

FISCAL NOTE

ASSEMBLY, No. 5325

STATE OF NEW JERSEY

222nd LEGISLATURE

DATED: JULY 7, 2026

SUMMARY

Synopsis: Reduces business formation fees.

Type of Impact: Annual State revenue decrease

Agency Affected: Department of the Treasury

Executive Estimate

Fiscal Impact	Fiscal Year 2027
State Revenue Decrease	\$4.1 Million

Office of Legislative Services Estimate

Fiscal Impact	Annual
State Revenue Decrease	\$4.0 Million

- The Office of Legislative Services (OLS) **concurs** with the Executive that lowering business formation fees will result in an annual State revenue loss approximating \$4.1 million.

BILL DESCRIPTION

This bill lowers business formation fees by \$25. The initial registration fee will decrease from \$125 to \$100 for for-profit businesses and from \$75 to \$50 for not-for-profit businesses.

FISCAL ANALYSIS

EXECUTIVE BRANCH

The Department of the Treasury estimates that this bill will reduce FY2027 State revenue collections by \$4.1 million.



OFFICE OF LEGISLATIVE SERVICES

The OLS **concurs** with the Executive that lowering initial business registration fees by \$25 per filing will result in an annual State revenue loss of about \$4.1 million.

Notably, the OLS projects that the fee reduction will produce an annual State gross revenue loss of \$4.2 million. This estimate is based on the U.S. Census Bureau’s monthly Business Formation Statistics for New Jersey, which indicate that New Jersey recorded 169,079 business formation applications in the most recent 12-month period available (June 2025 to May 2026).

OLS Estimate of FY2027 Fiscal Impact of Business Registration Fee Reduction	
State Revenue Loss from Lower Registration Fee	(\$4,227,000)
State Revenue Offset from Lower Business Expense Deductions	\$254,000
Net State Revenue Loss	(\$3,973,000)

The State revenue loss from the fee reduction will be partially offset by a concurrent revenue gain under the gross income tax and corporation business tax, including the affiliated corporate transit fee. That is because in determining taxable income under these taxes, businesses may deduct State-imposed fees as ordinary operating expenses. Accordingly, to the extent that this bill lowers a business’ deductible expenses, it increases taxable income. The OLS estimates that the offsetting revenue gain will approximate \$254,000, assuming an effective tax rate of 6.0 percent.

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This fiscal note has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).