

52:27D-124.4 et al
LEGISLATIVE HISTORY CHECKLIST

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LAWS OF: 2021 **CHAPTER:** 70

NJSA: 52:27D-124.4 et al (Establishes "Electronic Permit Processing Review System.")

BILL NO: A1145 (Substituted for S1739 (1R))

SPONSOR(S) Freiman, Roy and others

DATE INTRODUCED: 1/14/2020

COMMITTEE: **ASSEMBLY:** Community Development & Affairs

SENATE: Community & Urban Affairs
Budget & Appropriations

AMENDED DURING PASSAGE: Yes

DATE OF PASSAGE: **ASSEMBLY:** 3/1//2021

SENATE: 2/19/2021

DATE OF APPROVAL: 4/30/2021

FOLLOWING ARE ATTACHED IF AVAILABLE:

FINAL TEXT OF BILL (First Reprint enacted) Yes

A1145

INTRODUCED BILL (INCLUDES SPONSOR'S STATEMENT): Yes

COMMITTEE STATEMENT: **ASSEMBLY:** Yes Comm. Devel. & Affairs

SENATE: Yes Comm. & Urban Affairs
Budget & Appropriations

(Audio archived recordings of the committee meetings, corresponding to the date of the committee statement, ***may possibly*** be found at www.njleg.state.nj.us)

FLOOR AMENDMENT STATEMENT: Yes

LEGISLATIVE FISCAL ESTIMATE: Yes 2/28/2020
2/22/2021

S1739 (1R)

INTRODUCED BILL (INCLUDES SPONSOR'S STATEMENT): Yes

COMMITTEE STATEMENT: **ASSEMBLY:** No

SENATE: Yes Comm. & Urban Affairs
Budget & Appropriations

(Audio archived recordings of the committee meetings, corresponding to the date of the committee statement, **may possibly** be found at www.njleg.state.nj.us)

FLOOR AMENDMENT STATEMENT: Yes

LEGISLATIVE FISCAL ESTIMATE: Yes 11/9/2020
2/22/2021

VETO MESSAGE: No

GOVERNOR'S PRESS RELEASE ON SIGNING: Yes

FOLLOWING WERE PRINTED:

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RH/CL

(CORRECTED COPY)

P.L. 2021, CHAPTER 70, *approved April 30, 2021*
Assembly No. 1145 (*First Reprint*)

1 AN ACT establishing a State online electronic building permit
2 review and inspection scheduling system, and supplementing and
3 amending P.L.1975, c.217, and amending P.L.2005, c.212, and
4 P.L.1979, c.121.

5

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

8

9 1. (New section) a. The Commissioner of Community Affairs
10 shall establish, develop, implement, and administer the "Electronic
11 Permit Processing Review System." This electronic system shall be
12 an Internet-based system allowing for the electronic submission of
13 applications for construction permits, plans, and specifications
14 pursuant to the "State Uniform Construction Code Act," P.L.1975,
15 c.217 (C.52:27D-119 et seq.), for the electronic review and
16 approval of applications, plans, and specifications, for the
17 scheduling of inspections, and for the exchange of information
18 between the applicant, the applicant's professionals, and the
19 department or enforcing agency during the review process. The
20 electronic system shall offer a permit applicant:

21 (1) the ability to submit the materials necessary for application
22 review;

23 (2) the ability to submit requests for on-site inspection of a
24 project; and

25 (3) continuous, 24-hour accessibility for the submission of both
26 scheduling requests, and the materials necessary for the permit
27 application review.

28 b. (1) Following the effective date of P.L. , c. (C.)
29 (pending before the Legislature as this bill), the commissioner may
30 make the electronic system accessible, and facilitate its use, through
31 the acceptance of application materials and scheduling submissions,
32 by:

33 (a) the department, with regard to applications for which the
34 department approves plans and specifications pursuant to the "State
35 Uniform Construction Code Act";

36 (b) local enforcing agencies; and

37 (c) private agencies providing plan review and inspection
38 services.

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.

Matter enclosed in superscript numerals has been adopted as follows:

¹Senate floor amendments adopted January 28, 2021.

- 1 (2) ¹(a) ¹ Within one year following the effective date of
2 P.L. , c. (C.) (pending before the Legislature as this bill),
3 the commissioner shall fully implement the electronic system, and
4 ¹**[require]** provide for¹ its use, through the acceptance of
5 application materials and scheduling submissions, by ¹**[**:
6 (a) ¹**]** the department, with regard to applications for which the
7 department approves plans and specifications pursuant to the "State
8 Uniform Construction Code Act" ¹**[;]** ¹.
9 (b) ¹**[local]** Local¹ enforcing agencies ¹**[**; and
10 (c) private agencies providing plan review and inspection
11 services ¹**]** may elect to utilize the electronic system implemented by
12 the department. In the alternative, a local enforcing agency may
13 utilize a different electronic system, which system shall provide the
14 same level of functionality as the system implemented by the
15 department¹.
16 c. The commissioner shall provide training opportunities on the
17 use of the electronic system for employees of local enforcing
18 agencies and private agencies which provide plan review and
19 inspection services.
20 d. The commissioner shall, in accordance with the
21 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-
22 1 et seq.), adopt rules and regulations to govern the form and format
23 of applications for construction permits, plans, and specifications
24 and other information exchanged through the electronic system.
25 Notwithstanding the requirement, pursuant to subsection b. of this
26 section, to accept electronically submitted materials within one year
27 following the effective date of P.L. , c. (C.) (pending
28 before the Legislature as this bill), the commissioner shall have the
29 discretion to establish different submission requirements, including
30 non-electronic submissions as necessary, for large, complicated, or
31 otherwise unusual construction projects, so long as the system is
32 designed to accept approximately 80 percent of construction permit
33 application submissions electronically.
34 e. The department may waive a contrary form and format
35 requirement imposed by statute or ordinance or by the rules of
36 another department or agency for the submission of information in
37 physical form to the extent the waiver is necessary to facilitate the
38 submission of the information electronically. The department may
39 accept an electronic reproduction of a signature, stamp, seal,
40 certification, or notarization as the equivalent of the original or may
41 accept the substitution of identifying information for the signature,
42 stamp, seal, certification, or notarization. The department shall not
43 waive any other requirement.
44 f. The commissioner may adopt, amend, and repeal rules and
45 regulations providing for the charging of and setting the amount of
46 construction permit surcharge fees to be collected by an enforcing
47 agency or private agency ¹**[and]** Fees shall be¹ remitted to the

1 department to defray the cost of developing and administering the
2 electronic system ¹by local enforcing agencies that have elected to
3 utilize the electronic system implemented by the department¹.

4 g. A person exchanging information through the electronic
5 system in a form and format acceptable to the department is not
6 subject to any licensing sanction, civil penalty, fine, permit
7 disapproval, or revocation or other sanction for failure to comply
8 with a form or format requirement imposed by statute, ordinance, or
9 rule for submission of the information in physical form, including
10 but not limited to any requirement that the information be in a
11 particular form or of a particular size, be submitted with multiple
12 copies, be physically attached to another document be an original
13 document or be signed, stamped, sealed, certified, or notarized.

14 h. As used in this section, “form and format” means the
15 arrangement, organization, configuration, structure, or style of, or
16 method of delivery for, providing required information or providing
17 the substantive equivalent of required information. “Form and
18 format” does not mean altering the substance of information or the
19 addition or omission of information.

