

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 444 Session of
1989

INTRODUCED BY GODSHALL, S. H. SMITH, COY, MRKONIC, TIGUE,
DISTLER, ROBBINS, GLADECK, MERRY, CIVERA, DEMPSEY, PHILLIPS,
NOYE, CARLSON, HERMAN, STABACK, ALLEN, McVERRY, HESS, FARGO,
GEIST, DeLUCA, NAHILL, JOHNSON, GIGLIOTTI, HALUSKA, REBER,
YANDRISEVITS, TRELLO, VROON, BUNT, McHALE, OLASZ, TRICH,
RAYMOND, CORNELL, WAMBACH, FLICK, G. SNYDER, HECKLER,
MARSICO, VEON, STISH, LEH, JAMES AND J. H. CLARK,
FEBRUARY 14, 1989

AS AMENDED ON THIRD CONSIDERATION, HOUSE OF REPRESENTATIVES,
JUNE 30, 1990

AN ACT

1 Amending the act of May 2, 1945 (P.L.382, No.164), entitled "An
2 act providing for the incorporation as bodies corporate and
3 politic of 'Authorities' for municipalities, counties and
4 townships; prescribing the rights, powers and duties of such
5 Authorities heretofore or hereafter incorporated; authorizing
6 such Authorities to acquire, construct, improve, maintain and
7 operate projects, and to borrow money and issue bonds
8 therefor; providing for the payment of such bonds, and
9 prescribing the rights of the holders thereof; conferring the
10 right of eminent domain on such Authorities; authorizing such
11 Authorities to enter into contracts with and to accept grants
12 from the Federal Government or any agency thereof; and
13 conferring exclusive jurisdiction on certain courts over
14 rates," further providing for powers.

15 The General Assembly of the Commonwealth of Pennsylvania
16 hereby enacts as follows:

17 Section 1. Clause (t) of subsection B of section 4 of the
18 act of May 2, 1945 (P.L.382, No.164), known as the Municipality
19 Authorities Act of 1945, amended May 15, 1963 (P.L.33, No.30),
20 is amended and the subsection is amended by adding clauses to

1 read:

2 Section 4. Purposes and Powers; General.--* * *

3 B. Every Authority is hereby granted, and shall have and may
4 exercise all powers necessary or convenient for the carrying out
5 of the aforesaid purposes, including but without limiting the
6 generality of the foregoing, the following rights and powers:

7 * * *

8 [(t) To charge a tapping fee whenever the owner of any
9 property connects such property with a sewer system or water
10 main constructed by the Authority which fee shall be in addition
11 to any charges assessed and collected against such property in
12 the construction of such sewer or water main by the Authority or
13 any rental charges assessed by the Authority. Whenever a sewer
14 system or water main or any part or extension thereof owned by
15 an Authority has been constructed by the Authority at the
16 expense of a private person or corporation or has been
17 constructed by a private person or corporation under the
18 supervision of the Authority at the expense of the private
19 person or corporation, the Authority shall have the right to
20 charge a tapping fee and refund said tapping fee or any part
21 thereof to the person or corporation who has paid for the
22 construction of said sewer system or water main or any part or
23 extension thereof. The total of said refunds shall never exceed
24 the cost of said system or main or any part or extension thereof
25 to the person or corporation paying for construction thereof. In
26 any case where the property connected or to be connected with
27 the sewer system of the Authority is not equipped with a water
28 meter, the Authority may install such a meter at its own cost
29 and expense: Provided, however, That if the property is supplied
30 with water from the facilities of a public water supply agency,

1 the authority shall not install such meter without the consent
2 and approval of the public water supply agency.]

3 ~~(t) To charge certain enumerated fees to property owners who~~ <—
4 ~~connect to the Municipal Authority's sewer or water system,~~
5 ~~which fees shall be determined at the time of subdivision~~
6 ~~approval under the "Pennsylvania Municipalities Planning Code,"~~
7 ~~and shall be payable at the time of issuance of a building~~
8 ~~permit, or, if no building permit is required, immediately~~
9 ~~preceding construction, or at such earlier time as the property~~
10 ~~owner or owners may agree. The fees shall be in addition to any~~
11 ~~charges assessed against the property in the construction of a~~
12 ~~sewer or water main by the Municipal Authority in accordance~~
13 ~~with clauses (r) and (s) and not included in the calculation of~~
14 ~~any other fees specified herein as well as any other user~~
15 ~~charges imposed by the Municipal Authority pursuant to clause~~
16 ~~(h) and not included in the calculation of any other fee~~
17 ~~specified herein.~~

18 ~~(1) The fees may include some or all of the following fee~~
19 ~~components, which shall be separately set forth in the~~
20 ~~appropriate resolution of the Municipal Authority governing such~~
21 ~~fees:~~

22 ~~(i) Connection fee. A fee based upon the actual cost of the~~
23 ~~connection of the property extending from the Municipal~~
24 ~~Authority's main to the property line or curb stop of the~~
25 ~~property so connected. In lieu of the payment of the fee, a~~
26 ~~Municipal Authority may require the construction and dedication~~
27 ~~of those facilities required to connect the lands of the~~
28 ~~property owner or owners requesting such connection.~~

29 ~~(ii) Customer facilities fee. A fee based upon the actual~~
30 ~~direct cost of facilities serving the connected property from~~

~~the property line or curb stop to the proposed dwelling or building to be served. The fee shall be chargeable only in the event that the Municipal Authority and not the property owner or owners installs the customer facilities. In lieu of the payment of any fee, a Municipal Authority may require the construction of these facilities required to install customer facilities to the lands of the property owner or owners requesting customer facilities.~~

~~(iii) Tapping fee. A fee based upon some or all of the following fee components which shall be separately set forth in the appropriate resolution of the Municipal Authority governing the fee:~~

~~(A) Capacity and distribution collection component. An amount not to exceed the amount calculated in the following manner:~~

~~(I) The amount representing all debt service, including, but not limited to sinking funds, reserve funds, the principal and interest on bonds, and the amount of any loans or interest thereon, paid by the municipality or Municipal Authority to defray the capital cost of developing only the capital facilities or components which are in use as part of the system, calculated as of the end of the immediately preceding fiscal year of the municipality or Municipal Authority, shall be added to all capital expenditures made by the municipality or Municipal Authority for facilities or components which are in use and were not funded by a bond issue or debt for the development of the system as of the end of the immediately preceding fiscal year.~~

