

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 3158

STATE OF NEW JERSEY

DATED: JUNE 4, 2026

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 3158.

As reported, this bill requires certain State payments to be made available to recipients in the form of a paper check. Under the bill, the appropriate State agencies are required to provide State employees, taxpayers, and unemployment insurance (UI) benefit claimants the option to receive their payment in the form of a paper check.

With respect to UI benefit payments, the bill requires the Division of Unemployment and Temporary Disability Insurance to provide UI claimants with written notice of benefit payment options. The written notice requires a claimant's signature designating the benefit payment method as prepaid debit card, direct deposit, or paper check.

The Department of Labor and Workforce Development has already entered a partnership with Bank of America to provide debit card accounts to UI claimants. Beginning November 1, 2010, the department began automatically converting claimants who receive benefits by paper check to prepaid debit cards. At this time, paper checks are no longer issued to claimants. Currently, a claimant will automatically receive a debit card, unless the choice is made to register for direct deposit. This bill ensures that claimants may opt to receive benefit payments in the form of a paper check as an alternative to prepaid debit cards or direct deposit.

With respect to State employee compensation, the bill requires the State Treasurer to disburse a State employee's net pay in the form indicated in writing by the employee. If an employee indicates, in writing to the proper disbursing officer, the desire to have net pay disbursed in the form of a paper check, the State Treasurer would be required to disburse the employee's net pay in the form indicated by the employee. This provision would apply to all State entities, including any person holding public office, position or employment, whose compensation is paid by the State or by any board, body, agency, authority or commission thereof, whether or not the entity is part of the State centralized payroll system, including public institutions of higher education.

The bill also provides that the Director of the Division of Taxation shall provide a taxpayer due a refund of any State tax

payment the option of receiving the refund in the form of a paper check.

FISCAL IMPACT:

The Office of Legislative Services (OLS) determines that the bill will result in an indeterminate increase in expenditures from the General Fund, the Unemployment Compensation Fund, the Unemployment Compensation Administration Fund, and the State Disability Benefits Fund.

There are many variables that may influence the cost of this bill, including the number of individuals who will select the option of a paper check, the costs of reinstituting administrative processes related to the distribution of paper checks, and the actual cost to distribute checks. There is insufficient information available on each of these factors for the OLS to accurately estimate the impact on costs.

The bill's provision requiring the State Treasury to provide the option of paper checks related to State tax refunds will not have any effect on spending, as the current process allows for tax refunds to be paid by paper check.