20

21 2. Section 3 of P.L.2005, c.212 (C.52:27D-124.3) is amended
22 to read as follows:

23 3. A proposal by a private agency to provide inspection or plan
24 review services to a municipality to administer the provisions of the
25 "State Uniform Construction Code Act," P.L.1975,
26 c.217 (C.52:27D-119 et seq.) shall be submitted in accordance with
27 and shall be subject to the bidding and other provisions of the
28 "Local Public Contracts Law," P.L.1971, c.198 (C.40A:11-1 et
29 seq.). A municipality shall require, as part of the bid specifications,
30 that a private agency participate in ¹【the “Electronic Permit
31 Processing Review System,” developed and implemented pursuant
32 to section 1 of P.L. , c. (C.) (pending before the Legislature
33 as this bill)】 whichever electronic system the municipality has
34 elected to utilize¹. A municipality shall require as part of the bid
35 specifications that a private agency submit a bid or proposal in
36 terms of a percentage of the costs charged by the department when
37 it serves as a local enforcement agency pursuant to section 10 of
38 P.L.1975, c.217 (C.52:27D-128). A municipality may include in
39 the fee charged by it for work done by private agencies an amount
40 sufficient to cover a proportionate share of administrative costs
41 incurred by the local enforcing agency in connection with
42 inspections performed by private agencies.

43 (cf: P.L.2005, c.212, s.3)

44

45 3. Section 3 of P.L.1979, c.121 (C.52:27D-126a) is amended to
46 read as follows:

1 3. Where the appointing authority of any municipality shall
2 appoint an enforcing agency and construction board of appeals
3 pursuant to section 8 of P.L.1975, c.217 (C.52:27D-126), the
4 municipal governing body by ordinance, in accordance with
5 standards established by the commissioner, shall set enforcing
6 agency fees for plan review, construction permit, certificate of
7 occupancy, demolition permit, moving of building permit, elevator
8 permit and sign permit, provided, however, that such fees shall not
9 exceed the annual costs for the operation of the enforcing agency.
10 For the three year period commencing with an enforcing agency's
11 initial participation in the "Electronic Permit Processing Review
12 System," developed and implemented pursuant to section 1 of
13 P.L. , c. (C.) (pending before the Legislature as this bill), the
14 municipal governing body may impose, and the enforcing agency
15 may collect, construction permit surcharge fees to defray the
16 enforcing agency's startup costs related to offering electronic plan
17 review and scheduling. Surcharge fees shall be established in
18 accordance with standards established by the commissioner.
19 (cf: P.L.1979, c.121, s.3)

20
21 4. Section 12 of P.L.1975, c.217 (C.52:27D-130) is amended to
22 read as follows:

23 12. Except as otherwise provided by this act or in the code,
24 before construction or alteration of any building or structure, the
25 owner, or his agent, engineer or architect, shall submit an
26 application in writing, including signed and sealed drawings and
27 specifications, to the enforcing agency as defined in this act. When
28 an enforcing agency begins to participate in the "Electronic Permit
29 Processing Review System," pursuant to section 1 of P.L. ,
30 c. (C.) (pending before the Legislature as this bill), the owner,
31 or his agent, engineer or architect, may submit applications and
32 scheduling requests electronically. The application shall be in
33 accordance with regulations established by the commissioner and
34 on a form or in a format prescribed by the commissioner and shall
35 be accompanied by payment of the fee to be established by the
36 municipal governing body by ordinance in accordance with
37 standards established by the commissioner. The application for a
38 construction permit shall be filed with the enforcing agency and
39 shall be a public record; and no application for a construction
40 permit shall be removed from the custody of the enforcing agency
41 after a construction permit has been issued. Nothing contained in
42 this paragraph shall be interpreted as preventing the imposition of
43 requirements in the code, for additional permits for particular kinds
44 of work, including but not limited to plumbing, electrical, elevator,
45 fire prevention equipment or boiler installation or repair work, or in
46 other defined situations.

47 Upon the transfer of ownership of property that is the subject of
48 a construction permit, and prior to beginning or continuing work

1 authorized by the construction permit, the new owner shall file with
2 the enforcing agency an application for a permit update to notify the
3 enforcing agency of the name and address of the new owner and of
4 all other changes to information previously submitted to the
5 enforcing agency. If the municipality has adopted an ordinance
6 requiring a successor developer to furnish a replacement
7 performance guarantee, and a performance guarantee has previously
8 been furnished in favor of the municipality to assure the installation
9 of on-tract improvements on the property that is the subject of an
10 application for a permit update for the purpose of notifying the
11 enforcing agency of the name and address of a new owner, the
12 enforcing agency shall not approve the application for a permit
13 update until it receives notification from the governing body or its
14 designee that the new owner has furnished an adequate replacement
15 performance guarantee.

16 No permit shall be issued for a public school facility unless the
17 final plans and specifications have been first approved by the
18 Bureau of Facility Planning Services in the Department of
19 Education or a municipal code official who is appropriately licensed
20 by the Commissioner of Community Affairs for the type and level
21 of plans being reviewed. Approval by the Bureau of Facility
22 Planning Services in the Department of Education shall only be
23 required when a review for educational adequacy is necessary.
24 Requirements determining when a review for educational adequacy
25 is necessary shall be established jointly by the Department of
26 Community Affairs and the Department of Education. The
27 standards shall thereafter be adopted as part of the Uniform
28 Construction Code regulations by the Department of Community
29 Affairs. After the final plans and specifications have been approved
30 for educational adequacy by the Bureau of Facility Planning
31 Services in the Department of Education, a local board of education
32 may submit the final plans and specifications for code approval to
33 either the Bureau of Facility Planning Services in the Department of
34 Education or a municipal code official who is appropriately licensed
35 by the Commissioner of Community Affairs for the type and level
36 of plans being reviewed. The Bureau of Facility Planning Services
37 in the Department of Education when approving final plans and
38 specifications shall be responsible for insuring that the final plans
39 and specifications conform to the requirements of the code as well
40 as for insuring that they provide for an educationally adequate
41 facility. In carrying out its responsibility pursuant to the provisions
42 of this section the Department of Education shall employ persons
43 licensed by the Commissioner of Community Affairs for the type
44 and level of plans being reviewed.

45 (cf: P.L.2013, c.123, s.5)

46

47 5. This act shall take effect immediately.

A1145 [1R]

6

1

2

3

Establishes “Electronic Permit Processing Review System.”

ASSEMBLY, No. 1145

STATE OF NEW JERSEY

219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

Sponsored by:

Assemblyman ROY FREIMAN

District 16 (Hunterdon, Mercer, Middlesex and Somerset)

Assemblyman JOSEPH V. EGAN

District 17 (Middlesex and Somerset)

Assemblyman ROBERT J. KARABINCHAK

District 18 (Middlesex)

Co-Sponsored by:

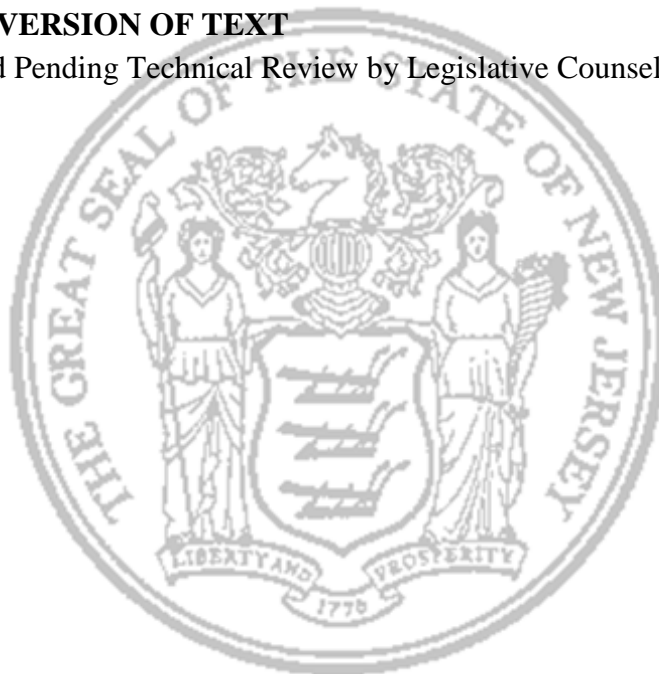
Assemblyman DiMaio, Assemblywoman B.DeCroce, Assemblymen Calabrese, Wirths, Space, Danielsen, Assemblywomen Pinkin, DiMaso, Swain, Assemblymen Tully and Benson

SYNOPSIS

Establishes "Electronic Permit Processing Review System."

