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RWH/JA

P.L. 2019, CHAPTER 60, *approved April 17, 2019*
Assembly, No. 1683

1 AN ACT concerning penalties for energy “slamming” practices and
2 amending P.L.1999, c.23.

3
4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6
7 1. Section 34 of P.L.1999, c.23 (C.48:3-83) is amended to read
8 as follows:

9 34. Any person who violates any provision of **[this act]**
10 P.L.1999, c.23 (C.48:3-49 et al.) shall be liable for a civil penalty of
11 not more than \$5,000 for the first offense, except for a violation of
12 section 37 of **[this act]** P.L.1999, c.23 (C.48:3-86), for which a
13 person shall be liable for a civil penalty of not more than **[\$10,000]**
14 \$20,000 for the first offense, and not more than **[\$25,000]** \$50,000
15 for the second and each subsequent offense, for each day that the
16 violation continues. Any civil penalty which may be imposed
17 pursuant to this section may be compromised by the board. In
18 determining the amount of the penalty, or the amount agreed upon
19 in compromise, the board shall consider: the nature, circumstances,
20 and gravity of the violation; the degree of the violator's culpability;
21 any history of prior violations; the prospective effect of the penalty
22 on the ability of the violator to conduct business; any good faith
23 effort on the part of the violator in attempting to achieve
24 compliance; the violator's ability to pay the penalty; and other
25 factors the board determines to be appropriate. The amount of the
26 penalty when finally determined, or the amount agreed upon in
27 compromise, may be deducted from any sums **[owing]** owed by the
28 State to the person charged, or may be recovered, if necessary, in a
29 summary proceeding pursuant to **[“the penalty enforcement law,”**
30 N.J.S.2A:58-1 et seq.] the “Penalty Enforcement Law of 1999,”
31 P.L.1999, c.274 (C.2A:58-10 et seq.).

32 The Superior Court shall have jurisdiction to enforce the
33 provisions of **[“the penalty enforcement law”]** the “Penalty
34 Enforcement Law of 1999,” P.L.1999, c.274 (C.2A:58-10 et seq.) in
35 connection with **[this act]** P.L.1999, c.23 (C.48:3-49 et al.).
36 (cf: P.L.1999, c.23, s.34)

37
38 2. This act shall take effect immediately.

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40
41
42

Increases penalties for energy “slamming” practices.

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

ASSEMBLY, No. 1683

STATE OF NEW JERSEY 218th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2018 SESSION

Sponsored by:

Assemblyman RONALD S. DANCER

District 12 (Burlington, Middlesex, Monmouth and Ocean)

Assemblyman DANIEL R. BENSON

District 14 (Mercer and Middlesex)

Assemblyman ERIC HOUGHTALING

District 11 (Monmouth)

Assemblywoman AMY H. HANDLIN

District 13 (Monmouth)

Assemblyman PAUL D. MORIARTY

District 4 (Camden and Gloucester)

Co-Sponsored by:

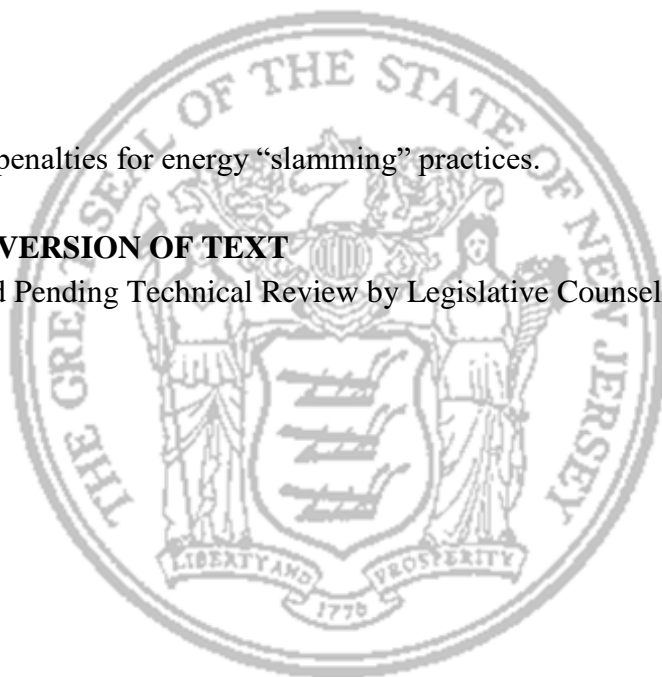
Assemblywomen Pinkin, Downey, Assemblymen Gusciora, Johnson, Clifton, Auth, Webber, Assemblywoman N.Munoz, Assemblymen A.M.Bucco, Rooney, DiMaio, Peterson, Wolfe, Assemblywomen Muoio, B.DeCroce, Schepisi and Assemblyman S.Kean

