LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 5276

STATE OF NEW JERSEY
222nd LEGISLATURE

DATED: SEPTEMBER 30, 2026

SUMMARY

Synopsis: Clarifies overtime compensation requirements for certain public employees engaged in law enforcement and fire protection activities.

Type of Impact: Potential annual State and local cost savings.

Agencies Affected: Department of Labor and Workforce Development; State and local agencies which employ law enforcement or fire protection personnel.

Office of Legislative Services Estimate

Fiscal Impact	Annual
Potential State Cost Savings	Indeterminate
Potential Local Cost Savings	Indeterminate

- The Office of Legislative Services (OLS) finds that the bill would potentially result in annual cost savings for the State and local governments. The bill addresses ambiguity in the application of State wage and hour laws to certain employees engaged in fire protection and sworn law enforcement activities with respect to overtime compensation.

- The bill retroactively incorporates the overtime standards in the federal Fair Labor Standards Act to forestall legal challenges which would require the State and other public entities to pay overtime for any week in which an employee exceeded 40 working hours.

BILL DESCRIPTION

This bill establishes standards for overtime for employees engaged in fire protection or law enforcement activities to ensure compliance with the Fair Labor Standards Act of 1938.

Specifically, the bill provides that effective immediately and retroactive to February 4, 2019, the State and certain public entities, including a joint meeting and a regional service agency, will not be deemed to have violated overtime compensation requirements with respect to the employment of any employee in fire protection activities or any employee in sworn law enforcement activities, including security personnel in correctional institutions, if:

(a) in a work period of 28 consecutive days the employee receives for tours of duty which in the aggregate exceed 212 hours for fire protection activities or 171 hours for sworn law enforcement activities compensation at a rate not less than one and one-half times the regular hourly rate at which the employee is employed; or

(b) in the case of such an employee to whom a work period of at least seven but less than 28 days applies, in the employee's work period the employee receives for tours of duty which in the aggregate exceed a number of hours which bears the same ratio to the number of consecutive days in the employee's work period as 212 hours for fire protection activities or 171 hours for sworn law enforcement activities bears to 28 days, compensation at a rate not less than one and one-half times the regular hourly rate at which the employee is employed.

The bill also provides that the same public employers will not be deemed to have violated overtime compensation requirements with respect to any employee by granting compensatory time off at a rate of not less than one and one-half hours for each hour of overtime worked, provided the compensatory time is granted in accordance with federal law.

The bill further provides that its provisions will be interpreted in a manner that is consistent with federal law and regulations.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS finds that the bill would potentially result in annual cost savings for the State and local governments. The bill addresses ambiguity in the application of State wage and hour laws to certain employees engaged in fire protection and sworn law enforcement activities with respect to overtime compensation.

A recent decision by the Appellate Division of the New Jersey Superior Court applied the overtime standards of the New Jersey Wage and Hour Law to employees in fire protection and sworn law enforcement activities. The State overtime standards provide that employees are entitled to one and one-half times their regular hourly wage for hours worked in excess of 40 hours in a single workweek. The federal overtime standards offer more flexibility; within a 28-day work period fire protection employees use a 212-hour threshold before overtime is triggered, and law enforcement employees use a 171-hour threshold.

If employees in fire protection and sworn law enforcement activities were subject to the State wage and hour overtime standards, impacted State and local government employers would likely be required to pay greater amounts of overtime compensation or hire more employees.

The bill retroactively incorporates the federal overtime standards to forestall legal challenges which would require the State and local entities to pay overtime for any week in which an employee exceeded 40 working hours.

Section: *Commerce, Labor and Industry*

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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.).