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



(Sponsorship Updated As Of: 1/27/2020)

1 AN ACT establishing a State online electronic building permit
2 review and inspection scheduling system, and supplementing and
3 amending P.L.1975, c.217, and amending P.L.2005, c.212, and
4 P.L.1979, c.121.

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

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10 shall establish, develop, implement, and administer the "Electronic
11 Permit Processing Review System." This electronic system shall be
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14 pursuant to the "State Uniform Construction Code Act," P.L.1975,
15 c.217 (C.52:27D-119 et seq.), for the electronic review and
16 approval of applications, plans, and specifications, for the
17 scheduling of inspections, and for the exchange of information
18 between the applicant, the applicant's professionals, and the
19 department or enforcing agency during the review process. The
20 electronic system shall offer a permit applicant:

21 (1) the ability to submit the materials necessary for application
22 review;

23 (2) the ability to submit requests for on-site inspection of a
24 project; and

25 (3) continuous, 24-hour accessibility for the submission of both
26 scheduling requests, and the materials necessary for the permit
27 application review.

28 b. (1) Following the effective date of P.L. , c. (C.)
29 (pending before the Legislature as this bill), the commissioner may
30 make the electronic system accessible, and facilitate its use, through
31 the acceptance of application materials and scheduling submissions,
32 by:

33 (a) the department, with regard to applications for which the
34 department approves plans and specifications pursuant to the "State
35 Uniform Construction Code Act";

36 (b) local enforcing agencies; and

37 (c) private agencies providing plan review and inspection
38 services.

39 (2) Within one year following the effective date of P.L. ,
40 c. (C.) (pending before the Legislature as this bill), the
41 commissioner shall fully implement the electronic system, and
42 require its use, through the acceptance of application materials and
43 scheduling submissions, by:

44 (a) the department, with regard to applications for which the

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.

1 department approves plans and specifications pursuant to the "State
2 Uniform Construction Code Act";
3 (b) local enforcing agencies; and
4 (c) private agencies providing plan review and inspection
5 services.
6 c. The commissioner shall provide training opportunities on the
7 use of the electronic system for employees of local enforcing
8 agencies and private agencies which provide plan review and
9 inspection services.
10 d. The commissioner shall, in accordance with the
11 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
12 seq.), adopt rules and regulations to govern the form and format of
13 applications for construction permits, plans, and specifications and
14 other information exchanged through the electronic system.
15 Notwithstanding the requirement, pursuant to subsection b. of this
16 section, to accept electronically submitted materials within one year
17 following the effective date of P.L. , c. (C.) (pending
18 before the Legislature as this bill), the commissioner shall have the
19 discretion to establish different submission requirements, including
20 non-electronic submissions as necessary, for large, complicated, or
21 otherwise unusual construction projects, so long as the system is
22 designed to accept approximately 80 percent of construction permit
23 application submissions electronically.
24 e. The department may waive a contrary form and format
25 requirement imposed by statute or ordinance or by the rules of
26 another department or agency for the submission of information in
27 physical form to the extent the waiver is necessary to facilitate the
28 submission of the information electronically. The department may
29 accept an electronic reproduction of a signature, stamp, seal,
30 certification, or notarization as the equivalent of the original or may
31 accept the substitution of identifying information for the signature,
32 stamp, seal, certification, or notarization. The department shall not
33 waive any other requirement.
34 f. The commissioner may adopt, amend, and repeal rules and
35 regulations providing for the charging of and setting the amount of
36 construction permit surcharge fees to be collected by an enforcing
37 agency or private agency and remitted to the department to defray
38 the cost of developing and administering the electronic system.
39 g. A person exchanging information through the electronic
40 system in a form and format acceptable to the department is not
41 subject to any licensing sanction, civil penalty, fine, permit
42 disapproval, or revocation or other sanction for failure to comply
43 with a form or format requirement imposed by statute, ordinance, or
44 rule for submission of the information in physical form, including
45 but not limited to any requirement that the information be in a
46 particular form or of a particular size, be submitted with multiple
47 copies, be physically attached to another document be an original
48 document or be signed, stamped, sealed, certified, or notarized.

1 h. As used in this section, “form and format” means the
2 arrangement, organization, configuration, structure, or style of, or
3 method of delivery for, providing required information or providing
4 the substantive equivalent of required information. “Form and
5 format” does not mean altering the substance of information or the
6 addition or omission of information.

7
8 2. Section 3 of P.L.2005, c.212 (C.52:27D-124.3) is amended
9 to read as follows:

10 3. A proposal by a private agency to provide inspection or plan
11 review services to a municipality to administer the provisions of the
12 "State Uniform Construction Code Act," P.L.1975,
13 c.217 (C.52:27D-119 et seq.) shall be submitted in accordance with
14 and shall be subject to the bidding and other provisions of the
15 "Local Public Contracts Law," P.L.1971, c.198 (C.40A:11-1 et
16 seq.). A municipality shall require, as part of the bid specifications,
17 that a private agency participate in the “Electronic Permit
18 Processing Review System,” developed and implemented pursuant
19 to section 1 of P.L. , c. (C.) (pending before the Legislature
20 as this bill). A municipality shall require as part of the bid
21 specifications that a private agency submit a bid or proposal in
22 terms of a percentage of the costs charged by the department when
23 it serves as a local enforcement agency pursuant to section 10 of
24 P.L.1975, c.217 (C.52:27D-128). A municipality may include in
25 the fee charged by it for work done by private agencies an amount
26 sufficient to cover a proportionate share of administrative costs
27 incurred by the local enforcing agency in connection with
28 inspections performed by private agencies.

29 (cf: P.L.2005, c.212, s.3)

30
31 3. Section 3 of P.L.1979, c.121 (C.52:27D-126a) is amended to
32 read as follows:

33 3. Where the appointing authority of any municipality shall
34 appoint an enforcing agency and construction board of appeals
35 pursuant to section 8 of P.L.1975, c.217 (C.52:27D-126), the
36 municipal governing body by ordinance, in accordance with
37 standards established by the commissioner, shall set enforcing
38 agency fees for plan review, construction permit, certificate of
39 occupancy, demolition permit, moving of building permit, elevator
40 permit and sign permit, provided, however, that such fees shall not
41 exceed the annual costs for the operation of the enforcing agency.
42 For the three year period commencing with an enforcing agency’s
43 initial participation in the “Electronic Permit Processing Review
44 System,” developed and implemented pursuant to section 1 of
45 P.L. , c. (C.) (pending before the Legislature as this bill), the
46 municipal governing body may impose, and the enforcing agency
47 may collect, construction permit surcharge fees to defray the
48 enforcing agency’s startup costs related to offering electronic plan

1 review and scheduling. Surcharge fees shall be established in
2 accordance with standards established by the commissioner.
3 (cf: P.L.1979, c.121, s.3)
4

5 4. Section 12 of P.L.1975, c.217 (C.52:27D-130) is amended to
6 read as follows:

7 12. Except as otherwise provided by this act or in the code,
8 before construction or alteration of any building or structure, the
9 owner, or his agent, engineer or architect, shall submit an
10 application in writing, including signed and sealed drawings and
11 specifications, to the enforcing agency as defined in this act. When
12 an enforcing agency begins to participate in the “Electronic Permit
13 Processing Review System,” pursuant to section 1 of P.L. _____,
14 c. _____ (C. _____) (pending before the Legislature as this bill), the owner,
15 or his agent, engineer or architect, may submit applications and
16 scheduling requests electronically. The application shall be in
17 accordance with regulations established by the commissioner and
18 on a form or in a format prescribed by the commissioner and shall
19 be accompanied by payment of the fee to be established by the
20 municipal governing body by ordinance in accordance with
21 standards established by the commissioner. The application for a
22 construction permit shall be filed with the enforcing agency and
23 shall be a public record; and no application for a construction
24 permit shall be removed from the custody of the enforcing agency
25 after a construction permit has been issued. Nothing contained in
26 this paragraph shall be interpreted as preventing the imposition of
27 requirements in the code, for additional permits for particular kinds
28 of work, including but not limited to plumbing, electrical, elevator,
29 fire prevention equipment or boiler installation or repair work, or in
30 other defined situations.

