

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 3868

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 17, 2021

The Senate Budget and Appropriations Committee reports favorably and with committee amendments Senate Bill No. 3868.

As amended by the committee, this bill would amend existing law to require the transfer of excess municipal code enforcing agency fees from the municipal enforcing agency to the municipality's surplus. The bill would also require the utilization of funds from the municipal general fund or current fund balance to satisfy any revenue or appropriation shortfall necessary to operate the enforcing agency.

The bill would require that in any fiscal year in which enforcing agency fees collected from a project that is either providing affordable housing or occurring in an area in need of redevelopment as defined in section 3 of P.L.1992, C.79 (C.40A:12A-3), causes the total amount of fees collected by an enforcing agency to exceed, by 12 percent or more, the total cost of operating the enforcing agency, including indirect overhead expenses, as appropriated in the adopted municipal budget, the amount of fees collected in excess of 112 percent of the total cost, including indirect overhead expenses, shall lapse to the municipality's current fund balance, provided that enforcing agency fees were not increase by more than two percent in either the prior or current fiscal year and all enforcing agency fees, and all enforcing agency operations, procedures, and inspections, fully comply with all of the provisions of the "State Uniform Construction Code Act," P.L.1975, c.217 (C.52:27D-119 et seq.). The 12 percent allowance is derived from current regulations permitting indirect overhead expenses in support of the enforcing agency, equal to 12 percent of the operating costs of the enforcing agency, to be charged to the enforcing agency.

The bill would also require that in any fiscal year in which either the total amount of fees collected by an enforcing agency is less than the total costs of operating the enforcing agency, or the total appropriation in the adopted municipal budget for the enforcing agency is less than the total costs of operating the enforcing agency, the shortfall would be satisfied by funds from either the municipality's general fund or current fund balance, so as to fully comply with all of the provisions of the "State Uniform Construction Code Act," P.L.1975, c.217 (C.52:27D-119 et seq.).

COMMITTEE AMENDMENTS:

The committee amended the bill to:

- clarify that the increase in enforcing agency fees is limited to those fees collected from a project that is either providing affordable housing or occurring in an area in need of redevelopment, as defined in section 3 of P.L.1992, C.79 (C.40A:12A-3);
- allow the fees in excess of 112 percent to lapse to the municipality's current fund balance only if enforcing agency fees were not increased by more than two percent in either the prior or current fiscal year;
- include indirect overhead expenses in the total cost of operating the enforcing agency;
- require that the municipality make up, from its general fund or current fund, a shortfall in funds to operate the enforcing agency due to the low amount of construction code fees collected or an insufficient amount appropriated in the adopted municipal budget; and
- make technical changes to incorporate statutory revision made pursuant to a recent enactment.

FISCAL IMPACT:

Fiscal information for this bill is currently unavailable.