~~(II) Any contributions, gifts, payments or subsidies to the municipality or Municipal Authority received from, and not~~

~~reimbursable to, any Federal, State, county or municipal government or agency or any private person, and that portion of amounts paid to the municipality or Municipal Authority by a public entity under a service agreement or service contract which is not repaid to the public entity by the municipality or Municipal Authority, shall be subtracted from the amount calculated under subclause (I).~~

~~(III) The remainder shall be divided by the total number of service units served by the municipality or Municipal Authority at the end of the immediately preceding fiscal year and the quotient shall be apportioned for each new connection, to produce the system buy in contribution to the cost of the system. In attributing service units to each new connector, the estimated daily flow of sewage or water for the connector shall be divided by the average daily flow of sewage or water to the average single family residence in the service district, to produce the number of service units to be attributed.~~

~~(B) Special purpose component. An amount based upon the allocable portion of the original cost of constructing special purpose facilities, including, but not limited to, booster pump stations, fire service facilities and industrial wastewater treatment facilities, to the extent that such facilities produce a material benefit to the property which is connecting to the system.~~

~~(C) Reimbursement component. An amount necessary to recapture the allocable portion of oversized facilities pursuant to clause (z).~~

~~(iv) No tapping fee may be required or collected hereunder which would do any of the following:~~

~~(A) Constitute the maintenance, repair or replacement of~~

1 ~~existing facilities.~~

2 ~~(B) Expand, replace, update or upgrade existing facilities~~
3 ~~or improvements to serve existing development in order to meet~~
4 ~~stricter efficiency, environmental, regulatory or safety~~
5 ~~standards.~~

6 ~~(C) Expand, replace, update or upgrade existing facilities~~
7 ~~or improvements or provide new facilities or improvements to~~
8 ~~provide better service to or meet the needs of existing~~
9 ~~development.~~

10 ~~(2) No tapping fee collected by a Municipal Authority may be~~
11 ~~used for maintenance, operation or replacement expenses except~~
12 ~~for the recapture of those expenses incurred in installing~~
13 ~~oversized facilities, including, but not limited to, reserve~~
14 ~~funds, sinking funds, the principal and interest on bonds and~~
15 ~~the amount of loans or interest thereon. As used in this clause,~~
16 ~~"maintenance, operation or replacement expenses" are those~~
17 ~~expenditures made during the useful life of a sewer or water~~
18 ~~system for labor, materials, utilities, equipment accessories or~~
19 ~~appurtenances and other items which are necessary to manage and~~
20 ~~maintain the system capacity and performance and to provide the~~
21 ~~service for which the system was constructed.~~

22 ~~(3) Every Municipal Authority charging a tapping, connection~~
23 ~~or similar fee in excess of five hundred dollars (\$500.00) shall~~
24 ~~recompute the tapping fee chargeable at the end of each fiscal~~
25 ~~year of the Municipal Authority. The Municipal Authority shall~~
26 ~~hold a public hearing no more than sixty days after the end of~~
27 ~~the fiscal year, at which the Municipal Authority shall present~~
28 ~~a detailed itemization of all calculations clearly showing the~~
29 ~~manner in which the fee was determined. A revised tapping fee~~
30 ~~may be imposed upon those who subsequently connect to the~~

1 ~~system.~~

2 ~~(4) No Municipal Authority shall have the power to require~~
3 ~~the construction or dedication of any improvements of any nature~~
4 ~~whatsoever or impose any assessment, exaction, fee or~~
5 ~~contribution in lieu thereof or any other component fee except~~
6 ~~as may be provided specifically herein.~~

7 ~~(5) Tapping fees may be increased to an applicant for~~
8 ~~connections not made within five years following the date of~~
9 ~~preliminary subdivision approval.~~

10 ~~(6) Notwithstanding the provisions of this subsection, no~~
11 ~~fee authorized under this clause shall exceed an amount~~
12 ~~recommended by an independent consulting engineer or~~
13 ~~professional rate consultant retained by the Municipal~~
14 ~~Authority.~~

15 ~~* * *~~

16 ~~(y) Where a sewer or water system of a Municipal Authority~~
17 ~~is to be extended at the expense of the owner or owners of~~
18 ~~properties, or where the Municipal Authority otherwise would~~
19 ~~construct the connection or customer facilities services (other~~
20 ~~than water meter installation), or both, the property owner or~~
21 ~~owners shall have the right to construct the extension or make~~
22 ~~the connection and install the customer facilities himself or~~
23 ~~themselves or through a subcontractor approved by the Municipal~~
24 ~~Authority, which approval shall not be unreasonably withheld:~~
25 ~~Provided, That the Municipal Authority shall have the right, at~~
26 ~~its option, to perform the construction itself only if the~~
27 ~~Municipal Authority provides the connection, extension or~~
28 ~~customer facilities at a lower cost and within the same~~
29 ~~timetable specified or proposed by the property owner or owners~~
30 ~~or his or their approved subcontractor. Construction by the~~

~~property owner or owners shall be in accordance with plans and specifications approved by the Municipal Authority and shall be undertaken only pursuant to the existing regulations, requirements, rules and standards of the Municipal Authority applicable to such construction and shall be further subject to inspection by an inspector authorized to accept and approve such construction and employed by the Municipal Authority during construction. A property owner or owners who wish to under take such construction may be required to deposit with the Municipal Authority, in advance of construction, the Municipal Authority's estimated reasonable and necessary cost of reviewing plans and construction inspections. Reimbursement for plan review and inspections shall be based upon a schedule established by ordinance or resolution and shall comply with section 510(g) of the "Pennsylvania Municipalities Planning Code." The Municipal Authority may require the property owner or owners to post appropriate financial security in accordance with this section or sections 509 and 510 of the "Pennsylvania Municipalities Planning Code." Upon completion of construction, the property owner or owners shall dedicate, and the Municipal Authority shall accept, the improvements so installed by appropriate legal document in accordance with the provisions of section 509 of the "Pennsylvania Municipalities Planning Code."~~

~~(z) Where a property owner or owners construct or cause to be constructed any addition, expansion or extension of or to a sewer or water system of a Municipal Authority which provides future excess capacity to accommodate future development upon the lands of others, including the lands or rights of way of the Municipal Authority, the Municipal Authority shall provide for the reimbursement to the property owner or owners when another~~

