

LEGISLATIVE FISCAL ESTIMATE

SENATE, No. 3174

STATE OF NEW JERSEY

222nd LEGISLATURE

DATED: JUNE 2, 2026

SUMMARY

- Synopsis:** Concerns authority of owners, agents, or other persons to elect to contract with private on-site inspection agencies to complete inspections under the construction code; provides for charging of inspection fees.
- Type of Impact:** Annual local expenditure decrease; annual local revenue impact.
- Agencies Affected:** Local governments; Department of Community Affairs.

Office of Legislative Services Estimate

Annual Fiscal Impact	Municipalities with Ordinance	Municipalities without Ordinance
Local Expenditure Decrease	Indeterminate	Indeterminate
Local Revenue Decrease	No Impact	Indeterminate

- The Office of Legislative Services (OLS) finds that the bill would result in a decrease in annual local expenditures by allowing for the privatization of inspections currently conducted by local enforcing agencies. The OLS cannot anticipate the number of inspections that owners, agents, or other responsible persons in charge of construction work will elect to have privately inspected in each municipality. Therefore, the decrease in local expenditures is indeterminate.
- The bill will have a divergent revenue impact on local governments depending on whether or not a municipality adopts an ordinance mitigating the loss of inspection fee revenue, which the bill authorizes. The OLS anticipates that the bill will result in a revenue decrease in municipalities that do not adopt an ordinance and will not result in a revenue decrease in municipalities that adopt an ordinance. Therefore, the fiscal impact of the bill on local revenue is \$0 for municipalities with an ordinance and indeterminate for municipalities without an ordinance.

BILL DESCRIPTION

This bill would authorize the owner, agent, or other responsible person in charge of construction work to independently elect, for any reason, to contract with a private, on-site

inspection agency, to: (1) perform a requested inspection; or (2) conduct any inspection required for the issuance of a certificate of occupancy. Current law permits an owner, agent, or other responsible person in charge of work to contract with a private, on-site inspection agency if the enforcing agency is unable to perform the requested inspection within three business days of the date for which the inspection is requested and the owner, agent, or other responsible person and enforcing agency are unable to agree on a different date and time for inspection.

The bill would also provide that the authorization to contract with a private, on-site inspection agency applies to inspections required for the issuance of a certificate of occupancy in addition to on-site inspections pursuant to a provision of the State Uniform Construction Code Act. Current law only authorizes, under certain circumstances, the private inspection of on-site inspections under that statute.

The bill would additionally authorize a municipality to, by ordinance, require that the municipality receive the amount regularly charged as an inspection fee by the enforcing agency as a condition of accepting or recognizing an inspection performed by a private, on-site inspection agency. The bill would add fees for inspection to the list of fees that a municipal governing body is required to set and would delete a provision establishing a procedure for utilization of an authorized, private, on-site inspection agency under certain circumstances.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS finds that the bill would result in a decrease in annual local expenditures by allowing for the privatization of inspections currently conducted by local enforcing agencies. Private inspections conducted pursuant to the bill would reduce the expenditures associated with an inspection conducted by the local enforcing agency and would reduce the revenue generated from the inspection fees paid to the local enforcing agency. The bill authorizes a municipality, by ordinance, to require the receipt of the amount regularly charged as an inspection fee. The OLS anticipates that the number of inspections that would be conducted privately, and the cost of those inspections if they had been conducted by the local enforcing agencies, would be different across municipalities. Therefore, the decrease in local revenue and expenditures for municipalities that elect not to adopt an ordinance requiring the receipt of the amount regularly charged as an inspection fee is indeterminate. The OLS determines that the bill would not reduce local revenue in a municipality that elects to adopt an ordinance to receive the amount regularly charged as an inspection fee.

The OLS anticipates that the Department of Community Affairs would utilize existing resources to authorize private on-site inspection agencies to conduct inspections required for the issuance of a certificate of occupancy.

Section: Local Government

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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.).