31 Upon the transfer of ownership of property that is the subject of
32 a construction permit, and prior to beginning or continuing work
33 authorized by the construction permit, the new owner shall file with
34 the enforcing agency an application for a permit update to notify the
35 enforcing agency of the name and address of the new owner and of
36 all other changes to information previously submitted to the
37 enforcing agency. If the municipality has adopted an ordinance
38 requiring a successor developer to furnish a replacement
39 performance guarantee, and a performance guarantee has previously
40 been furnished in favor of the municipality to assure the installation
41 of on-tract improvements on the property that is the subject of an
42 application for a permit update for the purpose of notifying the
43 enforcing agency of the name and address of a new owner, the
44 enforcing agency shall not approve the application for a permit
45 update until it receives notification from the governing body or its
46 designee that the new owner has furnished an adequate replacement
47 performance guarantee.

1 No permit shall be issued for a public school facility unless the
2 final plans and specifications have been first approved by the
3 Bureau of Facility Planning Services in the Department of
4 Education or a municipal code official who is appropriately licensed
5 by the Commissioner of Community Affairs for the type and level
6 of plans being reviewed. Approval by the Bureau of Facility
7 Planning Services in the Department of Education shall only be
8 required when a review for educational adequacy is necessary.
9 Requirements determining when a review for educational adequacy
10 is necessary shall be established jointly by the Department of
11 Community Affairs and the Department of Education. The
12 standards shall thereafter be adopted as part of the Uniform
13 Construction Code regulations by the Department of Community
14 Affairs. After the final plans and specifications have been approved
15 for educational adequacy by the Bureau of Facility Planning
16 Services in the Department of Education, a local board of education
17 may submit the final plans and specifications for code approval to
18 either the Bureau of Facility Planning Services in the Department of
19 Education or a municipal code official who is appropriately licensed
20 by the Commissioner of Community Affairs for the type and level
21 of plans being reviewed. The Bureau of Facility Planning Services
22 in the Department of Education when approving final plans and
23 specifications shall be responsible for insuring that the final plans
24 and specifications conform to the requirements of the code as well
25 as for insuring that they provide for an educationally adequate
26 facility. In carrying out its responsibility pursuant to the provisions
27 of this section the Department of Education shall employ persons
28 licensed by the Commissioner of Community Affairs for the type
29 and level of plans being reviewed.
30 (cf: P.L.2013, c.123, s.5)

31

32 5. This act shall take effect immediately.

33

34

35

STATEMENT

36

37 This bill establishes the "Electronic Permit Processing Review
38 System," a web-based system allowing for the electronic
39 submission of applications for construction permits, plans, and
40 specifications pursuant to the "State Uniform Construction Code
41 Act," P.L.1975, c.217 (C.52:27D-119 et seq.), for the electronic
42 review and approval of applications, plans, and specifications, for
43 the scheduling of inspections, and for the exchange of information
44 between the applicant, the applicant's professionals, and the
45 department or enforcing agency during the review process. The
46 electronic system established by the bill would offer a permit
47 applicant:

- 1 • the ability to submit the materials necessary for application
- 2 review;
- 3 • the ability to submit requests for on-site inspection of a
- 4 project; and
- 5 • continuous, 24-hour accessibility for these submissions.

6 The bill directs the commissioner to make the electronic system
7 accessible, and facilitate its use, through the acceptance of
8 application materials and scheduling submissions, by:

- 9 • the department itself with regard to applications for which
- 10 the department approves plans and specifications pursuant to
- 11 the "State Uniform Construction Code Act";
- 12 • local enforcing agencies; and
- 13 • private agencies providing plan review and inspection
- 14 services.

15 The bill directs the commissioner to fully implement the
16 electronic system, and require its use by the parties discussed above
17 within one year of the effective date of the bill.

18 The bill requires the commissioner to provide training
19 opportunities on the use of the electronic system for employees of
20 local enforcing agencies and private agencies that provide plan
21 review and inspection services. The bill requires the commissioner
22 to adopt rules and regulations to govern the form and format of
23 applications for construction permits, plans, and specifications and
24 other information exchanged through the electronic system.

25 The bill allows the department to waive requirements in other
26 laws that require the submission of information in physical form to
27 the extent the waiver is necessary to facilitate the submission of the
28 information electronically. The bill allows the department to accept
29 an electronic reproduction of a signature, stamp, seal, certification,
30 or notarization as the equivalent of the original or to accept the
31 substitution of identifying information for the signature, stamp,
32 seal, certification, or notarization. However, the bill allows the
33 commissioner the discretion to establish different submission
34 requirements, including non-electronic submissions as necessary,
35 for large, complicated, or otherwise unusual construction projects,
36 so long as the system is designed to accept approximately 80
37 percent of application submissions electronically.

38 The bill holds a person harmless from any licensing sanction,
39 civil penalty, fine, permit disapproval or revocation or other
40 sanction for failure to comply with a form or format requirement
41 imposed by law for submission of the information in physical form
42 in order to facilitate the exchange of information through the
43 electronic system in a form and format acceptable to the
44 department.

45 The bill allows the department and local enforcing agencies to
46 establish permit surcharge fees to defray the cost of transitioning to
47 electronic plan review.

ASSEMBLY COMMUNITY DEVELOPMENT AND AFFAIRS
COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1145

STATE OF NEW JERSEY

DATED: JANUARY 27, 2020

The Assembly Community Development and Affairs Committee reports favorably Assembly Bill No. 1145.

This bill establishes the "Electronic Permit Processing Review System," a web-based system allowing for the electronic submission of applications for construction permits, plans, and specifications pursuant to the "State Uniform Construction Code Act," P.L.1975, c.217 (C.52:27D-119 et seq.), for the electronic review and approval of applications, plans, and specifications, for the scheduling of inspections, and for the exchange of information between the applicant, the applicant's professionals, and the department or enforcing agency during the review process. The electronic system established by the bill would offer a permit applicant:

- the ability to submit the materials necessary for application review;
- the ability to submit requests for on-site inspection of a project; and
- continuous, 24-hour accessibility for these submissions.

The bill directs the Commissioner of Community Affairs to make the electronic system accessible, and facilitate its use, through the acceptance of application materials and scheduling submissions, by:

- the Department of Community Affairs itself with regard to applications for which the department approves plans and specifications pursuant to the "State Uniform Construction Code Act";
- local enforcing agencies; and
- private agencies providing plan review and inspection services.

The bill directs the commissioner to fully implement the electronic system, and require its use by the parties discussed above within one year of the effective date of the bill.

The bill requires the commissioner to provide training opportunities on the use of the electronic system for employees of local enforcing agencies and private agencies that provide plan review and inspection services. The bill requires the commissioner to adopt rules and regulations to govern the form and format of

applications for construction permits, plans, and specifications and other information exchanged through the electronic system.

The bill allows the department to waive requirements in other laws that require the submission of information in physical form to the extent the waiver is necessary to facilitate the submission of the information electronically. The bill allows the department to accept an electronic reproduction of a signature, stamp, seal, certification, or notarization as the equivalent of the original or to accept the substitution of identifying information for the signature, stamp, seal, certification, or notarization. However, the bill allows the commissioner the discretion to establish different submission requirements, including non-electronic submissions as necessary, for large, complicated, or otherwise unusual construction projects, so long as the system is designed to accept approximately 80 percent of application submissions electronically.

The bill holds a person harmless from any licensing sanction, civil penalty, fine, permit disapproval or revocation or other sanction for failure to comply with a form or format requirement imposed by law for submission of the information in physical form in order to facilitate the exchange of information through the electronic system in a form and format acceptable to the department.