~~property owner or owners who is benefited connects to the addition, expansion or extension within ten years of the date of the dedication of such addition, expansion or extension to the Municipal Authority, in accordance with the following provisions:~~

~~(1) Onsite facilities. Reimbursement shall be limited to those lines or facilities within or upon the lands of the property owner or owners which are required by the Municipal Authority to be oversized, and which have not previously been paid for by the Municipal Authority, so as to accommodate future excess capacity above and beyond that which is otherwise required to service the lands of the property owner or owners: Provided, That such sewer lines shall be greater than eight inches in diameter, and such water lines shall be greater than six inches in diameter. Reimbursement shall not include minimally sized internal sewer or water distribution lines required to be installed as a condition to the Municipal Authority's provision of service to the lands of the property owner or owners.~~

~~(2) Offsite facilities. No reimbursement shall be provided if the offsite extension of sewer and water lines does not extend beyond two hundred fifty feet from the property limits of the lands of the property owner or owners installing the lines and if the lines so installed are equal to or less than the minimal size required by sound engineering practice to service the proposed development. Any sewer or water line extensions installed by the property owner or owners beyond two hundred fifty feet of the limits of his or their land which exceeds those minimal size requirements required by sound engineering practice for the proposed development as set forth in this act~~

~~shall qualify for reimbursement in accordance with the following formula:~~

~~(i) A fraction, the numerator of which shall be the total cost of the offsite sewer or water line extension installed, which costs shall include all improvements in the nature of any force mains, gravity sewer lines, pump stations, water mains and sewer and water facilities and appurtenances; and the denominator of which shall be the total offsite lineal footage of the water or sewer line extension installed; multiplied by two hundred fifty; which product shall result in the total amount of nonreimbursable costs associated with the sewer or water line extension.~~

~~(ii) The total amount of nonreimbursable costs determined in accordance with the above calculation shall be deducted from the total cost of the offsite extension as described in subparagraph (i), and the remainder shall be the amount of reimbursement which shall be payable to the property owner or owners installing the extension.~~

~~(3) The Municipal Authority shall, in the preparation of the necessary reimbursement agreement with the property owner or owners for whose benefit reimbursement will be provided, attach as an exhibit an itemized listing of all sewer and water facilities for which reimbursement shall be provided.~~

~~(4) The amount to which a property owner or owners shall be entitled as reimbursement shall include all labor and material, engineering design charges, the cost of performance and maintenance bonds, Municipal Authority review and inspection charges, as well as flushing and televising charges and any and all charges involved in the acceptance and dedication of such facilities by the Municipal Authority. Further, the reimbursable~~

1 ~~amount shall be subject to a per annum increase commencing from~~
2 ~~the date of execution of the reimbursement agreement between the~~
3 ~~property owner or owners and the Municipal Authority, prorated~~
4 ~~for any portion of any year from the date of the agreement to~~
5 ~~the date of reimbursement. The amount of the per annum increase~~
6 ~~shall be equal to the weekly average yield on United States~~
7 ~~Treasury securities adjusted to a constant maturity of ten~~
8 ~~years. Once determined, the per annum increase shall remain~~
9 ~~constant throughout the entire term for which the property owner~~
10 ~~or owners qualify for reimbursement. A Municipal Authority shall~~
11 ~~be entitled to deduct from each reimbursement payment an amount~~
12 ~~equal to five per cent of the amount or amounts which shall be~~
13 ~~deemed to represent the appropriate charge for administrative~~
14 ~~overhead expenses and services rendered in calculating,~~
15 ~~collecting, monitoring and disbursing the reimbursement payments~~
16 ~~to the property owner or owners entitled thereto.~~

17 ~~(5) The property owner or owners for whose benefit the~~
18 ~~reimbursement provisions shall apply shall bear any and all~~
19 ~~costs associated with any legal action which may be instituted~~
20 ~~by a subsequent property owner or owners, entity or user who may~~
21 ~~question the method of calculation of the reimbursement. The~~
22 ~~property owner or owners for whose benefit the reimbursement is~~
23 ~~sought shall bear any and all costs involved in pursuing the~~
24 ~~property owner's or owners' right to reimbursement against any~~
25 ~~person, entity or user, and the property owner or owners shall~~
26 ~~be authorized to pursue the claim, if necessary, in the name of~~
27 ~~the Municipal Authority.~~

28 ~~(6) In the event that any person, entity or user questions~~
29 ~~the method of calculation of the reimbursement, the Municipal~~
30 ~~Authority reserves the right, in its sole discretion, to connect~~

~~or permit the connection of the development or property of any person, entity or user to avoid the potential of increased financial loss due to delay in provision of sewer and water service: Provided, That the Municipal Authority shall require any person, entity or user who questions the method of calculation to post the entire disputed amount into an interest bearing escrow account with the Municipal Authority pending the resolution of the dispute. The Municipal Authority shall be authorized to deduct from the account a sum not to exceed five per cent, which shall represent the administrative costs associated with the establishment and maintenance of the escrow account. If the Municipal Authority shall elect to make such connection and provision of sewer or water service, such action shall in no manner release or waive the rights of the property owner or owners claiming entitlement to reimbursement pursuant to the provisions of the act.~~

~~(7) A Municipal Authority shall be required to notify by certified mail, to their last known address, the property owner or owners for whose benefit such reimbursement shall apply within thirty days of the Municipal Authority's receipt of any such reimbursement payment. In the event that the property owner or owners have not claimed a reimbursement payment within one hundred twenty days of the mailing of the notice, the payment shall revert to and become the sole property of the Municipal Authority with no further obligation on the part of the Municipal Authority to refund the payment to the property owner or owners.~~

~~(8) No Municipal Authority shall have the power to require the construction or dedication of any improvements of any nature whatsoever or impose any assessment, exaction, fee or~~

~~contribution in lieu thereof, or any connection, tapping or
similar fee except as provided specifically in this section.~~

