

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 1739

STATE OF NEW JERSEY

DATED: NOVEMBER 9, 2020

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 1739.

This bill establishes the “Electronic Permit Processing Review System,” a web-based system that would allow for (1) the electronic submission of applications for construction permits, plans, and specifications pursuant to the "State Uniform Construction Code Act," P.L.1975, c.217 (C.52:27D-119 et seq.); (2) the electronic review and approval of applications, plans, and specifications; (3) the scheduling of inspections; and (4) the exchange of information between the applicant, the applicant’s professionals, and the Department of Community Affairs or enforcing agency during the review process.

The electronic system established by the bill would offer a permit applicant the ability to submit the materials necessary for application review; the ability to submit requests for on-site inspection of a project; and the continuous, 24-hour access to these submissions.

The bill directs the Commissioner of Community Affairs to make the electronic system accessible, and facilitate its use, through the acceptance of application materials and scheduling submissions, by (1) the Department of Community Affairs with regard to applications for which the department approves plans and specifications pursuant to the "State Uniform Construction Code Act"; (2) the local enforcing agencies; and (3) any private agencies providing plan review and inspection services.

The bill directs the commissioner to fully implement the electronic system, and require its use by the parties discussed above within one year of the effective date of the bill.

The bill requires the commissioner to provide training opportunities on the use of the electronic system for employees of local enforcing agencies and private agencies that provide plan review and inspection services. The bill requires the commissioner to adopt rules and regulations to govern the form and format of applications for construction permits, plans, and specifications, and other information exchanged through the electronic system.

The bill allows the department to waive certain requirements of law concerning the physical submission of information as necessary to facilitate the electronic submission of such information. The bill allows the department to accept an electronic reproduction of a signature, stamp, seal, certification, or notarization as the equivalent of

the original or to accept the substitution of identifying information for the signature, stamp, seal, certification, or notarization. However, the bill provides the commissioner discretion to establish different submission requirements, including non-electronic submissions as necessary, for large, complicated, or otherwise unusual construction projects, so long as the system is designed to accept approximately 80 percent of application submissions electronically.

The bill holds a person harmless from any licensing sanction, civil penalty, fine, permit disapproval, revocation, or other sanction for failure to comply with a form or format requirement imposed by law for submission of the information in physical form in order to facilitate the exchange of information through the electronic system in a form and format acceptable to the department.

The bill allows the department and local enforcing agencies to establish permit surcharge fees to defray the cost of transitioning to electronic plan review.

As reported by the committee, Senate Bill No. 1739 is identical to Assembly Bill No. 1145, which also was reported by the committee on this date.

FISCAL IMPACT:

The Office of Legislative Services (OLS) estimates that the bill will: (1) increase annual State expenditures associated with establishing, implementing, and administering the “Electronic Permit Processing Review System”; (2) impact annual municipal expenditures due to the implementation of the electronic system by local enforcing agencies; and (3) temporarily increase municipal revenues associated with the collection of surcharge fees.

The Department of Community Affairs is expected to incur indeterminate annual expenditure increases associated with the requirements to: (1) establish, implement, and administer the “Electronic Permit Processing Review System,” and (2) provide related training to local enforcing agencies and private inspection agencies.

Local enforcing agencies would be required to fully implement the electronic system within one year of enactment. Although municipalities may incur indeterminate start-up costs associated with implementing the system, the use of electronic permit processing could result in long-term cost-savings by simplifying the construction permit process. The OLS is unable to quantify the net effect of these two countervailing forces.

The bill also permits local enforcing agencies to collect surcharge fees during the three-year period following the implementation of the electronic system in order to defray the start-up costs associated with the system. As a result, the bill would result in an indeterminate short-term increase in municipal revenue.