The bill allows the department and local enforcing agencies to establish permit surcharge fees to defray the cost of transitioning to electronic plan review.

This bill was pre-filed for introduction in the 2020-2021 session pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.

SENATE COMMUNITY AND URBAN AFFAIRS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1145

STATE OF NEW JERSEY

DATED: SEPTEMBER 21, 2020

The Senate Community and Urban Affairs Committee reports favorably Assembly Bill No. 1145.

This bill establishes the “Electronic Permit Processing Review System,” a web-based system allowing: for the electronic submission of applications for construction permits, plans, and specifications pursuant to the "State Uniform Construction Code Act," P.L.1975, c.217 (C.52:27D-119 et seq.); for the electronic review and approval of applications, plans, and specifications; for the scheduling of inspections; and for the exchange of information between the applicant, the applicant’s professionals, and the Department of Community Affairs or enforcing agency during the review process.

The electronic system established by the bill would offer a permit applicant:

- the ability to submit the materials necessary for application review;
- the ability to submit requests for on-site inspection of a project; and
- continuous, 24-hour accessibility for these submissions.

The bill directs the Commissioner of Community Affairs to make the electronic system accessible, and facilitate its use, through the acceptance of application materials and scheduling submissions, by:

- the Department of Community Affairs itself with regard to applications for which the department approves plans and specifications pursuant to the "State Uniform Construction Code Act";
- the local enforcing agencies; and
- any private agencies providing plan review and inspection services.

The bill directs the commissioner to fully implement the electronic system, and require its use by the parties discussed above within one year of the effective date of the bill.

The bill requires the commissioner to provide training opportunities on the use of the electronic system for employees of local enforcing agencies and private agencies that provide plan review and inspection services. The bill requires the commissioner to adopt rules and regulations to govern the form and format of

applications for construction permits, plans, and specifications, and other information exchanged through the electronic system.

The bill allows the department to waive requirements in other laws that require the submission of information in physical form to the extent the waiver is necessary to facilitate the submission of the information electronically. The bill allows the department to accept an electronic reproduction of a signature, stamp, seal, certification, or notarization as the equivalent of the original or to accept the substitution of identifying information for the signature, stamp, seal, certification, or notarization. However, the bill allows the commissioner the discretion to establish different submission requirements, including non-electronic submissions as necessary, for large, complicated, or otherwise unusual construction projects, so long as the system is designed to accept approximately 80 percent of application submissions electronically.

The bill holds a person harmless from any licensing sanction, civil penalty, fine, permit disapproval, revocation, or other sanction for failure to comply with a form or format requirement imposed by law for submission of the information in physical form in order to facilitate the exchange of information through the electronic system in a form and format acceptable to the department.

The bill allows the department and local enforcing agencies to establish permit surcharge fees to defray the cost of transitioning to electronic plan review.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1145

STATE OF NEW JERSEY

DATED: NOVEMBER 9, 2020

The Senate Budget and Appropriations Committee reports favorably Assembly Bill No. 1145.

This bill establishes the “Electronic Permit Processing Review System,” a web-based system that would allow for (1) the electronic submission of applications for construction permits, plans, and specifications pursuant to the "State Uniform Construction Code Act," P.L.1975, c.217 (C.52:27D-119 et seq.); (2) the electronic review and approval of applications, plans, and specifications; (3) the scheduling of inspections; and (4) the exchange of information between the applicant, the applicant’s professionals, and the Department of Community Affairs or enforcing agency during the review process.

The electronic system established by the bill would offer a permit applicant the ability to submit the materials necessary for application review; the ability to submit requests for on-site inspection of a project; and the continuous, 24-hour access to these submissions.

The bill directs the Commissioner of Community Affairs to make the electronic system accessible, and facilitate its use, through the acceptance of application materials and scheduling submissions, by (1) the Department of Community Affairs with regard to applications for which the department approves plans and specifications pursuant to the "State Uniform Construction Code Act"; (2) the local enforcing agencies; and (3) any private agencies providing plan review and inspection services.

The bill directs the commissioner to fully implement the electronic system, and require its use by the parties discussed above within one year of the effective date of the bill.

The bill requires the commissioner to provide training opportunities on the use of the electronic system for employees of local enforcing agencies and private agencies that provide plan review and inspection services. The bill requires the commissioner to adopt rules and regulations to govern the form and format of applications for construction permits, plans, and specifications, and other information exchanged through the electronic system.

The bill allows the department to waive certain requirements of law concerning the physical submission of information as necessary to facilitate the electronic submission of such information. The bill allows the department to accept an electronic reproduction of a signature, stamp, seal, certification, or notarization as the equivalent of

the original or to accept the substitution of identifying information for the signature, stamp, seal, certification, or notarization. However, the bill provides the commissioner discretion to establish different submission requirements, including non-electronic submissions as necessary, for large, complicated, or otherwise unusual construction projects, so long as the system is designed to accept approximately 80 percent of application submissions electronically.

The bill holds a person harmless from any licensing sanction, civil penalty, fine, permit disapproval, revocation, or other sanction for failure to comply with a form or format requirement imposed by law for submission of the information in physical form in order to facilitate the exchange of information through the electronic system in a form and format acceptable to the department.

The bill allows the department and local enforcing agencies to establish permit surcharge fees to defray the cost of transitioning to electronic plan review.

As reported by the committee, Assembly Bill No. 1145 is identical to Senate Bill No. 1739, which also was reported by the committee on this date.

FISCAL IMPACT:

The Office of Legislative Services (OLS) estimates that the bill will: (1) increase annual State expenditures associated with establishing, implementing, and administering the “Electronic Permit Processing Review System”; (2) impact annual municipal expenditures due to the implementation of the electronic system by local enforcing agencies; and (3) temporarily increase municipal revenues associated with the collection of surcharge fees.

The Department of Community Affairs is expected to incur indeterminate annual expenditure increases associated with the requirements to: (1) establish, implement, and administer the “Electronic Permit Processing Review System,” and (2) provide related training to local enforcing agencies and private inspection agencies.

Local enforcing agencies would be required to fully implement the electronic system within one year of enactment. Although municipalities may incur indeterminate start-up costs associated with implementing the system, the use of electronic permit processing could result in long-term cost-savings by simplifying the construction permit process. The OLS is unable to quantify the net effect of these two countervailing forces.

The bill also permits local enforcing agencies to collect surcharge fees during the three-year period following the implementation of the electronic system in order to defray the start-up costs associated with the system. As a result, the bill would result in an indeterminate short-term increase in municipal revenue.

STATEMENT TO
ASSEMBLY, No. 1145

with Senate Floor Amendments
(Proposed by Senator OROHO)

ADOPTED: JANUARY 28, 2021

These Senate Floor Amendments would:

- Authorize local building code enforcing agencies to use the “Electronic Permit Processing Review System,” developed by the Department of Community Affairs (“DCA”), instead of requiring its use at the local level;
- Authorize a local enforcing agency to use a different electronic system, so long as that system provides an equivalent level of functionality as the system implemented by DCA;
- Clarify that a portion of construction permit surcharge fees would be remitted to the department to defray the cost of developing and administering the electronic system by local enforcing agencies that have elected to utilize the electronic system implemented by DCA; and
- Provide that a municipality would be required, as part of the bid specification process, to ensure that a private code enforcing agency participate in whichever electronic system the municipality has elected to use.

LEGISLATIVE FISCAL ESTIMATE
ASSEMBLY, No. 1145
STATE OF NEW JERSEY
219th LEGISLATURE

DATED: FEBRUARY 28, 2020

SUMMARY

Synopsis: Establishes “Electronic Permit Processing Review System.”

Type of Impact: Annual increases in State expenditures; Three-year increase in local revenue; Annual impact on local expenditures.

Agencies Affected: Department of Community Affairs and municipalities.