SYNOPSIS

Increases penalties for energy “slamming” practices.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



1 AN ACT concerning penalties for energy “slamming” practices and
2 amending P.L.1999, c.23.

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8 as follows:

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17 pursuant to this section may be compromised by the board. In
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36 (cf: P.L.1999, c.23, s.34)

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STATEMENT

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43 This bill increases civil penalties for energy “slamming”
44 practices from \$10,000 for the first offense, and not more than

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Matter underlined thus is new matter.

A1683 DANCER, BENSON

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1 \$25,000 for the second and each subsequent offense, to \$20,000 for
2 the first offense, and not more than \$50,000 for the second and each
3 subsequent offense. Energy “slamming” is a practice that involves
4 changing consumers’ electric power or gas supplier without their
5 knowledge or consent.

6 This bill addresses growing concerns over certain third-party
7 energy suppliers engaged in slamming practices.

ASSEMBLY TELECOMMUNICATIONS AND UTILITIES
COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1683

STATE OF NEW JERSEY

DATED: JANUARY 29, 2018

The Assembly Telecommunications and Utilities Committee reports favorably Assembly Bill No. 1683.

As reported, this bill increases civil penalties for energy “slamming” practices from \$10,000 for the first offense, and not more than \$25,000 for the second and each subsequent offense, to \$20,000 for the first offense, and not more than \$50,000 for the second and each subsequent offense. Energy “slamming” is a practice that involves changing consumers’ electric power or gas supplier without their knowledge or consent.

This bill was pre-filed for introduction in the 2018-2019 session pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.

SENATE ECONOMIC GROWTH COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1683

STATE OF NEW JERSEY

DATED: OCTOBER 18, 2018

The Senate Economic Growth Committee reports favorably Assembly Bill No. 1683.

As reported, this bill increases civil penalties for energy “slamming” practices from \$10,000 for the first offense, and not more than \$25,000 for the second and each subsequent offense, to \$20,000 for the first offense, and not more than \$50,000 for the second and each subsequent offense. Energy “slamming” is a practice that involves changing consumers’ electric power or gas supplier without their knowledge or consent.

As reported, Assembly Bill No. 1683 is identical to Senate Bill No. 1990, which was also reported by the committee on this date.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1683

STATE OF NEW JERSEY

DATED: FEBRUARY 7, 2019

The Senate Budget and Appropriations Committee reports favorably Assembly Bill No. 1683.

Assembly Bill No. 1683 increases civil penalties for energy “slamming” practices from \$10,000 for the first offense, and not more than \$25,000 for the second and each subsequent offense, to \$20,000 for the first offense, and not more than \$50,000 for the second and each subsequent offense. Energy “slamming” is a practice that involves changing consumers’ electric power or gas supplier without their knowledge or consent.

As reported, this bill is identical to Senate Bill No. 1990, as also reported by the committee.

FISCAL IMPACT:

The OLS finds that this bill will result in an indeterminate increase in State revenue due to the doubling of fines for “slamming” practices where a customer’s electric power or gas supplier is changed without the customer’s knowledge or consent.

While the amount of fines are doubled, the actual amount of increased revenue cannot be determined because the Board of Public Utilities (BPU) is permitted to compromise with violators to decrease the amount of the penalty, and it is not clear how many “slamming” violations will occur in the future.

LEGISLATIVE FISCAL ESTIMATE
ASSEMBLY, No. 1683
STATE OF NEW JERSEY
218th LEGISLATURE

DATED: FEBRUARY 22, 2018

SUMMARY

Synopsis: Increases penalties for energy “slamming” practices.

Type of Impact: Increased State revenue.

Agencies Affected: Board of Public Utilities.

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
State Revenue	Indeterminate – See comments below		

- The OLS finds that this bill will result in an indeterminate increase in State revenue due to the doubling of fines for “slamming” practices where a customer’s electric power or gas supplier is changed without the customer’s knowledge or consent.
- While the amount of fines are doubled, the actual amount of increased revenue cannot be determined because the Board of Public Utilities (BPU) is permitted to compromise with violators to decrease the amount of the penalty, and it is not clear how many “slamming” violations will occur in the future.