~~Section 2. This act shall take effect immediately.~~

(T) TO CHARGE CERTAIN ENUMERATED FEES TO PROPERTY OWNERS WHO
DESIRE TO OR ARE REQUIRED TO CONNECT TO THE AUTHORITY'S SEWER OR
WATER SYSTEM. SUCH FEES SHALL BE BASED UPON THE DULY ADOPTED FEE
SCHEDULE AT THE TIME OF PAYMENT AND SHALL BE PAYABLE AT THE TIME
OF APPLICATION FOR CONNECTION OR AT SUCH OTHER TIME AS THE
PROPERTY OWNER AND THE AUTHORITY AGREE OR IN THE CASE OF
PROJECTS TO SERVE EXISTING DEVELOPMENT, SUCH FEES SHALL BE
PAYABLE AT A TIME TO BE DETERMINED BY THE AUTHORITY. AN
AUTHORITY SHALL HAVE THE RIGHT TO REQUIRE THAT NO CAPACITY SHALL
BE GUARANTEED FOR A PROPERTY OWNER OR OWNERS UNTIL SUCH TIME AS
THE TAPPING FEES ENUMERATED HEREIN HAVE AT THE OPTION OF THE
AUTHORITY BEEN PAID OR SECURED BY OTHER FINANCIAL SECURITY. THE
FEES SHALL BE IN ADDITION TO ANY CHARGES ASSESSED AGAINST THE
PROPERTY IN THE CONSTRUCTION OF A SEWER OR WATER MAIN BY THE
AUTHORITY IN ACCORDANCE WITH CLAUSES (R) AND (S) AS WELL AS ANY
OTHER USER CHARGES IMPOSED BY THE AUTHORITY PURSUANT TO CLAUSE
(H) AND SHALL NOT INCLUDE COSTS INCLUDED IN THE CALCULATION OF
SUCH FEES.

(1) THE FEES MAY INCLUDE SOME OR ALL OF THE FOLLOWING FEE
COMPONENTS, WHICH SHALL BE SEPARATELY SET FORTH IN THE
APPROPRIATE RESOLUTION OF THE AUTHORITY ESTABLISHING SUCH FEES:

(I) CONNECTION FEE. A FEE WHICH SHALL NOT EXCEED AN AMOUNT
BASED UPON THE ACTUAL COST OF THE CONNECTION OF THE PROPERTY
EXTENDING FROM THE AUTHORITY'S MAIN TO THE PROPERTY LINE OR CURB
STOP OF THE PROPERTY SO CONNECTED. THE AUTHORITY MAY ALSO BASE
SUCH FEE UPON AN AVERAGE COST FOR PREVIOUSLY INSTALLED
CONNECTIONS OF SIMILAR TYPE AND SIZE. IN LIEU OF THE PAYMENT OF

1 THE FEES, AN AUTHORITY MAY REQUIRE THE CONSTRUCTION AND
2 DEDICATION OF THOSE FACILITIES BY THE PROPERTY OWNER OR OWNERS
3 REQUESTING SUCH CONNECTION.

4 (II) CUSTOMER FACILITIES FEE. A FEE WHICH SHALL NOT EXCEED
5 AN AMOUNT BASED UPON THE ACTUAL COST OF FACILITIES SERVING THE
6 CONNECTED PROPERTY FROM THE PROPERTY LINE OR CURB STOP TO THE
7 PROPOSED DWELLING OR BUILDING TO BE SERVED. THE FEE SHALL BE
8 CHARGEABLE ONLY IN THE EVENT THAT THE AUTHORITY AND NOT THE
9 PROPERTY OWNER OR OWNERS INSTALLS THE CUSTOMER FACILITIES. IN
10 LIEU OF THE PAYMENT OF THE CUSTOMER FACILITIES FEE, AN AUTHORITY
11 MAY REQUIRE THE CONSTRUCTION OF THOSE FACILITIES BY THE PROPERTY
12 OWNER OR OWNERS REQUESTING CUSTOMER FACILITIES. IN THE CASE OF
13 WATER SERVICE, THE FEE MAY INCLUDE THE COST OF A WATER METER AND
14 INSTALLATION IF THE AUTHORITY PROVIDES OR INSTALLS THE SAME. IN
15 ANY CASE WHERE THE PROPERTY CONNECTED OR TO BE CONNECTED WITH
16 THE SEWER SYSTEM OF THE AUTHORITY IS NOT EQUIPPED WITH A WATER
17 METER, THE AUTHORITY MAY INSTALL SUCH A METER AT ITS OWN COST
18 AND EXPENSE; PROVIDED, HOWEVER, THAT IF THE PROPERTY IS SUPPLIED
19 WITH WATER FROM THE FACILITIES OF A PUBLIC WATER SUPPLY AGENCY,
20 THE AUTHORITY SHALL NOT INSTALL SUCH METER WITHOUT THE CONSENT
21 AND APPROVAL OF THE PUBLIC WATER SUPPLY AGENCY.

22 (III) TAPPING FEE. A FEE WHICH SHALL NOT EXCEED AN AMOUNT
23 BASED UPON SOME OR ALL OF THE FOLLOWING FEE COMPONENTS, WHICH
24 SHALL BE SEPARATELY SET FORTH IN THE APPROPRIATE RESOLUTION OF
25 THE AUTHORITY ESTABLISHING THE FEE. IN LIEU OF THE PAYMENT OF
26 THE FEE, AN AUTHORITY MAY REQUIRE THE CONSTRUCTION AND
27 DEDICATION OF ONLY SUCH CAPACITY, DISTRIBUTION-COLLECTION OR
28 SPECIAL PURPOSE FACILITIES NECESSARY TO SUPPLY SERVICE TO THE
29 PROPERTY OWNER OR OWNERS.