Office of Legislative Services Estimate

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

- The Office of Legislative Services (OLS) estimates that the bill will: (1) increase annual State expenditures associated with establishing, implementing, and administering the “Electronic Permit Processing Review System”; (2) impact annual municipal expenditures due to the implementation of the electronic system by local enforcing agencies; and (3) temporarily increase municipal revenues associated with the collection of surcharge fees.
- The Department of Community Affairs (DCA) is expected to incur indeterminate annual expenditure increases associated with the requirements to: (1) establish, implement, and administer the “Electronic Permit Processing Review System,” and (2) provide related training to local enforcing agencies and private inspection agencies.
- Local enforcing agencies would be required to fully implement the electronic system within one year of enactment. Although municipalities may incur indeterminate start-up costs associated with implementing the system, the use of electronic permit processing could result in long-term cost-savings by simplifying the construction permit process. The OLS is unable to quantify the net effect of these two countervailing forces.
- The bill also permits local enforcing agencies to collect surcharge fees during the three-year period following the implementation of the electronic system in order to defray the start-up



costs associated with the system. As a result, the bill would result in an indeterminate short-term increase in municipal revenue.

BILL DESCRIPTION

The bill requires the DCA to establish and implement the “Electronic Permit Processing Review System,” which would serve as a web-based system for the electronic submission of applications for construction permits, plans, and specifications pursuant to the State Uniform Construction Code Act. The electronic system would also provide a platform for the electronic review and approval of applications, the scheduling of inspections, and the exchange of information during the review process.

The bill requires the DCA, local enforcing agencies, and private inspection agencies to fully implement the electronic system within one year of the enactment of the bill. Under the bill, the DCA would also be required to provide training opportunities for the employees of local enforcing agencies and private inspection agencies concerning the use of the electronic system.

Additionally, the bill permits local enforcing agencies to collect surcharge fees, subject to standards established by the DCA, in order to defray the start-up costs associated with implementing the electronic system. However, local enforcing agencies would only be permitted to collect surcharge fees during the three-year period following the implementation of the electronic system.

The bill requires the DCA to promulgate rules and regulations to effectuate the implementation of the electronic system, including prescribing the form and format of applications submitted through the system. In addition, the bill allows the DCA to establish different submission requirements, including non-electronic submissions, for large, complicated, or otherwise unusual construction projects, so long as the system is designed to accept approximately 80 percent of application submissions electronically.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that the bill will result in: (1) an indeterminate annual increase in State expenditures associated with establishing, implementing and administering the “Electronic Permit Processing Review System,” and providing related training; (2) an indeterminate impact on municipal expenditures due to the implementation of the electronic system by local enforcing agencies; and (3) a marginal short-term increase in municipal revenues associated with the collection of surcharge fees during the three-year period following implementation of the electronic system.

State Expenditures

The DCA is expected to incur indeterminate start-up costs associated with developing the electronic system required by the bill. However, due to the lack of information concerning the

technical specifications of the electronic system, the OLS cannot quantify the anticipated increase in expenditures. Additionally, the design complexity of the electronic system may influence whether the DCA outsources development to a contracted service provider or performs the work in-house. The two approaches would likely entail different costs, and it is unclear which approach the DCA would implement.

The DCA is also expected to incur indeterminate annual expenditure increases due to the provision of training on the use of the electronic system. However, absent any information concerning the contents of such training, the OLS is unable to estimate the anticipated cost of this requirement.

Municipal Expenditures

Municipalities may incur indeterminate start-up costs associated with implementing the electronic system; however, the use of electronic permit processing could result in long-term cost-savings by simplifying the construction permit process. Absent information concerning the design and implementation of the electronic system, the OLS is unable to estimate the net impact of the electronic system on municipal expenditures.

Municipal Revenues

The bill is also expected to result in an indeterminate short-term increase in municipal surcharge fee collections during the three-year period following the implementation of the electronic system. These increases in revenue are intended in the bill to offset start-up costs incurred as a result of implementing the electronic system. However, absent information concerning the standards that will be established by the DCA with respect to the surcharge fees, the OLS is unable to quantify the anticipated increases in municipal revenue.

Assuming that the current paper-based construction permit process deters certain persons from completing construction projects in accordance with the required permit process, the OLS also notes that by simplifying the permit process, the implementation of electronic permit processing could indirectly increase demand for construction permits throughout the State, and thereby increase the related expenditures and revenues of the DCA and local enforcing agencies.

Section: Local Government
Analyst: Benjamin A. Levy
Assistant 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.).

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 1145 STATE OF NEW JERSEY 219th LEGISLATURE

DATED: FEBRUARY 22, 2021

SUMMARY

- Synopsis:** Establishes “Electronic Permit Processing Review System.”
- Type of Impact:** Annual increases in State expenditures; Three-year increase in local revenue; Annual impact on local expenditures.
- Agencies Affected:** Department of Community Affairs and municipalities.

Office of Legislative Services Estimate

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

- The Office of Legislative Services (OLS) estimates that the bill will: (1) increase annual State expenditures associated with establishing, implementing, and administering the “Electronic Permit Processing Review System”; (2) impact annual municipal expenditures due to the implementation of the electronic system by local enforcing agencies; and (3) temporarily increase municipal revenues associated with the collection of surcharge fees.
- The Department of Community Affairs (DCA) is expected to incur indeterminate annual expenditure increases associated with the requirements to: (1) establish, implement, and administer the “Electronic Permit Processing Review System,” and (2) provide related training to local enforcing agencies and private inspection agencies.
- Local enforcing agencies would be authorized to fully implement the electronic system, or utilize a different system with the same level of functionality within one year of enactment. Although municipalities may incur indeterminate start-up costs associated with implementing the system, the use of electronic permit processing could result in long-term cost-savings by simplifying the construction permit process. The OLS is unable to quantify the net effect of these two countervailing forces.

- The bill also permits local enforcing agencies to collect surcharge fees during the three-year period following the implementation of the electronic system in order to defray the start-up costs associated with electing to utilize the electronic system implemented by DCA. As a result, the bill would cause an indeterminate short-term increase in municipal revenue.

BILL DESCRIPTION

The bill requires the DCA to establish and implement the “Electronic Permit Processing Review System,” which would serve as a web-based system for the electronic submission of applications for construction permits, plans, and specifications pursuant to the State Uniform Construction Code Act. The electronic system would also provide a platform for the electronic review and approval of applications, the scheduling of inspections, and the exchange of information during the review process.

The bill requires the DCA to fully implement the electronic system within one year of the enactment of the bill. Under the bill, the DCA would also be required to provide training opportunities for the employees of local enforcing agencies and private inspection agencies concerning the use of the electronic system. The bill authorizes local enforcing agencies to use the “Electronic Permit Processing Review System,” developed by the DCA, or elect to utilize a different system that provides an equivalent level of functionality as the system implemented by the DCA. A municipality would be required, as part of the bid specification process, to ensure that a private code enforcing agency participates in whichever electronic system the municipality has elected to use.

Additionally, the bill permits local enforcing agencies to collect surcharge fees, subject to standards established by the DCA, in order to defray the start-up costs associated with developing and administering the electronic system by local enforcing agencies that have elected to utilize the electronic system implemented by the DCA. However, local enforcing agencies would only be permitted to collect surcharge fees during the three-year period following the implementation of the electronic system.

The bill requires the DCA to promulgate rules and regulations to effectuate the implementation of the electronic system, including prescribing the form and format of applications submitted through the system. In addition, the bill allows the DCA to establish different submission requirements, including non-electronic submissions, for large, complicated, or otherwise unusual construction projects, so long as the system is designed to accept approximately 80 percent of application submissions electronically.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that the bill will result in: (1) an indeterminate annual increase in State expenditures associated with establishing, implementing and administering the “Electronic Permit Processing Review System,” and providing related training; (2) an indeterminate annual impact

on municipal expenditures due to the implementation of the electronic system by local enforcing agencies; and (3) a short-term increase in municipal revenues associated with the collection of surcharge fees during the three-year period following implementation of the electronic system.

