

LEGISLATIVE FISCAL ESTIMATE
SENATE, No. 2345
STATE OF NEW JERSEY
218th LEGISLATURE

DATED: DECEMBER 5, 2018

SUMMARY

Synopsis: Expands scope of New Jersey Regulatory Flexibility Act dealing with economic impact of rules on small businesses.

Type of Impact: Potential indeterminate increase in State cost and State revenue.

Agencies Affected: Office of Administrative Law; Appellate Division of the Superior Court; and various State Executive branch agencies.

Office of Legislative Services Estimate

Fiscal Impact	<u>Annual</u>
State Cost	Indeterminate
State Revenue	Indeterminate Potential Increase

- The Office of Legislative Services (OLS) notes that the bill may result in an indeterminate increase, likely small in amount, in State expenditures by the Appellate Division of the Superior Court through the establishment of a new appeals process; however, the OLS does not have enough information to project the extent to which small businesses will choose to file an appeal.
- The bill may also result in increased State revenue from recoveries of legal and other expenses caused by appeals found to be false or frivolous in nature.

BILL DESCRIPTION

This bill revises the “New Jersey Regulatory Flexibility Act” in order to include under the law small businesses that employ fewer than 100 full-time employees or having gross annual sales of less than \$6 million.

The bill establishes a process by which a small business that is adversely affected economically or aggrieved by final rule-making action may file a petition with the agency objecting to all or a part of a rule subject to regulatory flexibility analysis. For cases in which the agency rejects the petition, the process addresses concerns about frivolous appeals without creating unprecedented procedures with respect to the courts. Specifically, the bill: (1)

establishes a petition process as a prerequisite for a court appeal; (2) requires the appeal petition to be filed within 90 days after final rule-making action; (3) creates an optional summary disposition process based on affidavits; (4) sets sanctions for frivolous appeals; and (5) places a restriction on appeals based on compliance with the regulatory flexibility process.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS notes that the bill may result in an indeterminate increase in State expenditures, likely small in amount, by the Appellate Division of the Superior Court through the establishment of a new appeals process; however, the OLS does not have enough information to project what extent small businesses will choose to file an appeal.

The OLS further notes that the bill may increase State revenues by an indeterminate amount from recovery of legal and other costs caused by appeals deemed to be false or frivolous in nature.

Section: *Commerce, Labor and Industry*
Analyst: *Juan C. Rodriguez*
 Associate 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.).