

# ASSEMBLY APPROPRIATIONS COMMITTEE

## STATEMENT TO

### **ASSEMBLY, No. 5895**

with committee amendments

# STATE OF NEW JERSEY

DATED: JUNE 16, 2021

The Assembly Appropriations Committee reports favorably Assembly Bill No. 5895, with committee amendments.

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 the total amount of fees collected by an enforcing agency exceeds, 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 all enforcing agency fees, and all enforcing agency operations, procedures, and inspections, fully comply with all of the provisions of 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 cost of operating the enforcing agency, the shortfall shall 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 P.L.1975, c.217 (C.52:27D-119 et seq.).

COMMITTEE AMENDMENTS:

The committee amended the bill to:

- include indirect overhead expenses in the total cost of operating the enforcing agency; and
- 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.

FISCAL IMPACT:

This bill is not certified as requiring a fiscal note.