30 (A) CAPACITY PART. A FEE FOR CAPACITY RELATED FACILITIES

WHICH MAY NOT EXCEED AN AMOUNT THAT IS BASED UPON THE COST OF
SUCH FACILITIES, INCLUDING, BUT NOT LIMITED TO: SOURCE OF
SUPPLY, TREATMENT, PUMPING, TRANSMISSION, TRUNK, INTERCEPTOR AND
OUTFALL MAINS, STORAGE, SLUDGE TREATMENT OR DISPOSAL,
INTERCONNECTION OR OTHER GENERAL SYSTEM FACILITIES. SUCH
FACILITIES MAY INCLUDE THOSE THAT PROVIDE EXISTING SERVICE
AND/OR THOSE THAT WILL PROVIDE FUTURE SERVICE. THE COST OF
EXISTING FACILITIES, WHICH SHALL NOT INCLUDE FACILITIES
CONTRIBUTED TO THE AUTHORITY BY ANY PERSON, GOVERNMENT OR
AGENCY, SHALL BE BASED UPON THEIR REPLACEMENT COST OR UPON
HISTORICAL COST TRENDED TO CURRENT COST USING PUBLISHED COST
INDEXES, OR UPON THE HISTORICAL COST PLUS INTEREST AND OTHER
FINANCING FEES PAID ON BONDS FINANCING SUCH FACILITIES. IN THE
CASE OF EXISTING FACILITIES, OUTSTANDING DEBT RELATED TO THE
FACILITIES SHALL BE SUBTRACTED FROM THE COST, PROVIDED HOWEVER,
NO DEBT SHALL BE SUBTRACTED WHICH IS ATTRIBUTABLE TO FACILITIES
EXCLUSIVELY SERVING NEW CUSTOMERS. IN THE CASE OF FACILITIES TO
BE CONSTRUCTED OR ACQUIRED, THE COST OF SUCH FACILITIES SHALL
NOT EXCEED THEIR REASONABLE ESTIMATED COST PROVIDED THAT ANY
SUCH FACILITIES MUST BE INCLUDED IN A DULY ADOPTED ANNUAL BUDGET
OR A FIVE-YEAR CAPITAL IMPROVEMENT PLAN AND THE AUTHORITY HAS
TAKEN ACTION IN FURTHERANCE OF SAID FACILITIES SUCH AS THE
FOLLOWING:

(I) OBTAINED FINANCING FOR THE FACILITIES;

(II) ENTERED INTO A CONTRACT OBLIGATING THE AUTHORITY TO
CONSTRUCT OR PAY FOR THE COST OF CONSTRUCTION OF THE FACILITIES
OR ITS PORTION THEREOF IN THE EVENT THAT MULTIPLE PARTIES ARE
CONSTRUCTING SAID FACILITIES;

(III) HAS OBTAINED A PERMIT FOR THE FACILITIES;

(IV) HAS SPENT SUBSTANTIAL SUMS OR RESOURCES IN FURTHERANCE

1 OF THE FACILITIES;

2 (V) HAS ENTERED INTO A CONTRACT OBLIGATING THE AUTHORITY TO
3 PURCHASE OR ACQUIRE FACILITIES OWNED BY ANOTHER;

4 (VI) HAS PREPARED AN ENGINEERING FEASIBILITY STUDY
5 SPECIFICALLY RELATED TO THE FACILITIES, WHICH STUDY RECOMMENDS
6 THE CONSTRUCTION OF THE FACILITIES WITHIN A FIVE-YEAR PERIOD;

7 (VII) HAS ENTERED INTO A CONTRACT FOR THE DESIGN OF THE
8 FACILITIES.

9 UNDER ALL COST APPROACHES, THE COST OF SAID FACILITIES SHALL BE
10 REDUCED BY THE AMOUNT OF ANY GRANTS OR CAPITAL CONTRIBUTIONS
11 WHICH HAVE FINANCED SUCH FACILITIES. THE CAPACITY PART OF THE
12 TAPPING FEE PER UNIT OF CAPACITY REQUIRED BY THE NEW CUSTOMER
13 SHALL NOT EXCEED THE COST OF THE FACILITIES AS DESCRIBED HEREIN
14 DIVIDED BY THE DESIGN CAPACITY OF THE FACILITIES. NOTHING
15 CONTAINED HEREIN SHALL PREVENT AN AUTHORITY FROM ALLOCATION OF
16 ITS CAPACITY RELATED FACILITIES TO DIFFERENT SECTIONS OR
17 DISTRICTS OF ITS SYSTEM, NOR SHALL AN AUTHORITY BE PROHIBITED
18 FROM IMPOSING ADDITIONAL CAPACITY RELATED TAPPING FEES ON
19 SPECIFIC GROUPS OF EXISTING CUSTOMERS SUCH AS COMMERCIAL AND
20 INDUSTRIAL CUSTOMERS, IN CONJUNCTION WITH ADDITIONAL CAPACITY
21 REQUIREMENTS OF SUCH CUSTOMERS.

22 (B) DISTRIBUTION OR COLLECTION PART. A FEE WHICH MAY NOT
23 EXCEED AN AMOUNT BASED UPON THE COST OF DISTRIBUTION OR
24 COLLECTION FACILITIES REQUIRED TO PROVIDE SERVICE, SUCH AS
25 MAINS, HYDRANTS AND PUMPING STATIONS. SUCH FACILITIES MAY
26 INCLUDE THOSE THAT PROVIDE EXISTING SERVICE AND/OR THOSE THAT
27 WILL PROVIDE FUTURE SERVICE. THE COST OF EXISTING FACILITIES,
28 WHICH SHALL NOT INCLUDE FACILITIES CONTRIBUTED TO THE AUTHORITY
29 BY ANY PERSON, GOVERNMENT OR AGENCY, SHALL BE BASED UPON THEIR
30 REPLACEMENT COST OR UPON HISTORICAL COST TRENDED TO CURRENT COST

1 USING PUBLISHED COST INDEXES OR UPON THE HISTORICAL COST PLUS
2 INTEREST AND OTHER FINANCING FEES PAID ON BONDS FINANCING SUCH
3 FACILITIES. IN THE CASE OF EXISTING FACILITIES, OUTSTANDING DEBT
4 RELATED TO THE FACILITIES SHALL BE SUBTRACTED FROM THE COST,
5 PROVIDED HOWEVER, NO DEBT SHALL BE SUBTRACTED WHICH IS
6 ATTRIBUTABLE TO FACILITIES EXCLUSIVELY SERVING NEW CUSTOMERS. IN
7 THE CASE OF FACILITIES TO BE CONSTRUCTED OR ACQUIRED, THE COST
8 OF SUCH FACILITIES SHALL NOT EXCEED THEIR REASONABLE ESTIMATED
9 COST. UNDER ALL COST APPROACHES, THE COST OF SAID FACILITIES
10 SHALL BE REDUCED BY THE AMOUNT OF ANY GRANTS OR CAPITAL
11 CONTRIBUTIONS WHICH HAVE FINANCED SUCH FACILITIES. THE
12 DISTRIBUTION OR COLLECTION PART OF THE TAPPING FEE PER UNIT OF
13 CAPACITY REQUIRED BY THE NEW CUSTOMER SHALL NOT EXCEED THE COST
14 OF THE FACILITIES AS DESCRIBED HEREIN DIVIDED BY THE DESIGN
15 CAPACITY OF THE FACILITIES. NOTHING CONTAINED HEREIN SHALL
16 PREVENT AN AUTHORITY FROM ALLOCATION OF ITS DISTRIBUTION OR
17 COLLECTION RELATED FACILITIES TO DIFFERENT SECTIONS OR DISTRICTS
18 OF ITS SYSTEM, NOR SHALL AN AUTHORITY BE PROHIBITED FROM
19 IMPOSING ADDITIONAL DISTRIBUTION OR COLLECTION RELATED TAPPING
20 FEES ON SPECIFIC GROUPS OF EXISTING CUSTOMERS SUCH AS COMMERCIAL
21 AND INDUSTRIAL CUSTOMERS, IN CONJUNCTION WITH ADDITIONAL
22 CAPACITY REQUIREMENTS OF SUCH CUSTOMERS.