State Expenditures

The DCA is expected to incur indeterminate start-up costs associated with developing the electronic system required by the bill. However, due to the lack of information concerning the technical specifications of the electronic system, the OLS cannot quantify the anticipated increase in expenditures. Additionally, the design complexity of the electronic system may influence whether the DCA outsources development to a contracted service provider or performs the work in-house. The two approaches would likely entail different costs, and it is unclear which approach the DCA would implement.

The DCA is also expected to incur indeterminate annual expenditure increases due to the provision of training on the use of the electronic system. However, absent any information concerning the contents of such training, the OLS is unable to estimate the anticipated cost of this requirement.

Municipal Expenditures

Municipalities may incur indeterminate start-up costs associated with implementing the electronic system or a system with the same level of functionality. However, the use of electronic permit processing could result in long-term cost-savings by simplifying the construction permit process. Absent information concerning the design and implementation of the electronic system, or a system with the same level of functionality, the OLS is unable to estimate the net impact of the electronic system on municipal expenditures.

Municipal Revenues

The bill is also expected to result in an indeterminate short-term increase in municipal surcharge fee collections during the three-year period following the implementation of the electronic system. These increases in revenue are intended in the bill to offset start-up costs for municipalities incurred as a result of implementing the electronic system developed by the DCA. However, absent information concerning the standards that will be established by the DCA with respect to the surcharge fees, the OLS is unable to quantify the anticipated increases in municipal revenue.

Assuming that the current paper-based construction permit process deters certain persons from completing construction projects in accordance with the required permit process, the OLS also notes that by simplifying the permit process, the implementation of electronic permit processing could indirectly increase demand for construction permits throughout the State, and thereby increase the related expenditures and revenues of the DCA and local enforcing agencies.

Section: Local Government

*Analyst: Benjamin A. Levy
Assistant Fiscal Analyst*

*Approved: Thomas Koenig
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. 1739

STATE OF NEW JERSEY
219th LEGISLATURE

INTRODUCED FEBRUARY 13, 2020

Sponsored by:

Senator STEVEN V. OROHO

District 24 (Morris, Sussex and Warren)

Senator JAMES BEACH

District 6 (Burlington and Camden)

Co-Sponsored by:

Senators A.M.Bucco, Pou, O'Scanlon and Diegnan

SYNOPSIS

Establishes "Electronic Permit Processing Review System."

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 11/12/2020)

S1739 OROHO, BEACH

2

1 AN ACT establishing a State online electronic building permit
2 review and inspection scheduling system, and supplementing and
3 amending P.L.1975, c.217, and amending P.L.2005, c.212, and
4 P.L.1979, c.121.

5

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

8

9 1. (New section) a. The Commissioner of Community Affairs
10 shall establish, develop, implement, and administer the "Electronic
11 Permit Processing Review System." This electronic system shall be
12 an Internet-based system allowing for the electronic submission of
13 applications for construction permits, plans, and specifications
14 pursuant to the "State Uniform Construction Code Act," P.L.1975,
15 c.217 (C.52:27D-119 et seq.), for the electronic review and
16 approval of applications, plans, and specifications, for the
17 scheduling of inspections, and for the exchange of information
18 between the applicant, the applicant's professionals, and the
19 department or enforcing agency during the review process. The
20 electronic system shall offer a permit applicant:

21 (1) the ability to submit the materials necessary for application
22 review;

23 (2) the ability to submit requests for on-site inspection of a
24 project; and

25 (3) continuous, 24-hour accessibility for the submission of both
26 scheduling requests, and the materials necessary for the permit
27 application review.

28 b. (1) Following the effective date of P.L. , c. (C.)
29 (pending before the Legislature as this bill), the commissioner may
30 make the electronic system accessible, and facilitate its use, through
31 the acceptance of application materials and scheduling submissions,
32 by:

33 (a) the department, with regard to applications for which the
34 department approves plans and specifications pursuant to the "State
35 Uniform Construction Code Act";

36 (b) local enforcing agencies; and

37 (c) private agencies providing plan review and inspection
38 services.

39 (2) Within one year following the effective date of P.L. ,
40 c. (C.) (pending before the Legislature as this bill), the
41 commissioner shall fully implement the electronic system, and
42 require its use, through the acceptance of application materials and
43 scheduling submissions, by:

44 (a) the department, with regard to applications for which the

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.

S1739 OROHO, BEACH

1 department approves plans and specifications pursuant to the "State
2 Uniform Construction Code Act";

3 (b) local enforcing agencies; and

4 (c) private agencies providing plan review and inspection
5 services.

6 c. The commissioner shall provide training opportunities on the
7 use of the electronic system for employees of local enforcing
8 agencies and private agencies which provide plan review and
9 inspection services.

10 d. The commissioner shall, in accordance with the
11 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
12 seq.), adopt rules and regulations to govern the form and format of
13 applications for construction permits, plans, and specifications and
14 other information exchanged through the electronic system.
15 Notwithstanding the requirement, pursuant to subsection b. of this
16 section, to accept electronically submitted materials within one year
17 following the effective date of P.L. , c. (C.) (pending
18 before the Legislature as this bill), the commissioner shall have the
19 discretion to establish different submission requirements, including
20 non-electronic submissions as necessary, for large, complicated, or
21 otherwise unusual construction projects, so long as the system is
22 designed to accept approximately 80 percent of construction permit
23 application submissions electronically.

24 e. The department may waive a contrary form and format
25 requirement imposed by statute or ordinance or by the rules of
26 another department or agency for the submission of information in
27 physical form to the extent the waiver is necessary to facilitate the
28 submission of the information electronically. The department may
29 accept an electronic reproduction of a signature, stamp, seal,
30 certification, or notarization as the equivalent of the original or may
31 accept the substitution of identifying information for the signature,
32 stamp, seal, certification, or notarization. The department shall not
33 waive any other requirement.

34 f. The commissioner may adopt, amend, and repeal rules and
35 regulations providing for the charging of and setting the amount of
36 construction permit surcharge fees to be collected by an enforcing
37 agency or private agency and remitted to the department to defray
38 the cost of developing and administering the electronic system.

39 g. A person exchanging information through the electronic
40 system in a form and format acceptable to the department is not
41 subject to any licensing sanction, civil penalty, fine, permit
42 disapproval, or revocation or other sanction for failure to comply
43 with a form or format requirement imposed by statute, ordinance, or
44 rule for submission of the information in physical form, including
45 but not limited to any requirement that the information be in a
46 particular form or of a particular size, be submitted with multiple
47 copies, be physically attached to another document be an original
48 document or be signed, stamped, sealed, certified, or notarized.

S1739 OROHO, BEACH

1 h. As used in this section, “form and format” means the
2 arrangement, organization, configuration, structure, or style of, or
3 method of delivery for, providing required information or providing
4 the substantive equivalent of required information. “Form and
5 format” does not mean altering the substance of information or the
6 addition or omission of information.