BILL DESCRIPTION

This bill increases civil penalties for energy “slamming” practices from \$10,000 for the first offense, and not more than \$25,000 for the second and each subsequent offense, to \$20,000 for the first offense, and not more than \$50,000 for the second and each subsequent offense. Energy “slamming” is a practice that involves changing consumers’ electric power or gas supplier without their knowledge or consent.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

This bill will result in an indeterminate increase in State revenue. The bill provides for a doubling of penalties for energy “slamming” where a customer has their electric power or gas supplier changed without their knowledge or consent.

The BPU is permitted to negotiate the amount of “slamming” penalty amounts, so even with the statutory doubling of fine amounts, the BPU has the discretion to negotiate smaller penalty amounts. Further, it is not clear how many “slamming” violations will occur if this bill is enacted. A doubling of fines is intended to have a deterrent effect to prevent violations. If the bill is successful, the amount of violations could decrease significantly. Depending upon how much of a deterrent effect results from the increased fines and the degree to which future fines are compromised, the bill could even potentially result in reduced total State revenue; however, it appears likely that the bill will result in a minor increase in State revenues.

Section: Authorities, Utilities, Transportation and Communications

*Analyst: Patrick Brennan
Senior Fiscal Analyst*

*Approved: Frank W. Haines III
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.).

SENATE, No. 1990

STATE OF NEW JERSEY 218th LEGISLATURE

INTRODUCED FEBRUARY 26, 2018

Sponsored by:

Senator NELLIE POU

District 35 (Bergen and Passaic)

Senator LINDA R. GREENSTEIN

District 14 (Mercer and Middlesex)

Co-Sponsored by:

Senators Addiego and Turner

SYNOPSIS

Increases penalties for energy “slamming” practices.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 3/19/2019)

S1990 POU, GREENSTEIN

2

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Matter underlined thus is new matter.

S1990 POU, GREENSTEIN

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2 the first offense, and not more than \$50,000 for the second and each
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4 changing consumers’ electric power or gas supplier without their
5 knowledge or consent.

6 This bill addresses growing concerns over certain third-party
7 energy suppliers engaged in slamming practices.

SENATE ECONOMIC GROWTH COMMITTEE

STATEMENT TO

SENATE, No. 1990

STATE OF NEW JERSEY

DATED: OCTOBER 18, 2018

The Senate Economic Growth Committee reports favorably Senate Bill No. 1990.

As reported, this bill increases civil penalties for energy “slamming” practices from \$10,000 for the first offense, and not more than \$25,000 for the second and each subsequent offense, to \$20,000 for the first offense, and not more than \$50,000 for the second and each subsequent offense. Energy “slamming” is a practice that involves changing consumers’ electric power or gas supplier without their knowledge or consent.

As reported, Senate Bill No. 1990 is identical to Assembly Bill No. 1683, which was also reported by the committee on this date.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 1990

STATE OF NEW JERSEY

DATED: FEBRUARY 7, 2019

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 1990.

Senate Bill No. 1990 increases civil penalties for energy “slamming” practices from \$10,000 for the first offense, and not more than \$25,000 for the second and each subsequent offense, to \$20,000 for the first offense, and not more than \$50,000 for the second and each subsequent offense. Energy “slamming” is a practice that involves changing consumers’ electric power or gas supplier without their knowledge or consent.

As reported, this bill is identical to Assembly Bill No. 1683, as also reported by the committee.

FISCAL IMPACT:

The OLS finds that this bill will result in an indeterminate increase in State revenue due to the doubling of fines for “slamming” practices where a customer’s electric power or gas supplier is changed without the customer’s knowledge or consent.

While the amount of fines are doubled, the actual amount of increased revenue cannot be determined because the Board of Public Utilities (BPU) is permitted to compromise with violators to decrease the amount of the penalty, and it is not clear how many “slamming” violations will occur in the future.

LEGISLATIVE FISCAL ESTIMATE
SENATE, No. 1990
STATE OF NEW JERSEY
218th LEGISLATURE

DATED: JANUARY 31, 2019

SUMMARY

Synopsis: Increases penalties for energy “slamming” practices.

Type of Impact: Increased State revenue.

Agencies Affected: Board of Public Utilities.

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
State Revenue		Indeterminate	

- The Office of Legislative Services (OLS) finds that this bill will result in an indeterminate increase in State revenue due to the doubling of fines for “slamming” practices where a customer’s electric power or gas supplier is changed without the customer’s knowledge or consent.
- While the amount of fines are doubled, the actual amount of increased revenue cannot be determined because the Board of Public Utilities (BPU) is permitted to compromise with violators to decrease the amount of the penalty, and it is not clear how many “slamming” violations will occur in the future.

