

LEGISLATIVE FISCAL ESTIMATE
SENATE, No. 3602
STATE OF NEW JERSEY
220th LEGISLATURE

DATED: AUGUST 21, 2023

SUMMARY

- Synopsis:** Establishes weatherization and energy efficiency pilot program to address open cockloft space between certain buildings; appropriates \$30,000,000.
- Type of Impact:** Time-limited State expenditure increase; time-limited revenue and expenditure increases to participating municipalities.
- Agencies Affected:** Participating Municipalities, Department of Community Affairs

Office of Legislative Services Estimate

Fiscal Impact	<u>Duration of Pilot Program</u>
State Expenditure Increase	\$30,000,000 plus administrative expenses
Local Revenue Increase	At least \$30,000,000
Local Expenditure Increase	At least \$30,000,000 including administrative expenses

- The Office of Legislative Services (OLS) concludes that the bill will result in a one-time State expenditure increase of \$30 million to the Department of Community Affairs to provide \$10 million each to the City of Camden, the City of Trenton, and Union City for the Urban Area Weatherization and Energy Efficiency Pilot Program. The bill appropriates \$30 million for the program from funds received by the State through the American Rescue Plan Act of 2021. Some additional administrative expenses also will accrue to the department under the pilot program.
- The three participating municipalities will collectively incur expenditures of \$30 million during the duration of the pilot program to conduct inventories of their residential buildings, in consultation with the department, and to carry out the weatherization and energy efficiency measures for property owners participating in the program. Some of these municipal expenditures could be incurred to perform these measures for property owners that are not low or moderate income and therefore do not qualify for the improvements at no cost under the bill, but nevertheless decide to participate in the pilot program. However, these local costs would eventually be recouped from these property owners.

- The participating municipalities will each receive \$10 million in American Rescue Plan Act of 2021 monies from the State to perform weatherization and energy efficiency measures that will offset their costs to conduct the residential building inventory and undertake the improvements for property owners participating in the program. Some additional revenues could accrue to these municipalities from property owners that are not low or moderate income, but nevertheless decide to participate in the program. These property owners would be permitted to pay for the property improvements through a property tax special assessment payable to the municipality in quarterly installments over 10 years.

BILL DESCRIPTION

This bill establishes the Urban Area Weatherization and Energy Efficiency Pilot Program to address the energy efficiency and safety issues created by cockloft and attic spaces that are open or improperly sealed between a residential building and another building. The pilot program is to operate in Union City, the City of Trenton, and the City of Camden.

The building code enforcing agency of a municipality participating in the pilot program is to, within one year of the bill's effective date, conduct an inventory of residential buildings to determine the number of open cockloft spaces that would benefit from weatherization and energy efficiency measures, which may include the installation of one or more fire-rated separations in open cockloft spaces between buildings, fire alarms and carbon monoxide sensor devices, insulation, vapor barriers, and passive or active attic ventilation. If a property is identified as containing an open cockloft space, then the municipality is to provide the property owner with an option to participate in the pilot program. The municipality is also to provide the owner with an opportunity to demonstrate whether the owner qualifies as low or moderate income. If the owner qualifies as low or moderate income, the owner is to be eligible for weatherization and energy efficiency measures at no cost. If the owner is not low or moderate income, the owner is to be given the option to pay for weatherization and energy efficiency measures through a property tax special assessment, payable in quarterly installments over 10 years. The bill permits a participating municipality to enter into an agreement with one or more private parties to assist in the implementation of the pilot program.

The bill requires pilot program municipalities to share information with the Department of Community Affairs concerning the effectiveness of the pilot program. The bill would require the department to prepare and submit reports, on at least an annual basis, to the Governor and the Legislature to provide information on the progress and effectiveness of the pilot program. Within six months following the expenditure of all pilot program funding, the department is to submit a final report to the Governor and the Legislature.

The bill appropriates \$30,000,000 to the Department of Community Affairs from the funds provided to the State under the federal American Rescue Plan Act of 2021. Of this sum, \$10,000,000 would be provided to each of the three participating municipalities.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

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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.).