

ASSEMBLY, No. 1438

STATE OF NEW JERSEY 219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

Sponsored by:

Assemblywoman BETTYLOU DECROCE

District 26 (Essex, Morris and Passaic)

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District 30 (Monmouth and Ocean)

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Assemblywoman N.Munoz, Assemblymen Peterson, Wirths,

Assemblywomen Stanfield and Dunn

SYNOPSIS

Authorizes State Auditor to conduct cost-benefit analyses of certain programs and initiatives.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



(Sponsorship Updated As Of: 9/14/2020)

1 AN ACT authorizing the State Auditor to conduct cost-benefit
2 analyses of certain programs and initiatives, supplementing Title
3 52 of the Revised Statutes.

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5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

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8 1. a. In addition to the duties and responsibilities prescribed by
9 the Constitution, section 10 of P.L.1979, c.8 (C.52:11-63), and
10 R.S.52:24-4, the State Auditor is authorized to conduct a cost-
11 benefit analysis of any existing or proposed program or initiative of
12 an accounting agency or an independent authority that is funded or
13 is to be funded by State appropriation or that is established or is to
14 be established for the purpose of awarding tax credits to businesses
15 to stimulate economic development in New Jersey, pursuant to the
16 provisions of this section.

17 b. The State Auditor shall conduct a cost-benefit analysis
18 authorized pursuant to this section at the direction of the Legislative
19 Services Commission or the presiding officer of either House of the
20 Legislature or at the State Auditor's own initiative; provided,
21 however, that for each five-year period following enactment of this
22 act the State Auditor shall conduct a cost-benefit analysis of at least
23 one existing or proposed program or initiative of each accounting
24 agency and each independent authority that is funded or is to be
25 funded by State appropriation of \$1,000,000 or more on an average
26 annual basis or that is established or is to be established for the
27 purpose of awarding tax credits in the aggregate principal sum of
28 \$1,000,000 or more on an average annual basis.

29 c. The State Auditor shall determine the scope, define the
30 objectives, and develop the methodology employed in conducting a
31 cost-benefit analysis authorized pursuant to this section; provided,
32 however, that each cost benefit analysis shall include:

33 (1) an analysis of the direct and indirect costs and the tangible
34 and intangible benefits of the existing or proposed program or
35 initiative;

36 (2) information identifying any other programs or initiatives that
37 to the satisfaction of the State Auditor are feasible of accomplishing
38 the goals and objectives of the existing or proposed program or
39 initiative or are capable of being used to create a baseline
40 measurement against which the existing or proposed program or
41 initiative can be compared for purposes of analysis;

42 (3) an analysis of the direct and indirect costs and the tangible
43 and intangible benefits of the other programs or initiatives that are
44 identified as feasible alternatives or capable of being used for
45 baseline measurements;

46 (4) a description of the key assumptions used to determine the
47 direct and indirect costs and the tangible and intangible benefits of
48 the existing or proposed program or initiative and the other

1 programs or initiatives that are identified as feasible alternatives or
2 capable of being used for baseline measurements;

3 (5) a sensitivity analysis to test how the direct and indirect costs
4 and the tangible and intangible benefits of the existing or proposed
5 program or initiative would differ if the key assumptions used to
6 determine the direct and indirect costs and the tangible and
7 intangible benefits were modified; and

8 (6) any other information the State Auditor determines to be
9 necessary and appropriate.

10 d. The officers and employees of each accounting agency and
11 each independent authority shall assist the State Auditor, when and
12 as required by the State Auditor, and provide the State Auditor with
13 access to all records and information the State Auditor determines
14 to be necessary and appropriate to perform the duties and
15 responsibilities prescribed by this section, notwithstanding any
16 statutory or regulatory requirements of confidentiality with regard
17 to the records or information to the contrary. The State Auditor
18 shall report the failure of any officer or employee of an accounting
19 agency or an independent authority to provide access to any record
20 or information to the presiding officer of each House of the
21 Legislature. The State Auditor shall not disclose a confidential
22 record or confidential information provided by an officer or
23 employee of an accounting agency or an independent authority,
24 except as may be necessary for the State Auditor to fulfill the duties
25 and responsibilities prescribed by this section. Working papers
26 prepared by the State Auditor in performing the duties and
27 responsibilities prescribed by this section shall be confidential and
28 shall not be considered a public or government record under
29 P.L.1963, c.73 (C.47:1A-1 et seq.) and P.L.2001, c.404 (C.47:1A-
30 5 et al.).

