

P.L. 2025, CHAPTER 267, *approved January 12, 2026*
Assembly, No. 5538 (*First Reprint*)

1 AN ACT prohibiting municipal utilities authority from charging fire
2 district ¹and fire department¹ water service charges for fire
3 protection systems under certain circumstances and amending
4 P.L.1957, c.183.

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

8
9 1. Section 21 of P.L.1957, c.183 (C.40:14B-21) is amended to
10 read as follows:

11 21. a. Every municipal authority is hereby authorized to charge
12 and collect rents, rates, fees or other charges (in this act sometimes
13 referred to as "water service charges") for direct or indirect
14 connection with, or the use, products or services of, the water
15 system, or for sale of water or water supply services, water supply
16 facilities or products. Such water service charges may be charged
17 to and collected from any person contracting for such connection or
18 use, products or services or for such sale or from the owner or
19 occupant, or both of them, of any real property which directly or
20 indirectly is or has been connected with the water system or to
21 which directly or indirectly has been supplied or furnished such use,
22 products or services of the water system or water or water supply
23 services, water supply facilities or products, and the owner of any
24 such real property shall be liable for and shall pay such water
25 service charges to the municipal authority at the time when and
26 place where such water service charges are due and payable. Such
27 rents, rates, fees and charges shall as nearly as the municipal
28 authority shall deem practicable and equitable be uniform
29 throughout the district for the same type, class and amount of use,
30 products or services of the water system, except as permitted by
31 section 1 of P.L.1992, c.215 (C.40:14B-22.2), and may be based or
32 computed either on the consumption of water on or in connection
33 with the real property, or on the number and kind of water outlets
34 on or in connection with the real property, or on the number and
35 kind of plumbing fixtures or facilities on or in connection with the
36 real property, or on the number of persons residing or working on or
37 otherwise connected or identified with the real property, or on the
38 capacity of the improvements on or connected with the real
39 property, or on any other factors determining the type, class and
40 amount of use, products or services of the water system supplied or
41 furnished, or on any combination of such factors, and may give

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

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Assembly AAP committee amendments adopted June 19, 2025.

1 weight to the characteristics of the water or water services, facilities
2 or products and, as to service outside the district, any other matter
3 affecting the cost of supplying or furnishing the same, including the
4 cost of installation of necessary physical properties.

5 Every municipal authority that furnishes water supply services or
6 operates water supply facilities shall establish a rate structure that
7 provides for uniform water service charges for water supply service
8 and fire protection systems. A municipal authority rate structure
9 providing water service charges for fire protection systems shall not
10 impose water service charges upon a fire district designated
11 pursuant to N.J.S.40A:14-70 'or a fire department' to the extent the
12 water service charges are imposed upon customers of the municipal
13 authority who are also taxpayers of the fire district 'or, for a fire
14 department, of a local government unit that finances the operations
15 of the fire department'.

16 No municipal authority may impose standby fees or charges for
17 any fire protection system to a residential customer served by a
18 water service line of two inches or less in diameter.

19 Nothing in this section shall preclude a municipal authority from
20 requiring separate dedicated service lines for fire protection. A
21 municipal authority may require that fire service lines be metered.
22 Nothing in this section shall alter the liability for maintenance and
23 repair of service lines which exists on the effective date of
24 P.L.2003, c.278.

25 b. In addition to any such water service charges, a separate
26 charge in the nature of a connection fee or tapping fee, in respect of
27 each connection of any property with the water system, may be
28 imposed upon the owner or occupant of the property so connected.
29 Such connection charges shall be uniform within each class of
30 users, except as provided by section 5 of P.L.2005, c.29 (C.40:14B-
31 22.3) and except as provided by section 5 of P.L.2005, c.173
32 (C.40:14B-22.4), and the amount thereof shall not exceed the actual
33 cost of the physical connection, if made by the authority, plus an
34 amount computed in the following manner to represent a fair
35 payment toward the cost of the system:

36 (1) The amount representing all debt service, including but not
37 limited to sinking funds, reserve funds, the principal and interest on
38 bonds, and the amount of any loans and interest thereon, paid by a
39 municipal authority to defray the capital cost of developing the
40 system as of the end of the immediately preceding fiscal year of the
41 authority shall be added to all capital expenditures made by the
42 authority not funded by a bond ordinance or debt for the
43 development of the system as of the end of the immediately
44 preceding fiscal year of the authority.

45 (2) Any gifts, contributions or subsidies to the authority
46 received from, and not reimbursed or reimbursable to any federal,
47 State, county or municipal government or agency or any private
48 person, and that portion of amounts paid to the authority by a public

1 entity under a service agreement or service contract which is not
2 repaid to the public entity by the authority, shall then be subtracted.

3 (3) The remainder shall be divided by the total number of
4 service units served by the authority at the end of the immediately
5 preceding fiscal year of the authority, and the results shall then be
6 apportioned to each new connector according to the number of
7 service units attributed to that connector, to produce the connector's
8 contribution to the cost of the system. In attributing service units to
9 each connector, the estimated average daily flow of water for the
10 connector shall be divided by the average daily flow of water to the
11 average single family residence in the authority's district, to
12 produce the number of service units to be attributed.

13 c. The connection fee shall be recomputed at the end of each
14 fiscal year of the authority, after a public hearing is held in the
15 manner prescribed in section 23 of P.L.1957, c.183 (C.40:14B-23).
16 The revised connection fee may be imposed upon those who
17 subsequently connect in that fiscal year to the system. The
18 combination of such connection fee or tapping fee and the aforesaid
19 water service charges all meet the requirements of section 23 of
20 P.L.1957, c.183 (C.40:14B-23).

21 d. The foregoing notwithstanding, no municipal authority shall
22 impose any charges or fees in excess of the cost of water actually
23 used for any sprinkler system required to be installed in any
24 residential health care facility pursuant to the "Health Care
25 Facilities Planning Act," P.L.1971, c.136 (C.26:2H-1 et seq.) and
26 regulations promulgated thereunder or in any rooming or boarding
27 house pursuant to the "Rooming and Boarding House Act of 1979,"
28 P.L.1979, c.496 (C.55:13B-1 et al.) and regulations promulgated
29 thereunder. Nothing herein shall preclude any municipal authority
30 from charging for the actual cost of water main connections, except
31 as provided by section 5 of P.L.2005, c.29 (C.40:14B-22.3) and
32 except as provided by section 5 of P.L.2005, c.173 (C.40:14B-
33 22.4).

34 (cf: P.L.2005, c.173, s.3)

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36 2. This act shall take effect immediately.
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41 Prohibits municipal utilities authority from charging fire district
42 and fire department water service charges for fire protection
43 systems in certain circumstances.