

Governor Murphy Signs Legislation Granting Sewer and Water Connection Fee Credits to Developers

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On August 10, 2018, New Jersey Governor Phil Murphy signed into law a bill establishing a “credit” system to aid redevelopment efforts while ensuring that municipal authorities are equitably compensated for connecting into their system. The legislation, S1247/A2779, was jointly crafted over several years by the New Jersey Builders Association and the Association of Environmental Authorities.

The new law has two parts: a) it establishes a credits system for redevelopment projects, and b) it amends the statutory language that currently exists for connection fee reductions for certain types of affordable housing, extending it to encompass all types of affordable housing projects.

In general, the credit system makes it such that a redeveloper will pay only the “delta” of a connection fee. Qualifying properties will have a credit for any previously paid connection fee applied to their new redevelopment use. If there is any connection fee cost associated beyond the amount of the original connection fee due to new/increased use or demand, or a new physical connection, or a change in the size of an existing connection, the redeveloper will only pay for the increase.

If no connection fee was paid, but the property has been connected for more than 20 years, eligibility for credits will be calculated based upon the previous history of paying service charges.

There are certain exemptions to the credit system. For example, a property that has been disconnected for more than 5 years, or a property that has not paid service charges within the last 5 years, will be ineligible for a credit.

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Published Articles (Cont.)

Redevelopment continues to be the most significant part of construction in New Jersey. This new law will benefit and incentivize redevelopers, while being respectful of the costs of entry to connect to a water or sewer system.

The authors of this Alert, **Robert S. Goldsmith** and **Irene Hsieh**, contributed significantly to the crafting of the new legislation on behalf of the New Jersey Builders Association, of which the firm is a Master Sponsor. Please contact Mr. Goldsmith or Ms. Hsieh with questions or for additional information.