BILL DESCRIPTION

This bill increases civil penalties for energy “slamming” practices from \$10,000 for the first offense, and not more than \$25,000 for the second and each subsequent offense, to \$20,000 for the first offense, and not more than \$50,000 for the second and each subsequent offense. Energy “slamming” is a practice that involves changing consumers’ electric power or gas supplier without their knowledge or consent.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

This bill will result in an indeterminate increase in State revenue. The bill provides for a doubling of penalties for energy “slamming” where a customer has their electric power or gas supplier changed without their knowledge or consent.

The BPU is permitted to negotiate the amount of “slamming” penalty amounts, so even with the statutory doubling of fine amounts, the BPU has the discretion to negotiate smaller penalty amounts. Further, it is not clear how many “slamming” violations will occur if this bill is enacted. A doubling of fines is intended to have a deterrent effect to prevent violations. If the bill is successful, the amount of violations could decrease significantly. Depending upon how much of a deterrent effect results from the increased fines and the degree to which future fines are compromised, the bill could even potentially result in reduced total State revenue; however, it appears likely that the bill will result in a minor increase in State revenues.

Section: Authorities, Utilities, Transportation and Communications

*Analyst: Patrick Brennan
Principal Fiscal Analyst*

*Approved: Frank W. Haines III
Legislative Budget and Finance Officer*

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).



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Newark, N.J.

Governor Murphy Signs Legislation Increasing Penalties for Energy Slamming

04/17/2019

TRENTON - Governor Phil Murphy today signed legislation that will increase civil penalties for energy slamming practices, which involve changing consumers' electric power or gas supplier without their knowledge or consent.

The law (A1683/S1990) will protect New Jersey consumers from the illegal practice of energy slamming. Penalties will increase from \$10,000 for the first offense, and not more than \$25,000 for the second and each subsequent offense, to \$20,000 for the first offense, and not more than \$50,000 for the second and each subsequent offense.

"Bad actors that engage in energy slamming prey upon New Jersey residents that are simply trying to keep their power on," **said Governor Phil Murphy**. "This legislation will protect all New Jersey residents from deceptive and misleading companies that scam consumers out of their hard-earned money."

"Today is an important day for energy consumers all over New Jersey," **said Senator Nellie Pou**. "Standing between consumers and illegal, predatory providers is exactly what we should be doing as a state. We can't guarantee that no one will break the law, but we can make sure they are properly dissuaded from attempting to in the first place and properly punished if they ever do."

"Companies that illegally acquire information about consumers and then go door to door with the intent to defraud them on their energy bills, must to be met with severe consequences," **said Senator Linda Greenstein**. "Fraud is a serious offense and this law will make perpetrators of energy slamming rethink their nefarious methods."

"There are overly aggressive operators preying on vulnerable ratepayers," **said Assemblyman Ron Dancer**. "Seniors, especially, are often victimized by 'slamming,' having their electric or gas suppliers changed and their rates increased without consent. The significant penalties established by this law are strong deterrents to energy scammers."

"Changing consumers' electric power or gas supplier without their knowledge or consent is unacceptable," **said Assemblyman Daniel Benson**. "Residents should always be kept informed when any change on their energy bill takes place, especially if it results in a higher monthly payment. Raising penalties is a deterrent for these types of unfair, unscrupulous practices."

"In the past year, certain third-party energy suppliers took advantage of an unusually cold winter to change consumers' energy suppliers without their knowledge or consent," **said Assemblyman Eric Houghtaling**. "Energy slamming is anti-consumerism at its best and it impacts families in a way that hurts them the most, their budgets. This new law takes a much needed step to protect residents from this unfair business practice."

"A number of consumers complained of these unauthorized changes which resulted in skyrocketing energy utility bills," **said Assemblyman Paul Moriarty**. "Doubling civil penalties for slamming practices will help to discourage third-party energy suppliers from taking advantage of consumers in the future."

“Any ratepayer is susceptible to slamming, but for seniors on a fixed income or families struggling to make ends meet, it is a threat to their financial security,” **said Assemblywoman Amy Handlin.** “This bill increases penalties to a level that will make deceitful marketers think twice about ripping off the public.”

Primary sponsors of the bill include Senators Nellie Pou and Linda Greenstein; and Assemblymembers Ron Dancer, Daniel Benson, Eric Houghtaling, Amy Handlin, and Paul Moriarty.

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