

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

SENATE, No. 3333

STATE OF NEW JERSEY

DATED: MARCH 6, 2023

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 3333 (1R).

This bill imposes certain temporary requirements on water service providers, including local authorities, municipal utilities, and public utilities, concerning their participation in the Low Income Household Water Assistance Program (LIHWAP).

Currently, the Department of Community Affairs (DCA) uses federal funding to administer the LIHWAP, which provides financial assistance toward the water and wastewater bills of certain low-income households. As required under federal law, this financial assistance is provided directly to the water service providers that service participating low-income households. However, before the customers of a water service provider can receive assistance under the program, the water service provider would need to enter into a vendor contract with the DCA to effectuate their participation in the program.

Under the bill, each water service provider would be required to enter into the vendor contract and participate in the program, as required under the vendor contract. However, to the extent permitted by federal law, the bill stipulates that the vendor contract may not prohibit a water service provider from undertaking any of the following actions, after September 30, 2023, toward any customer who has been approved for the LIHWAP: (1) assessing interest on the unpaid balance of water or wastewater service charges, except in certain situations; (2) discontinuing the water or wastewater service of any qualifying customer for non-payment, except when the customer is enrolled in a deferred payment agreement and complies with all requirements of the agreement; or (3) in the case of a local authority or municipal utility, placing, selling, or enforcing a lien on real property for the unpaid balance of water or wastewater service charges.

Before October 1, 2023, the bill provides that if a water service provider fails to enter into a vendor contract with the DCA, or otherwise fails to allow customers to participate in the LIHWAP, the water service provider would be prohibited from: (1) discontinuing the water or wastewater service of any residential customer for non-payment; and (2) in the case of a local authority or municipal utility, placing, selling, or enforcing a lien on real property for the unpaid

balance of the water or wastewater charges of any residential customer. However, the bill does not apply to any municipal lien that was sold to a third party before the enactment of the bill, nor does it apply to the payment of unpaid water or wastewater charges by a third-party lienholder. A water service provider that violates this prohibition would be subject to a fine of \$500 for each calendar day in which the water or wastewater service is discontinued for non-payment.

Additionally, the bill requires each water service provider to advertise, in a manner and form prescribed by the DCA, eligibility for the LIHWAP on the bills of every residential customer, on the water service provider's Internet website, and in any written communications provided to a residential customer in connection with an overdue water or wastewater bill. A water service provider that violates this requirement would be subject to a fine of \$100 for each instance in which the water service provider fails to advertise eligibility for the program, including any residential customer bill that fails to include this information.

The bill also requires the DCA and the Board of Public Utilities (BPU) to provide written notice to water service providers concerning the provisions of this bill. If the DCA determines that the water service provider has failed to enter into a vendor contract with the DCA or otherwise failed to allow its customers to participate in the LIHWAP, the notice would be required to indicate, in a clear and conspicuous manner, that the water service provider is prohibited from undertaking the actions specified in the bill. The bill also requires separate notice to be provided when the application period for the LIHWAP is terminated and the provisions of the bill no longer apply.

The bill also requires the DCA to provide written instructions to each water service provider concerning the duties and responsibilities of the water service provider under the vendor contract, as well as any other duties and responsibilities of a water service provider that enters into a vendor contract. These instructions would also be required to include direct contact information for one or more DCA employees who may assist the water service provider in the implementation of the LIHWAP.

Every 14 calendar days after the date of enactment until the LIHWAP is terminated, the bill requires the DCA to provide written notice to each water service provider concerning the status of every residential customer who applies for the LIHWAP. After a water service provider has received this notice, the provider would be required to suspend any enforcement actions against any residential customer who has been approved for the LIHWAP. Additionally, if the water service provider receives notice after September 30, 2023 that a customer has been approved for the LIHWAP, the water service provider would be required to waive any interest assessed on the customer for the unpaid balance of water or wastewater charges during

the period after September 30, 2023 and before the date of receipt of the notice. However, the requirement to waive interest would not apply if the unpaid balances of the customer have already been paid by a third-party lienholder or sold at a tax sale.

Under the bill, each water service provider would be required to provide a written notice, every 14 calendar days after the date of enactment until October 1, 2023, to the DCA concerning the arrearages of residential customers. These notices would be considered confidential, and the DCA would be required to use these notices to encourage otherwise eligible persons to participate in the LIHWAP.

The bill also requires the DCA to submit reports detailing the operations of the LIHWAP to the Legislature, which reports would be submitted within 30 days after the date of enactment and every 45 days thereafter until October 1, 2023.

FISCAL IMPACT:

The Office of Legislative Services (OLS) has determined that local government water and wastewater utilities that enter into vendor contracts with the Department of Community Affairs to allow qualifying customers to receive Low Income Housing Water Assistance Program (LIHWAP) assistance will potentially experience an indeterminate increase in revenues associated with receiving monies allocated to the State for LIHWAP by the federal government. These utilities will receive payments for water and sewer services rendered that they might not have otherwise collected due to customers' inability to pay. This analysis assumes that the payments received by the local government utilities under the LIHWAP through September 30, 2023 are greater than they would have received had they been permitted to pursue alternative collection techniques from delinquent customers. Following September 30, 2023, these local government utilities will be allowed to assess interest on unpaid bills, enforce liens, and discontinue service in order to collect payment for services provided, except in the instance listed below.

Local government utilities not entering into vendor contracts with the department will likely experience a revenue reduction under the bill because they would not receive LIHWAP assistance allocated to the State nor would they be able to enforce liens or discontinue service to compel customer payment. These local government utilities could also see their expenditures increase due to fines imposed if they unlawfully discontinue water service. These fines would correspond to a revenue increase for the State.

All local water and wastewater utilities could experience cost increases under the bill if they fail to advertise eligibility for LIHWAP on the bills of all customers, on other written communications to customers, and on their website. Local government utilities may also experience an indeterminate decrease in revenues for a period of time

after September 30, 2023 because, if they receive notice that a customer has been approved for LIHWAP, they would have to waive any interest accrued by the approved customer from September 30, 2023 until the date of the receipt of notice.

The bill will also result in an indeterminate increase in expenditures to the Department of Community Affairs, the Board of Public Utilities, and local government water and wastewater utilities for various administrative responsibilities.