

SENATE COMMUNITY AND URBAN AFFAIRS COMMITTEE

STATEMENT TO

SENATE, No. 2526

STATE OF NEW JERSEY

DATED: SEPTEMBER 29, 2022

The Senate Community and Urban Affairs Committee reports favorably Senate Bill No. 2526.

This bill would permit certain local units and authorities to reduce water, sewerage, and stormwater fees, and other charges for low-income persons.

Specifically, under the bill, a local unit or authority that operates a water, sewerage, or stormwater management system may reduce the fees or other charges it collects from a person residing in its district or service area, provided that certain requirements are met pursuant to the bill.

A local unit or authority that establishes a reduction under the bill is required to adopt procedures for determining a ratepayer's eligibility for a reduction. The bill also requires a local unit or authority to advertise the availability of the reduction in the bills submitted to residents in the district or service area, or in special periodical mailings to residents in the district or service area. The bill would require an applicant seeking a reduction to provide information and documentation concerning the applicant's identity, income, household, and ownership or tenancy.

The bill provides that a local unit or authority may not offer rate reductions to low-income residents unless the local unit or authority has a sufficient amount of funds available to set-aside and offset the projected loss in revenues attributable to providing for low-income reductions under the bill. The bill imposes deadlines for local units and authorities to accept applications for reductions under the bill. However, the bill allows a local unit or authority to deviate from the statutory application deadlines if the local unit or authority seeks and obtains approval from the Director of the Division of Local Government Services (director) to fund reductions established under the bill from a specific fund. The bill would require the director to approve a local unit's or authority's application if the local unit or authority can demonstrate that, based on a rate study conducted under the bill, the reduction will not result in an unreasonable increase in average residential rates, rents, fees, and charges or the authority having insufficient funds to maintain the integrity of its system infrastructure.

The bill is to require the Local Finance Board to adopt procedures and requirements for local units and authorities to conduct rate studies

necessary for them to seek approval to fund a low-income rate reduction program from a specific fund.

The bill authorizes a regional sewerage authority to increase charges in excess of the two percent statutory cap, subject to Local Finance Board approval, in order to allow for reasonable increases in fees and other charges that are necessary to compensate for reductions provided for low-income persons under the bill.

Additionally, the bill is to allow certain local units and authorities to enter into agreements with delinquent ratepayers for them to make full payment of their delinquent balance, plus interest and penalties, in equal monthly installments, over a period not to exceed five years in duration. The bill is to also authorize certain local units and authorities to modify such agreements to allow for: temporary reductions in monthly installments, increases in the duration of agreements (not to exceed five years from the date of the original agreement), or both, for residential customers who can demonstrate that their financial circumstances have changed significantly because of factors beyond their control.

Finally, the bill is to appropriate, from the General Fund to the Division of Local Government Services, \$200,000 to fund the expenses of implementing the rate studies required under the bill.