23 (C) SPECIAL PURPOSE PART. FEES FOR SPECIAL PURPOSE
24 FACILITIES APPLICABLE ONLY TO A PARTICULAR GROUP OF CUSTOMERS,
25 OR SERVING A PARTICULAR PURPOSE AND/OR SERVING A SPECIFIC AREA,
26 BASED UPON THE COST OF SUCH FACILITIES, INCLUDING, BUT NOT
27 LIMITED TO, BOOSTER PUMP STATIONS, FIRE SERVICE FACILITIES AND
28 INDUSTRIAL WASTEWATER TREATMENT FACILITIES. SUCH FACILITIES MAY
29 INCLUDE THOSE THAT PROVIDE EXISTING SERVICE AND/OR THOSE THAT
30 WILL PROVIDE FUTURE SERVICE. THE COST OF EXISTING FACILITIES,

1 WHICH SHALL NOT INCLUDE FACILITIES CONTRIBUTED TO THE AUTHORITY
2 BY ANY PERSON, GOVERNMENT OR AGENCY, SHALL BE BASED UPON THEIR
3 REPLACEMENT COST OR UPON HISTORICAL COST TRENDED TO CURRENT COST
4 USING PUBLISHED COST INDEXES OR UPON THE HISTORICAL COST PLUS
5 INTEREST AND OTHER FINANCING FEES PAID ON BONDS FINANCING SUCH
6 FACILITIES. IN THE CASE OF EXISTING FACILITIES, OUTSTANDING DEBT
7 RELATED TO THE FACILITIES SHALL BE SUBTRACTED FROM THE COST,
8 PROVIDED HOWEVER, THAT NO DEBT SHALL BE SUBTRACTED WHICH IS
9 ATTRIBUTABLE TO FACILITIES EXCLUSIVELY SERVING NEW CUSTOMERS. IN
10 THE CASE OF FACILITIES TO BE CONSTRUCTED OR ACQUIRED, THE COST
11 OF SUCH FACILITIES SHALL NOT EXCEED THEIR REASONABLE ESTIMATED
12 COST. UNDER ALL COST APPROACHES, THE COST OF SAID FACILITIES
13 SHALL BE REDUCED BY THE AMOUNT OF ANY GRANTS OR CAPITAL
14 CONTRIBUTIONS WHICH HAVE FINANCED SUCH FACILITIES. THE SPECIAL
15 PURPOSE PART OF THE TAPPING FEE PER UNIT OF CAPACITY REQUIRED BY
16 THE NEW CUSTOMER SHALL NOT EXCEED THE COST OF THE FACILITIES AS
17 DESCRIBED HEREIN DIVIDED BY THE DESIGN CAPACITY OF THE
18 FACILITIES. NOTHING CONTAINED HEREIN SHALL PREVENT AN AUTHORITY
19 FROM ALLOCATION OF ITS SPECIAL PURPOSE RELATED FACILITIES TO
20 DIFFERENT SECTIONS OR DISTRICTS OF ITS SYSTEM, NOR SHALL AN
21 AUTHORITY BE PROHIBITED FROM IMPOSING ADDITIONAL SPECIAL PURPOSE
22 RELATED TAPPING FEES ON SPECIFIC GROUPS OF EXISTING CUSTOMERS
23 SUCH AS COMMERCIAL AND INDUSTRIAL CUSTOMERS, IN CONJUNCTION WITH
24 ADDITIONAL CAPACITY REQUIREMENTS OF SUCH CUSTOMERS.

25 (D) REIMBURSEMENT COMPONENT. AN AMOUNT NECESSARY TO
26 RECAPTURE THE ALLOCABLE PORTION OF FACILITIES IN ORDER TO
27 REIMBURSE THE PROPERTY OWNER OR OWNERS AT WHOSE EXPENSE SUCH
28 FACILITIES WERE CONSTRUCTED, AS SET FORTH IN CLAUSES (Z) AND
29 (Z.1) HEREOF.

30 (E) CALCULATION OF TAPPING FEE COMPONENTS. (I) IN ARRIVING

1 AT THE COST TO BE INCLUDED IN THE TAPPING FEE COMPONENTS, THE
2 SAME COST SHALL NOT BE INCLUDED IN MORE THAN ONE PART OF THE
3 TAPPING FEE.

4 (II) NO TAPPING FEE MAY BE BASED UPON OR INCLUDE THE COST OF
5 EXPANDING, REPLACING, UPDATING OR UPGRADING FACILITIES SERVING
6 EXISTING CUSTOMERS IN ORDER TO MEET STRICTER EFFICIENCY,
7 ENVIRONMENTAL, REGULATORY OR SAFETY STANDARDS OR TO PROVIDE
8 BETTER SERVICE TO, OR MEET THE NEEDS OF, EXISTING CUSTOMERS.

9 (III) THE COST USED IN CALCULATING TAPPING FEES SHALL NOT
10 INCLUDE MAINTENANCE AND OPERATION EXPENSES. AS USED IN THIS
11 CLAUSE, "MAINTENANCE AND OPERATION EXPENSES" ARE THOSE
12 EXPENDITURES MADE DURING THE USEFUL LIFE OF A SEWER OR WATER
13 SYSTEM FOR LABOR, MATERIALS, UTILITIES, EQUIPMENT ACCESSORIES OR
14 APPURTENANCES AND OTHER ITEMS WHICH ARE NECESSARY TO MANAGE AND
15 MAINTAIN THE SYSTEM CAPACITY AND PERFORMANCE AND TO PROVIDE THE
16 SERVICE FOR WHICH THE SYSTEM WAS CONSTRUCTED.

