinquent taxes, assessments, or other
14 municipal charges, or to be charged for the end of the year penalty,
15 pursuant to subsection a. of this section, the governing body, after
16 adoption of a resolution changing the rate of interest, shall provide
17 a notice to all taxpayers, prior to the date that taxes are next due or
18 with the tax bill, stating the new rate or rates to be charged, the date
19 that the new rate or rates take effect, and, if the new rate or rates of
20 interest are not to be effective for the remainder of the tax year, the
21 property tax quarter or quarters for which the change in rates shall
22 apply. The notice may be separate from the tax bill. A change in
23 the rate of interest or the end of year penalty shall not take effect
24 until the required notice has been provided in accordance with this
25 subsection. To satisfy the notice requirement in this subsection, the
26 governing body shall post the notice on its municipal bulletin board;
27 post the notice on its municipal Internet webpage; publish the notice
28 in its official newspaper; provide a notice to all taxpayers by either
29 (1) regular mail; or (2) by a telephonic system and issue the notice
30 by one of the following alternatives: electronic mail, text messaging
31 system, or any other digital platform used by the municipality to
32 disseminate information to public residents electronically.

33 c. In municipalities that have sold their property tax levy
34 pursuant to section 16 of P.L.1997, c.99 (C.54:5-113.5), the rate of
35 interest to be charged for the nonpayment of taxes, assessments, or
36 other municipal liens or charges shall be the same interest or
37 delinquency rate or rates otherwise charged by the municipality, to
38 be calculated from the date the tax was payable until the date of
39 actual payment to the tax collector. The purchaser of the total
40 property tax levy shall be paid only those amounts attributable to
41 properties included in the total property tax levy purchase and
42 actually collected by the tax collector and which amounts shall not
43 include any delinquent interest collected by the municipal tax
44 collector prior to the time that the total property tax levy purchaser
45 makes the levy payment to the municipality.

46 d. Whenever the time period for a property tax installment
47 payment has been extended pursuant to the provisions of subsection
48 a. of this section, the Director of the Division of Local Government

1 Services in the Department of Community Affairs may, by
2 temporary order, extend the dates for payment of taxes by a
3 municipality due to a county pursuant to R.S.54:4-74, any school
4 district pursuant to R.S.54:4-75, and any other taxing district as
5 provided by law.

6 "Delinquency" means the sum of all taxes and municipal charges
7 due on a specific real property, less the amount of applicable
8 property tax credit as defined in section 1 of P.L.2018, c.11
9 (C.54:4-66.6), covering any number of quarters or years. The
10 property shall remain delinquent, as defined herein, until such time
11 as all unpaid taxes, including subsequent taxes and liens, together
12 with interest thereon shall have been fully paid and satisfied and all
13 applicable property tax credit, as defined in section 1 of P.L.2018,
14 c.11 (C.54:4-66.6), has been credited. The delinquency shall
15 remain notwithstanding the issuance of a certificate of sale pursuant
16 to R.S.54:5-32 and R.S.54:5-46, the payment of delinquent tax by
17 the purchaser of the total property tax levy pursuant to section 16 of
18 P.L.1997, c.99 (C.54:5-113.5) and for the purposes of satisfying the
19 requirements for filing any tax appeal with the county board of
20 taxation or the State tax court. The governing body may also fix a
21 penalty to be charged to a taxpayer with a delinquency in excess of
22 \$10,000 who fails to pay that delinquency as billed, less the amount
23 of applicable property tax credit as defined in section 1 of P.L.2018,
24 c.11 (C.54:4-66.6), prior to the end of the fiscal year. If any fiscal
25 year delinquency in excess of \$10,000 is paid by the holder of an
26 outstanding tax sale certificate or a total property tax levy
27 purchaser, the holder or purchaser, as appropriate, shall be entitled
28 to receive the amount of the penalty as part of the amount required
29 to redeem such certificate of sale providing the payment is made by
30 the tax lien holder or tax levy purchaser prior to the end of the fiscal
31 year. If the holder of the outstanding tax sale certificate or the levy
32 purchaser, as appropriate, does not make the payment in full prior
33 to the end of the fiscal year, then the holder or purchaser shall be
34 entitled to a pro rata share of the delinquency penalty upon
35 redemption, and the balance of the penalty shall inure to the benefit
36 of the municipality. The penalty so fixed shall not exceed 6% of
37 the amount of the delinquency with respect to each most recent
38 fiscal year only.

