

LEGISLATIVE FISCAL ESTIMATE
SENATE, No. 2346
STATE OF NEW JERSEY
219th LEGISLATURE

DATED: MAY 12, 2020

SUMMARY

- Synopsis:** Extends certain permits during COVID-19 emergency.
- Type of Impact:** Temporary revenue decrease to the State and local governments.
- Agencies Affected:** Department of Transportation, Department of Environmental Protection, Department of Community Affairs, State commissions, counties, and municipalities authorized to approve certain State or local permits.

Office of Legislative Services Estimate

<u>March 9, 2020 – Up to Twelve Months</u>	
Fiscal Impact	<u>Following End of COVID-19 Extension Period</u>
State Revenue Decrease	Indeterminate
Local Revenue Decrease	Indeterminate

- The Office of Legislative Services (OLS) estimates that the bill will result in an indeterminate, temporary loss of State and local revenues from the extension of certain State, regional, county, and municipal agency permit approvals for the duration of the COVID-19 emergency and for up to twelve months thereafter in some cases. The bill defines the “COVID-19 extension period” to be the period beginning March 9, 2020 and continuing for as long as a public health emergency or state of emergency has been declared by the Governor in response to the pandemic.
- The OLS notes that there are fees associated with the renewal of certain types of permits and applications. State and local entities would not collect these fees for permits and applications that would otherwise need renewal during the extension period.
- Some benefits to the State and local economies could be realized from the preservation of existing approvals for property owners and developers, and the avoidance of permit and application review fees that otherwise would have been paid by the business community.
- Specific estimates cannot be quantified because the OLS is unable to obtain reliable information regarding the number of outstanding environmental and land use permits, as well



as outstanding applications for development, having approval periods that would be suspended by this bill that would otherwise need to be renewed during the extension period set forth in the bill.

BILL DESCRIPTION

The bill would extend certain State, regional, county, and municipal agency permit approvals for the duration of the COVID-19 emergency. This bill would create a new extension period under the "Permit Extension Act of 2008" that covers permits in existence during the period in which the COVID-19 public health emergency or state of emergency is in effect. Such approvals cannot be extended beyond six months after the conclusion of the extension period, except that for any construction project suspended pursuant to either the Governor's Executive Order No. 122 or the order of a State, county, or municipal government agency, the maximum tolling period would be twelve months beyond the conclusion of the COVID-19 extension period.

The bill also would extend certain timeframes by which planning and zoning boards have to grant or deny any applications pursuant to the "Municipal Land Use Law."

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that the bill will result in an indeterminate, temporary loss of State and local permit fee and application revenues due to the proposed lengthening of the extension period for certain approvals authorized by the bill. The estimate is based on the assumption that, absent the bill, the holders of expiring permits and applications would eventually reapply for the same or similar permits and applications, and in doing so, would make additional fee payments. In certain cases, and for a certain limited time-period, the bill obviates the need to renew a permit or application approval, thus allowing permit holders and applicants to continue their projects without re-obtaining permits or reapplying and paying related fees. However, the OLS acknowledges additional uncertainty when considering that some applicants would not reapply and pay renewal fees if their initial application expired. Specific estimates cannot be quantified because the OLS is unable to obtain reliable information regarding the number of approvals that would be extended by the bill.

The OLS notes that some benefits to the State and local economies could be realized from the preservation of existing approvals for property owners and developers, and the avoidance of presumably costly permit and application review fees that otherwise would be paid by the business community.

Section: Local Government

*Analyst: Benjamin A. Levy
Assistant 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.).