17 (2) EVERY AUTHORITY CHANGING A TAPPING, CUSTOMER FACILITIES
18 OR CONNECTION FEE SHALL DO SO AT A PUBLIC MEETING OF THE
19 AUTHORITY. THE AUTHORITY SHALL HAVE AVAILABLE FOR PUBLIC
20 INSPECTION A DETAILED ITEMIZATION OF ALL CALCULATIONS CLEARLY
21 SHOWING THE MANNER IN WHICH THE FEES WERE DETERMINED. A REVISED
22 TAPPING, CUSTOMER FACILITIES OR CONNECTION FEE MAY BE IMPOSED
23 UPON THOSE WHO SUBSEQUENTLY CONNECT TO THE SYSTEM.

24 (3) NO AUTHORITY SHALL HAVE THE POWER TO IMPOSE ANY
25 CONNECTION FEE, CUSTOMER FACILITIES FEE, TAPPING FEE OR ANY
26 SIMILAR FEE EXCEPT AS PROVIDED SPECIFICALLY IN THIS SECTION.

27 * * *

28 (Y) WHERE A SEWER OR WATER SYSTEM OF AN AUTHORITY IS TO BE
29 EXTENDED AT THE EXPENSE OF THE OWNER OR OWNERS OF PROPERTIES OR
30 WHERE THE AUTHORITY OTHERWISE WOULD CONSTRUCT THE CUSTOMER

1 FACILITIES REFERRED TO IN SECTION 4(B)(T)(II) (OTHER THAN WATER-
2 METER INSTALLATION), THE PROPERTY OWNER OR OWNERS SHALL HAVE THE
3 RIGHT TO CONSTRUCT THE EXTENSION OR INSTALL THE CUSTOMER
4 FACILITIES HIMSELF OR THEMSELVES OR THROUGH A SUBCONTRACTOR
5 APPROVED BY THE AUTHORITY, WHICH APPROVAL SHALL NOT BE
6 UNREASONABLY WITHHELD: PROVIDED THAT THE AUTHORITY SHALL HAVE
7 THE RIGHT, AT ITS OPTION, TO PERFORM THE CONSTRUCTION ITSELF
8 ONLY IF THE AUTHORITY PROVIDES THE EXTENSION OR CUSTOMER
9 FACILITIES AT A LOWER COST AND WITHIN THE SAME TIMETABLE
10 SPECIFIED OR PROPOSED BY THE PROPERTY OWNER OR OWNERS OR HIS OR
11 THEIR APPROVED SUBCONTRACTOR. CONSTRUCTION BY THE PROPERTY OWNER
12 OR OWNERS SHALL BE IN ACCORDANCE WITH AN AGREEMENT FOR THE
13 EXTENSION OF THE AUTHORITY'S SYSTEM AND PLANS AND SPECIFICATIONS
14 APPROVED BY THE AUTHORITY AND SHALL BE UNDERTAKEN ONLY PURSUANT
15 TO THE EXISTING REGULATIONS, REQUIREMENTS, RULES AND STANDARDS
16 OF THE AUTHORITY APPLICABLE TO SUCH CONSTRUCTION AND SHALL BE
17 FURTHER SUBJECT TO INSPECTION BY AN INSPECTOR AUTHORIZED TO
18 APPROVE SUCH CONSTRUCTION AND EMPLOYED BY THE AUTHORITY DURING
19 CONSTRUCTION. WHEN A MAIN IS TO BE EXTENDED AT THE EXPENSE OF
20 THE OWNER OR OWNERS OF PROPERTIES, THE PROPERTY OWNER OR OWNERS
21 MAY BE REQUIRED TO DEPOSIT WITH THE AUTHORITY, IN ADVANCE OF
22 CONSTRUCTION, THE AUTHORITY'S ESTIMATED REASONABLE AND NECESSARY
23 COST OF REVIEWING PLANS, CONSTRUCTION, INSPECTIONS,
24 ADMINISTRATIVE, LEGAL AND ENGINEERING SERVICES. THE AUTHORITY
25 MAY REQUIRE THAT CONSTRUCTION SHALL NOT COMMENCE UNTIL THE
26 PROPERTY OWNER HAS POSTED APPROPRIATE FINANCIAL SECURITY IN
27 ACCORDANCE WITH SUBSECTION B.(S.1) OF THIS ACT. THE AUTHORITY
28 MAY PRESCRIBE THAT THE PROPERTY OWNER OR OWNERS SHALL REIMBURSE
29 THE AUTHORITY FOR REASONABLE AND NECESSARY EXPENSES INCURRED AS
30 A RESULT OF THE EXTENSION. IF AN INDEPENDENT FIRM IS EMPLOYED

1 FOR ENGINEERING REVIEW OF THE PLANS AND THE INSPECTION OF
2 IMPROVEMENTS, REIMBURSEMENT FOR SUCH SERVICES SHALL BE
3 REASONABLE AND IN ACCORDANCE WITH THE ORDINARY AND CUSTOMARY
4 FEES CHARGED BY THE INDEPENDENT FIRM FOR WORK PERFORMED FOR
5 SIMILAR SERVICES IN THE COMMUNITY, BUT IN NO EVENT SHALL THE
6 FEES EXCEED THE RATE OR COST CHARGED BY THE INDEPENDENT FIRM TO
7 THE AUTHORITY WHEN FEES ARE NOT REIMBURSED OR OTHERWISE IMPOSED
8 ON APPLICANTS. UPON COMPLETION OF CONSTRUCTION, THE PROPERTY
9 OWNER OR OWNERS SHALL DEDICATE, AND THE AUTHORITY SHALL ACCEPT,
10 THE EXTENSION OF THE AUTHORITY'S SYSTEM, PROVIDED DEDICATION OF
11 FACILITIES AND THE INSTALLATION COMPLIES WITH THE PLANS,
12 SPECIFICATION, REGULATIONS OF THE AUTHORITY AND THE AGREEMENT.
13 AN AUTHORITY MAY PROVIDE IN ITS REGULATIONS THOSE FACILITIES
14 WHICH, HAVING BEEN CONSTRUCTED AT THE EXPENSE OF THE OWNER OR
15 OWNERS OF PROPERTIES, THE AUTHORITY WILL ACCEPT AS A PART OF ITS
16 SYSTEM.