39 "Prime rate" means "prime rate" as that term is defined by
40 R.S.54:48-2 and as is determined and redetermined by Director of
41 the Division of Taxation in the Department of the Treasury for
42 purposes of setting and assessing interest due and required to be
43 paid in connection with a delinquent or deficient payment of a State
44 tax pursuant to R.S.54:49-3 or R.S.54:49-6, respectively.

45 (cf: P.L.2020, c.34, s.10)

46
47 18. Section 3 of P.L.1981, c.293 (C.58:1B-3) is amended to read
48 as follows:

1 3. As used in this act:

2 a. "Authority" means the New Jersey Water Supply Authority
3 created by **[this act]** P.L.1981, c.293 (C.58:1B-1 et seq.);

4 b. "Bonds" means bonds, notes, or other obligations issued or
5 authorized pursuant to **[this act]** P.L.1981, c.293 (C.58:1B-1 et
6 seq.);

7 c. "Compensating reservoir" means the structures, facilities,
8 and appurtenances for the impounding, transportation, and release
9 of water for the replenishment in periods of drought or at other
10 necessary times of all or a part of waters in or bordering the State
11 diverted into a project;

12 d. "Cost" as applied to a project means the cost of acquisition
13 and construction thereof, the cost of acquisition of lands, rights-of-
14 way, property rights, easements, and interests required by the
15 authority for acquisition and construction, the cost of demolishing
16 or removing any buildings or structures on land so acquired,
17 including the cost of acquiring any lands to which buildings or
18 structures may be moved, the cost of acquiring or constructing and
19 equipping an office of the authority, the cost of machinery,
20 furnishings, and equipment, financing expenses, reserves, interest
21 prior to and during construction and for no more than **[6]** six
22 months after completion of construction, engineering, expenses of
23 research and development with respect to any project, legal
24 expenses, plans, specifications, surveys, estimates of cost and
25 revenues, working capital, other expenses necessary or incident to
26 determining the feasibility or practicability of acquiring or
27 constructing a project, administrative expense, and such other
28 expense as may be necessary or incident to the acquisition or
29 construction of the project;

30 e. "Construct" and "construction" means and includes acts of
31 construction, reconstruction, replacement, extension, improvement,
32 and betterment of a project;

33 f. "Department" means the Department of Environmental
34 Protection;

35 g. "Governmental agency" means any municipality, county, or
36 any agency thereof, the State Government and any instrumentality
37 or subdivision thereof;

38 h. "Prevailing municipal bond yield" means the average
39 estimated yield that would be offered on 20-year general obligation
40 bonds with a composite rating of approximately "A" as reflected by
41 the Bond Buyer 20-Bond Municipal Bond Index during the first
42 week of the last month of the calendar year immediately preceding
43 the calendar year in which the rent, fee, or charge was due;
44 provided however, that, if the authority determines that the average
45 estimated yield decreases by more than one percentage point from
46 the yield previously determined, the authority shall redetermine the
47 prevailing municipal bond yield to be that average estimated yield

1 for subsequent calendar quarters of the calendar year in which rents,
2 fees, or charges become due.

3 **【h.】** i. "Project" means a water system or any part thereof;

4 **【i.】** j. "Real property" means lands both within or without the
5 State, and improvements thereof or thereon, or any rights or
6 interests therein;

7 **【j.】** k. "Revenue" means all rents, fees, and charges for water
8 sold from, or for the use and services of any project of the authority
9 and payments in respect of any loans or advances made to
10 governmental agencies pursuant to **【this act】** P.L.1981, c.293
11 (C.58:1B-1 et seq.);

12 **【k.】** l. "Service charges" means water service charges
13 established or collected by the authority pursuant to **【this act】**
14 P.L.1981, c.293 (C.58:1B-1 et seq.);

15 **【l.】** m. "Water system" means the plants, structures, and other
16 real and personal property financed, acquired, constructed, or
17 operated or to be financed, acquired, constructed, or operated by the
18 authority under **【this act】** P.L.1981, c.293 (C.58:1B-1 et seq.) or
19 additions and improvements thereto, including reservoirs, basins,
20 dams, canals, aqueducts, standpipes, conduits, pipelines, mains,
21 pumping stations, water transmission systems, compensating
22 reservoirs, waterworks or sources of water supply, wells,
23 purification or filtration plants or other plants, equipment and
24 works, connections, rights of flowage or diversion, and other plants,
25 structures, boats, conveyances, and other real and personal property
26 and rights therein, and appurtenances necessary or useful and
27 convenient for the accumulation, supply, treatment, or transmission
28 of water.

