

LEGISLATIVE FISCAL ESTIMATE

[Second Reprint]

ASSEMBLY, No. 3396

STATE OF NEW JERSEY
219th LEGISLATURE

DATED: MARCH 24, 2021

SUMMARY

- Synopsis:** Encourages timely recording of residential deeds.
- Type of Impact:** Potential increase in county expenditures and county revenues.
- Agencies Affected:** Various county recording offices and county funds to combat homelessness.

Office of Legislative Services Estimate

Fiscal Impact	<u>Annual</u>
Potential County Cost Increase	Indeterminate
Potential County Revenue Increase	Indeterminate

- The Office of Legislative Services (OLS) concludes that the bill may: (1) potentially increase expenditures for a county recording office, such as the office of the county clerk, attributable to increased administrative costs for the processing of late filing fees; and (2) potentially increase revenues, which the bill requires be deposited into the county’s Homelessness Housing Trust Fund or used for combatting homelessness, as a result of the \$10 per calendar day late filing fees.
- The bill imposes a \$10 per calendar day late filing fee on the grantee of a deed for the transfer of residential real property if the deed is delivered for recording to the county recording officer more than 90 days after the date of its delivery to the grantee. The late filing fee would not be imposed on the State, or any instrumentality, agency, or subdivision thereof. The bill prohibits a cumulative filing fee from exceeding \$500 and provides an exception for a late filing fee if the delayed delivery is a result of the deed being held in escrow.
- According to data provided by New Jersey Realtors, 117,343 housing sales closed in 2019. However, the total number of deeds for the transfer of residential real property could be higher due to the OLS being unable to confirm whether the 117,343 housing sales included deed transfers from other sources, such as inheritances. The OLS is unable to estimate the timeliness of grantees delivering deed transfers to the county recording officer, and any subsequent expenditure or revenue figures as a result of these late filing fees, due to insufficient data.



BILL DESCRIPTION

The bill would encourage purchasers of residential real property to record deeds in a timely fashion. Under the bill, a purchaser that submits a residential deed to the county for recording more than 90 days after the delivery date of the deed will be charged a late filing fee of \$10 a day for each day thereafter, up to a cumulative total of \$500. The bill would allow an extension of the deed delivery deadline if the county recording office is closed on the 90th day before the late filing fee is initiated. A late fee would not be imposed if a delay in the delivery of a deed is the result of the deed being held in escrow. A late filing fee would not be imposed on the State, or any instrumentality, agency, or subdivision thereof. If failure to deliver a deed to the county recording officer within the time required is the fault of an agent or someone other than the grantee, then the late filing fee would be imposed upon the agent or other person and not passed through to the grantee. The bill dedicates the proceeds of these late filing fees to combatting homelessness.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS concludes that the bill may: (1) potentially increase expenditures for a county recording office, such as the office of the county clerk, attributable to increased administrative costs for the processing of late filing fees; and (2) potentially increase revenues, which the bill requires be transmitted to the county treasurer and deposited into the county's Homelessness Housing Trust Fund or used for combatting homelessness, as a result of the \$10 per calendar day late filing fees.

The OLS estimates that the bill's requirement to impose the late filing fee on the deed for the transfer of residential real property may potentially increase administrative costs for a county processing office, such as an office of the county clerk. The bill does not explicitly permit late filing fee revenues to cover administrative costs. Conversely, the surcharges generated from late filings would be deposited into the county's Homelessness Housing Trust Fund, or used for combatting homelessness, thereby increasing revenues for the county.

According to data provided by New Jersey Realtors, 117,343 housing sales closed in 2019. However, the total number reflected in the data from the New Jersey Realtors may be lower than the actual number of residential real property transfers subject to the filing fee due to the OLS being unable to confirm whether the 117,343 housing sales included deed transfers from other sources, such as inheritances.

The OLS is unable to estimate the timeliness of grantees delivering deed transfers to the county recording officer, and any subsequent expenditure or revenue figures as a result of these late filing fees, due to insufficient data.

Section: Local Government

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Legislative Budget and Finance Officer

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.).