

LEGISLATIVE FISCAL ESTIMATE
ASSEMBLY, No. 1683
STATE OF NEW JERSEY
218th LEGISLATURE

DATED: FEBRUARY 22, 2018

SUMMARY

Synopsis: Increases penalties for energy “slamming” practices.

Type of Impact: Increased State revenue.

Agencies Affected: Board of Public Utilities.

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
State Revenue	Indeterminate – See comments below		

- The OLS finds that this bill will result in an indeterminate increase in State revenue due to the doubling of fines for “slamming” practices where a customer’s electric power or gas supplier is changed without the customer’s knowledge or consent.
- While the amount of fines are doubled, the actual amount of increased revenue cannot be determined because the Board of Public Utilities (BPU) is permitted to compromise with violators to decrease the amount of the penalty, and it is not clear how many “slamming” violations will occur in the future.

BILL DESCRIPTION

This bill increases civil penalties for energy “slamming” practices from \$10,000 for the first offense, and not more than \$25,000 for the second and each subsequent offense, to \$20,000 for the first offense, and not more than \$50,000 for the second and each subsequent offense. Energy “slamming” is a practice that involves changing consumers’ electric power or gas supplier without their knowledge or consent.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

This bill will result in an indeterminate increase in State revenue. The bill provides for a doubling of penalties for energy “slamming” where a customer has their electric power or gas supplier changed without their knowledge or consent.

The BPU is permitted to negotiate the amount of “slamming” penalty amounts, so even with the statutory doubling of fine amounts, the BPU has the discretion to negotiate smaller penalty amounts. Further, it is not clear how many “slamming” violations will occur if this bill is enacted. A doubling of fines is intended to have a deterrent effect to prevent violations. If the bill is successful, the amount of violations could decrease significantly. Depending upon how much of a deterrent effect results from the increased fines and the degree to which future fines are compromised, the bill could even potentially result in reduced total State revenue; however, it appears likely that the bill will result in a minor increase in State revenues.

Section: Authorities, Utilities, Transportation and Communications

*Analyst: Patrick Brennan
Senior Fiscal Analyst*

*Approved: Frank W. Haines III
Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).