31 e. The State Auditor shall submit a written report regarding each
32 cost-benefit analysis conducted pursuant to this section to the
33 Governor and to the Legislature in accordance with section 2 of
34 P.L.1991, c.164 (C.52:14-19.1). Upon submission of the written
35 report to the Governor and the Legislature, an electronic copy of the
36 report shall be made available to the public through a link
37 prominently displayed on the State Auditor's Internet website.

38 f. Notwithstanding any provisions of this section to the contrary,
39 cost-benefit analyses authorized pursuant to this section shall be
40 conducted within the limits of resources and personnel available to
41 the State Auditor. If resources and personnel are insufficient to
42 conduct all such required cost-benefit analyses, the State Auditor
43 may prioritize certain analyses and forgo certain others upon notice
44 to the presiding officer of each House of the Legislature.

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46 2. This act shall take effect on the first day of the seventh
47 month next following the date of enactment.

STATEMENT

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This bill authorizes the State Auditor to conduct cost benefit analyses of certain programs and initiatives as a means to provide State policymakers with data and information to make better informed policy and budget decisions.

Under the bill, the State Auditor is authorized to conduct a cost-benefit analysis of any existing or proposed program or initiative of an accounting agency or an independent authority that is funded or is to be funded by State appropriation or that is established or is to be established for the purpose of awarding tax credits to businesses to stimulate economic development in New Jersey. The bill provides for the State Auditor to conduct a cost-benefit analysis at the direction of the Legislative Services Commission or the presiding officer of either House of the Legislature or at the State Auditor's own initiative, but specifies that for each five-year period following enactment of the bill the State Auditor is to conduct a cost-benefit analysis of at least one existing or proposed program or initiative of each accounting agency and each independent authority that is funded or is to be funded by State appropriation of \$1,000,000 or more on an average annual basis or that is established or is to be established for the purpose of awarding tax credits in the aggregate principal sum of \$1,000,000 or more on an average annual basis.

The bill gives the State Auditor the discretion to determine the scope, define the objectives, and develop the methodology employed in conducting cost-benefit analyses authorized by the bill, but requires each cost benefit analysis to include:

- an analysis of the direct and indirect costs and the tangible and intangible benefits of the existing or proposed program or initiative;
- information identifying any other programs or initiatives that are feasible of accomplishing the goals and objectives of the existing or proposed program or initiative or are capable of being used to create a baseline measurement against which the existing or proposed program or initiative can be compared;
- an analysis of the direct and indirect costs and the tangible and intangible benefits of the other programs or initiatives that are identified as feasible alternatives or capable of being used for baseline measurements;
- a description of the key assumptions used to determine the direct and indirect costs and the tangible and intangible benefits of the existing or proposed program or initiative and the other programs or initiatives that are identified as feasible alternatives or capable of being used for baseline measurements;
- a sensitivity analysis to test how the direct and indirect costs and the tangible and intangible benefits of the existing or proposed program or initiative would differ if the key assumptions were modified; and

1 -- any other information the State Auditor determines to be
2 necessary and appropriate.

3 The bill requires the State Auditor to submit a written report
4 regarding each cost-benefit analysis conducted pursuant to the bill
5 to the Governor and to the Legislature, and to make an electronic
6 copy of the report available to the public through a link prominently
7 displayed on the State Auditor's Internet website.

8 The bill is scheduled to take effect on the first day of the seventh
9 month next following the date of enactment.