29 (cf: P.L.1981, c.293, s.3)

30
31 19. (New section) The rents, fees, and charges required to be
32 paid to the authority in accordance with P.L.1981, c.293 (C.58:1B-1
33 et seq.) for water sold from, or for the use of services of, a water
34 system project shall be due and required to be paid within 30 days
35 of the billing date. If any rent, fee, or charge required to be paid to
36 the authority in accordance with P.L.1981, c.293 (C.58:1B-1 et
37 seq.) for water sold from, or for the use of services of, a water
38 system project is not paid within 30 days of the billing date, interest
39 shall accrue and be due on the unpaid amount at a rate equal to the
40 prevailing municipal bond yield assessed for each month or fraction
41 thereof, compounded annually at the end of each year, from the date
42 the bill is originally payable until the actual date of payment.

43
44 20. This act shall take effect immediately and apply to all
45 charges, rates, rents, fees, and payments and all municipal taxes,
46 assessments, and other municipal liens and charges that become due
47 or otherwise are first required to be paid on or after the first day of

1 the first fiscal year, of the sewerage authority, municipal authority,
2 governing body or bodies of a local unit or unity, municipality, or
3 authority to which the charge, rate, rent, fee, municipal tax,
4 assessment, or other municipal lien or charge is due or otherwise
5 required to be paid, beginning at least 120 days after the date of
6 enactment.

7
8
9 STATEMENT

10
11 This bill modifies the interest rates and provides for the deferral
12 of interest that is permitted to accrue on unpaid water and sewer
13 service bills issued by certain public (i.e. governmental) providers
14 of water and sewer services as well as unpaid municipal taxes,
15 assessments, and other municipal liens and charges.

16 The bill amends the “sewerage authorities law,” P.L.1946, c.138
17 (C.40:14A-1 et seq.) and the “municipal and county utilities
18 authorities law,” P.L.1957, c.183 (C.40:14B-1 et seq.) to provide
19 that the interest rate permitted to accrue on unpaid service charges
20 due and required to be paid to a sewerage authority or a municipal
21 authority will be equal to the prevailing municipal bond yield, and
22 will be assessed for each month or fraction thereof, compounded
23 annually at the end of each year, from the date the service charge
24 was due until the date the charge is paid. The current interest rate
25 on unpaid charges is fixed by statute at a rate of 1 1/2 percent per
26 month, and has remained unchanged since January 1982.

27 The bill amends the “Municipal and County Sewerage Act,”
28 P.L.1991, c.53 (C.40A:26A-1 et seq.) and the “County and
29 Municipal Water Supply Act,” P.L.1989, c.109 (C.40A:31-1 et seq.)
30 to provide that the interest rate permitted to accrue on unpaid rates,
31 rentals, connection fees, or other charges due and required to be
32 paid to a local unit or units operating a county or municipal
33 sewerage facility or a county or municipal water supply will be
34 equal to the prevailing municipal bond yield, and will be assessed
35 for each month or fraction thereof, compounded annually at the end
36 of each year, from the date the payment was due until the date the
37 payment is made. The current interest rate on unpaid rates, rentals,
38 connection fees, or other charges is set by statute at a rate that is at
39 least equal to the monthly index for the immediately preceding
40 month for 20-year tax exempt bond yields as compiled by the
41 “Bond Buyer” or any similar index, and has remained unchanged
42 since the laws were enacted in 1992 and 1989, respectively.

43 The bill amends a section of the laws concerning real property
44 taxation, R.S.54:4-67, to provide that the interest rate permitted to
45 accrue on unpaid municipal taxes, assessments, and other municipal
46 liens or charges due to the governing body of a municipality will
47 not exceed three percentage points above the prime rate, and will be
48 assessed for each month or fraction thereof, based upon a 360 day

1 calendar year, from the date the tax was payable until the date
2 payment is made. The current interest rate on unpaid municipal
3 taxes, assessments, and other municipal liens or charges is fixed by
4 statute at a rate that cannot exceed 8 percent per annum on the first
5 \$1,500 of the delinquency and that cannot exceed 18 percent per
6 annum on any amount in excess of \$1,500, and has remained
7 unchanged since 1979.