17 (Z) WHERE A PROPERTY OWNER CONSTRUCTS OR CAUSES TO BE
18 CONSTRUCTED AT HIS EXPENSE ANY EXTENSION OF A SEWER OR WATER
19 SYSTEM OF AN AUTHORITY, THE AUTHORITY SHALL PROVIDE FOR THE
20 REIMBURSEMENT TO THE PROPERTY OWNER WHEN THE OWNER OF ANOTHER
21 PROPERTY NOT IN THE DEVELOPMENT FOR WHICH THE EXTENSION WAS
22 CONSTRUCTED, CONNECTS A SERVICE LINE DIRECTLY TO THE EXTENSION
23 WITHIN TEN YEARS OF THE DATE OF THE DEDICATION OF SUCH EXTENSION
24 TO THE AUTHORITY IN ACCORDANCE WITH THE FOLLOWING PROVISIONS:

25 (1) SUCH REIMBURSEMENT SHALL BE EQUAL TO THE DISTRIBUTION OR
26 COLLECTION PART OF EACH TAPPING FEE COLLECTED AS A RESULT OF
27 SUBSEQUENT CONNECTIONS. AN AUTHORITY SHALL BE ENTITLED TO DEDUCT
28 FROM EACH REIMBURSEMENT PAYMENT AN AMOUNT EQUAL TO FIVE PER
29 CENTUM WHICH SHALL BE DEEMED TO REPRESENT THE APPROPRIATE CHARGE
30 FOR ADMINISTRATIVE EXPENSES AND SERVICES RENDERED IN

CALCULATING, COLLECTING, MONITORING AND DISBURSING THE
REIMBURSEMENT PAYMENTS TO THE PROPERTY OWNER ENTITLED THERETO.

(2) REIMBURSEMENT SHALL BE LIMITED TO THOSE LINES WHICH HAVE
NOT PREVIOUSLY BEEN PAID FOR BY THE AUTHORITY.

(3) THE AUTHORITY SHALL, IN THE PREPARATION OF THE NECESSARY
REIMBURSEMENT AGREEMENT WITH THE PROPERTY OWNER OR OWNERS FOR
WHOSE BENEFIT REIMBURSEMENT WILL BE PROVIDED, ATTACH AS AN
EXHIBIT AN ITEMIZED LISTING OF ALL SEWER AND WATER FACILITIES
FOR WHICH REIMBURSEMENT SHALL BE PROVIDED.

(4) THE TOTAL REIMBURSEMENT TO WHICH A PROPERTY OWNER OR
OWNERS SHALL BE ENTITLED SHALL NOT EXCEED THE COST OF ALL LABOR
AND MATERIAL, ENGINEERING DESIGN CHARGES, THE COST OF
PERFORMANCE AND MAINTENANCE BONDS, AUTHORITY REVIEW AND
INSPECTION CHARGES, AS WELL AS FLUSHING AND TELEVISING CHARGES
AND ANY AND ALL CHARGES INVOLVED IN THE ACCEPTANCE AND
DEDICATION OF SUCH FACILITIES BY THE AUTHORITY, LESS THE AMOUNT
WHICH WOULD BE CHARGEABLE TO SUCH PROPERTY OWNER BASED UPON THE
AUTHORITY'S COLLECTION AND DISTRIBUTION TAPPING FEES WHICH WOULD
BE APPLICABLE TO ALL LANDS OF THE PROPERTY OWNER SERVED DIRECTLY
OR INDIRECTLY THROUGH SUCH EXTENSIONS IF THE PROPERTY OWNER DID
NOT FUND THE EXTENSION.

(5) AN AUTHORITY SHALL BE REQUIRED TO NOTIFY BY CERTIFIED
MAIL, TO THEIR LAST KNOWN ADDRESS, THE PROPERTY OWNER OR OWNERS
FOR WHOSE BENEFIT SUCH REIMBURSEMENT SHALL APPLY WITHIN THIRTY
DAYS OF THE AUTHORITY'S RECEIPT OF ANY SUCH REIMBURSEMENT
PAYMENT. IN THE EVENT THAT THE PROPERTY OWNER OR OWNERS HAVE NOT
CLAIMED A REIMBURSEMENT PAYMENT WITHIN ONE HUNDRED TWENTY DAYS
OF THE MAILING OF THE NOTICE, THE PAYMENT SHALL REVERT TO AND
BECOME THE SOLE PROPERTY OF THE AUTHORITY WITH NO FURTHER
OBLIGATION ON THE PART OF THE AUTHORITY TO REFUND THE PAYMENT TO

1 THE PROPERTY OWNER OR OWNERS.

2 (Z.1) WHENEVER A SEWER SYSTEM OR WATER SYSTEM OR ANY PART OR
3 EXTENSION THEREOF OWNED BY AN AUTHORITY HAS BEEN CONSTRUCTED BY
4 THE AUTHORITY AT THE EXPENSE OF A PRIVATE PERSON OR CORPORATION
5 OR HAS BEEN CONSTRUCTED BY A PRIVATE PERSON OR CORPORATION UNDER
6 THE SUPERVISION OF THE AUTHORITY AT THE EXPENSE OF THE PRIVATE
7 PERSON OR CORPORATION, THE AUTHORITY SHALL HAVE THE RIGHT TO
8 CHARGE A TAPPING FEE AND REFUND SAID TAPPING FEE OR ANY PART
9 THEREOF TO THE PERSON OR CORPORATION WHO HAS PAID FOR THE
10 CONSTRUCTION OF SAID SEWER OR WATER SYSTEM OR ANY PART OR
11 EXTENSION THEREOF.

12 SECTION 2. NOTWITHSTANDING SECTION 4 OF THIS ACT, THIS ACT
13 SHALL APPLY IMMEDIATELY TO ANY CONNECTION, CUSTOMER FACILITIES,
14 TAPPING OR SIMILAR FEES WHICH ARE INCREASED OR INITIALLY IMPOSED
15 SUBSEQUENT TO THE DATE OF FINAL ENACTMENT.

16 SECTION 3. THIS ACT SHALL NOT AFFECT ANY EXISTING AGREEMENT
17 WHICH RELATES TO THE SUBJECT MATTER OF THIS ACT. THE PROVISIONS
18 OF SECTION 4 B.(Z) OF THE ACT SHALL BE APPLICABLE TO ANY
19 AGREEMENT FOR EXTENSION OF A SEWER OR WATER SYSTEM OF AN
20 AUTHORITY ENTERED INTO AFTER THE EFFECTIVE DATE OF THIS ACT.

21 SECTION 4. THIS ACT SHALL TAKE EFFECT IN 180 DAYS.