



**Proposed Amendments to
N.J.A.C. 14:3-8
to Consider the Impact of the
Tax Cuts and Jobs Act of 2017
on Main Extensions
Docket No. AX19050615**

April 29, 2021

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Presiding Officer:

Mike Kammer

Director, Division of Water,
New Jersey BPU



Public Comments

- All comments received during this meeting will be added to the official record on this docket.
- If you did not pre-register to speak at this meeting but wish to speak please notify staff using the Questions box on GoToWebinar
- Please limit your comments to the specific matter at hand.
- Please remain respectful of all other speakers.



Background

- Chapter 3 of the New Jersey Administrative Code (N.J.A.C.) contains the rules and regulations promulgated by the BPU regarding extensions to provide regulated services.
- Subchapter 8 requires updating to reflect the fact that deposits and non-refundable contributions collected by water and wastewater utilities for extensions to provide service became taxable with the Tax Cuts and Jobs Act of 2017 (TCJA).



Proposed Rule Changes

- Generally speaking, Staff is proposing to apply the same provisions of N.J.A.C. 14:3-8 for grossing up main extension deposits, non-refundable contributions, and refunds that presently apply to gas and electric utilities to water and wastewater utilities.
- For consistency, references throughout N.J.A.C. 14:3-8 to the Tax Reform Act of 1986 (TRA 86) are being replaced with references to the current Internal Revenue Code (IRC). This affects water, wastewater, telecommunications, gas, and electric utilities.
- In addition, Staff proposes to modify the current TRA-86 Gross-Up template as follows so that it can be used by water and wastewater utilities:
 - › 1) Change the name of the template to IRC Gross-Up Factor Template.
 - › 2) Change cells C1 and C3 to reference the current Internal Revenue Code (“IRC”) instead of TRA-86.
 - › Note, the template already includes the following note: “If your company is not subject to Corporate Business Tax, enter 0 in cell J57.” This provision will be used by water and wastewater utilities as they are not subject to Corporate Business Tax.



Additional Information

- Chapter 3 expires on February 11, 2022. A separate stakeholder process will be commenced regarding the renewal process and to gain input from interested parties on the entire chapter.
- This stakeholder meeting is a continuation of the process to gain input from interested parties with regard to the impact of TCJA in subchapter 8.
- Parties will have the opportunity to review the formal rule readoption following its release and publication in the New Jersey Register.
- A public hearing as well as a written comment period will also be afforded for parties following the release of the formal rule readoption.



Written Comments

- The Board will be accepting written comments on this matter until **5:00 p.m. E.S.T. on May 13, 2021**.
- Please submit your written comments in PDF or Word format to board.secretary@bpu.nj.gov or see meeting notice for e-filing instructions.
- The subject line should include: “I/M/O the Proposed Amendments to N.J.A.C. 14:3-8 to Consider the Impact of the Tax Cuts and Jobs Act of 2017 on Main Extensions” along with the name of the commenter and/or the company/organization.
- While electronic comments are preferred, written comments may also be mailed to the Board Secretary, Aida Camacho, at the Board of Public Utilities, 44 South Clinton Avenue, 9th Floor, P.O. Box 350, Trenton, NJ 08625-0350.



Thank You!