8 The bill amends various sections of the laws concerning
9 municipally owned sewer and water utilities, including section 1 of
10 P.L.1952, c.324 (C.40:62-83.1), R.S.40:62-107, R.S.40:62-107.6,
11 R.S.40:62-141, and R.S.40:62-142, to stipulate the rates of interest
12 and penalties due on rents, rates, and other service charges required
13 to be paid to municipalities or a water or sewerage commission of a
14 municipality. Under the bill, interest and penalties will be charged
15 and assessed as permitted for unpaid municipal taxes, assessments,
16 and other municipal liens or charges in accordance with R.S.54:4-
17 10 67.

18 The bill supplements the “New Jersey Water Supply Authority
19 Act,” P.L.1981, c.293 (C.58:1B-1 et seq.) to establish that the
20 interest rate permitted to accrue on unpaid rents, fees, and charges
21 required to be paid to the authority for water sold from, or for the
22 use of services of, a water system project will be equal to the
23 prevailing municipal bond yield, and will be assessed for each
24 month or fraction thereof, compounded annually at the end of each
25 year, from the date the bill is originally payable until the actual date
26 of payment. Currently, interest accrues on unpaid rents, fees, and
27 charges at two separate rates set by regulations: the authority
28 charges interest on unpaid payments related to the sale of water
29 from the Raritan Basin System at a rate tied to the interest rate
30 accruing on the authority’s short-term deposits and charges interest
31 on unpaid payments related to the sale of water from the
32 Manasquan Reservoir Water Supply System at a rate that cannot
33 exceed 18 percent per annum.

34 The bill defines “prevailing municipal bond yield” as the average
35 estimated yield that would be offered on 20-year general obligation
36 bonds with a composite rating of approximately “A” as reflected by
37 the “Bond Buyer 20-Bond Municipal Bond Index” during the first
38 week of the last month of the calendar year immediately preceding
39 the calendar year in which the rates, rents, or sewer and water
40 services charges were due or otherwise required to be paid. During
41 the first week of December 2014, the average estimated yield
42 offered on 20-year general obligation bonds with a composite rating
43 of approximately “A” was 3.83 percent; during the first week of
44 December 2015 that yield was 3.57 percent.

45 The bill defines “prime rate” as that term is defined by the State
46 Uniform Tax Procedure Law, R.S.54:48-1 et seq., and as is
47 determined and redetermined by Director of the Division of
48 Taxation in the Department of the Treasury for purposes of setting

1 and assessing interest due and required to be paid in connection
2 with a delinquent or deficient payment of a State tax pursuant to
3 R.S.54:49-3 or R.S.54:49-6, respectively. During the first week of
4 December 2014, the prime rate as determined by the Director of the
5 Division of Taxation for purposes of setting and assessing interest
6 was 3.25 percent; during the first week of December 2015 that rate
7 was 3.25 percent.

8 In addition, the bill amends the “sewerage authorities law,”
9 P.L.1946, c.138 (C.40:14A-1 et seq.) and the “municipal and county
10 utilities authorities law,” P.L.1957, c.183 (C.40:14B-1 et seq.), and
11 supplements the “New Jersey Water Supply Authority Act,”
12 P.L.1981, c.293 (C.58:1B-1 et seq.), to specify the period of time
13 required to elapse before interest accrues on unpaid utility bills
14 issued by those providers of services. The bill requires at least 30
15 days to elapse following the date the payment or charge is
16 originally due before interest on the unpaid balance is permitted to
17 accrue.

18 The bill takes effect immediately and applies to all charges,
19 rates, rents, fees, and payments and all municipal taxes,
20 assessments, and other municipal liens and charges that become due
21 or otherwise are first required to be paid on or after the first day of
22 the first fiscal year, of the sewerage authority, municipal authority,
23 governing body or bodies of a local unit or unity, municipality, or
24 authority to which the charge, rate, rent, fee, municipal tax,
25 assessment, or other municipal lien or charge is due or otherwise
26 required to be paid, beginning at least 120 days after the date of
27 enactment.

28 The purpose of this bill is to provide a more standard, consistent
29 approach to setting and assessing interest rates on unpaid water and
30 sewer service bills issued by certain providers of water and sewer
31 services as well as unpaid municipal taxes, assessments, and other
32 municipal liens and charges that allows interest rates to rise and fall
33 based on prevailing rates in the current marketplace.