7
8 2. Section 3 of P.L.2005, c.212 (C.52:27D-124.3) is amended
9 to read as follows:

10 3. A proposal by a private agency to provide inspection or plan
11 review services to a municipality to administer the provisions of the
12 "State Uniform Construction Code Act," P.L.1975,
13 c.217 (C.52:27D-119 et seq.) shall be submitted in accordance with
14 and shall be subject to the bidding and other provisions of the
15 "Local Public Contracts Law," P.L.1971, c.198 (C.40A:11-1 et
16 seq.). A municipality shall require, as part of the bid specifications,
17 that a private agency participate in the “Electronic Permit
18 Processing Review System,” developed and implemented pursuant
19 to section 1 of P.L. , c. (C.) (pending before the Legislature
20 as this bill). A municipality shall require as part of the bid
21 specifications that a private agency submit a bid or proposal in
22 terms of a percentage of the costs charged by the department when
23 it serves as a local enforcement agency pursuant to section 10 of
24 P.L.1975, c.217 (C.52:27D-128). A municipality may include in
25 the fee charged by it for work done by private agencies an amount
26 sufficient to cover a proportionate share of administrative costs
27 incurred by the local enforcing agency in connection with
28 inspections performed by private agencies.
29 (cf: P.L.2005, c.212, s.3)

30
31 3. Section 3 of P.L.1979, c.121 (C.52:27D-126a) is amended to
32 read as follows:

33 3. Where the appointing authority of any municipality shall
34 appoint an enforcing agency and construction board of appeals
35 pursuant to section 8 of P.L.1975, c.217 (C.52:27D-126), the
36 municipal governing body by ordinance, in accordance with
37 standards established by the commissioner, shall set enforcing
38 agency fees for plan review, construction permit, certificate of
39 occupancy, demolition permit, moving of building permit, elevator
40 permit and sign permit, provided, however, that such fees shall not
41 exceed the annual costs for the operation of the enforcing agency.
42 For the three year period commencing with an enforcing agency’s
43 initial participation in the “Electronic Permit Processing Review
44 System,” developed and implemented pursuant to section 1 of
45 P.L. , c. (C.) (pending before the Legislature as this bill), the
46 municipal governing body may impose, and the enforcing agency
47 may collect, construction permit surcharge fees to defray the
48 enforcing agency’s startup costs related to offering electronic plan

S1739 OROHO, BEACH

1 review and scheduling. Surcharge fees shall be established in
2 accordance with standards established by the commissioner.

3 (cf: P.L.1979, c.121, s.3)

4

5 4. Section 12 of P.L.1975, c.217 (C.52:27D-130) is amended to
6 read as follows:

7 12. Except as otherwise provided by this act or in the code,
8 before construction or alteration of any building or structure, the
9 owner, or his agent, engineer or architect, shall submit an
10 application in writing, including signed and sealed drawings and
11 specifications, to the enforcing agency as defined in this act. When
12 an enforcing agency begins to participate in the “Electronic Permit
13 Processing Review System,” pursuant to section 1 of P.L. _____,
14 c. _____ (C. _____) (pending before the Legislature as this bill), the owner,
15 or his agent, engineer or architect, may submit applications and
16 scheduling requests electronically. The application shall be in
17 accordance with regulations established by the commissioner and
18 on a form or in a format prescribed by the commissioner and shall
19 be accompanied by payment of the fee to be established by the
20 municipal governing body by ordinance in accordance with
21 standards established by the commissioner. The application for a
22 construction permit shall be filed with the enforcing agency and
23 shall be a public record; and no application for a construction
24 permit shall be removed from the custody of the enforcing agency
25 after a construction permit has been issued. Nothing contained in
26 this paragraph shall be interpreted as preventing the imposition of
27 requirements in the code, for additional permits for particular kinds
28 of work, including but not limited to plumbing, electrical, elevator,
29 fire prevention equipment or boiler installation or repair work, or in
30 other defined situations.

31 Upon the transfer of ownership of property that is the subject of
32 a construction permit, and prior to beginning or continuing work
33 authorized by the construction permit, the new owner shall file with
34 the enforcing agency an application for a permit update to notify the
35 enforcing agency of the name and address of the new owner and of
36 all other changes to information previously submitted to the
37 enforcing agency. If the municipality has adopted an ordinance
38 requiring a successor developer to furnish a replacement
39 performance guarantee, and a performance guarantee has previously
40 been furnished in favor of the municipality to assure the installation
41 of on-tract improvements on the property that is the subject of an
42 application for a permit update for the purpose of notifying the
43 enforcing agency of the name and address of a new owner, the
44 enforcing agency shall not approve the application for a permit
45 update until it receives notification from the governing body or its
46 designee that the new owner has furnished an adequate replacement
47 performance guarantee.

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6

1 No permit shall be issued for a public school facility unless the
2 final plans and specifications have been first approved by the
3 Bureau of Facility Planning Services in the Department of
4 Education or a municipal code official who is appropriately licensed
5 by the Commissioner of Community Affairs for the type and level
6 of plans being reviewed. Approval by the Bureau of Facility
7 Planning Services in the Department of Education shall only be
8 required when a review for educational adequacy is necessary.
9 Requirements determining when a review for educational adequacy
10 is necessary shall be established jointly by the Department of
11 Community Affairs and the Department of Education. The
12 standards shall thereafter be adopted as part of the Uniform
13 Construction Code regulations by the Department of Community
14 Affairs. After the final plans and specifications have been approved
15 for educational adequacy by the Bureau of Facility Planning
16 Services in the Department of Education, a local board of education
17 may submit the final plans and specifications for code approval to
18 either the Bureau of Facility Planning Services in the Department of
19 Education or a municipal code official who is appropriately licensed
20 by the Commissioner of Community Affairs for the type and level
21 of plans being reviewed. The Bureau of Facility Planning Services
22 in the Department of Education when approving final plans and
23 specifications shall be responsible for insuring that the final plans
24 and specifications conform to the requirements of the code as well
25 as for insuring that they provide for an educationally adequate
26 facility. In carrying out its responsibility pursuant to the provisions
27 of this section the Department of Education shall employ persons
28 licensed by the Commissioner of Community Affairs for the type
29 and level of plans being reviewed.

30 (cf: P.L.2013, c.123, s.5)

31

32 5. This act shall take effect immediately.

33

34

35

STATEMENT

36

37 This bill establishes the "Electronic Permit Processing Review
38 System," a web-based system allowing for the electronic
39 submission of applications for construction permits, plans, and
40 specifications pursuant to the "State Uniform Construction Code
41 Act," P.L.1975, c.217 (C.52:27D-119 et seq.), for the electronic
42 review and approval of applications, plans, and specifications, for
43 the scheduling of inspections, and for the exchange of information
44 between the applicant, the applicant's professionals, and the
45 department or enforcing agency during the review process. The
46 electronic system established by the bill would offer a permit
47 applicant:

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- 1 • the ability to submit the materials necessary for application
- 2 review;
- 3 • the ability to submit requests for on-site inspection of a
- 4 project; and
- 5 • continuous, 24-hour accessibility for these submissions.

6 The bill directs the Commissioner of Community Affairs to make
7 the electronic system accessible, and facilitate its use, through the
8 acceptance of application materials and scheduling submissions, by:

- 9 • the Department of Community Affairs itself with regard to
- 10 applications for which the department approves plans and
- 11 specifications pursuant to the "State Uniform Construction
- 12 Code Act";
- 13 • local enforcing agencies; and
- 14 • private agencies providing plan review and inspection
- 15 services.

16 The bill directs the commissioner to fully implement the
17 electronic system, and require its use by the parties discussed above
18 within one year of the effective date of the bill.

19 The bill requires the commissioner to provide training
20 opportunities on the use of the electronic system for employees of
21 local enforcing agencies and private agencies that provide plan
22 review and inspection services. The bill requires the commissioner
23 to adopt rules and regulations to govern the form and format of
24 applications for construction permits, plans, and specifications and
25 other information exchanged through the electronic system.

26 The bill allows the department to waive requirements in other
27 laws that require the submission of information in physical form to
28 the extent the waiver is necessary to facilitate the submission of the
29 information electronically. The bill allows the department to accept
30 an electronic reproduction of a signature, stamp, seal, certification,
31 or notarization as the equivalent of the original or to accept the
32 substitution of identifying information for the signature, stamp,
33 seal, certification, or notarization. However, the bill allows the
34 commissioner the discretion to establish different submission
35 requirements, including non-electronic submissions as necessary,
36 for large, complicated, or otherwise unusual construction projects,
37 so long as the system is designed to accept approximately 80
38 percent of application submissions electronically.

39 The bill holds a person harmless from any licensing sanction,
40 civil penalty, fine, permit disapproval or revocation or other
41 sanction for failure to comply with a form or format requirement
42 imposed by law for submission of the information in physical form
43 in order to facilitate the exchange of information through the
44 electronic system in a form and format acceptable to the
45 department.

46 The bill allows the department and local enforcing agencies to
47 establish permit surcharge fees to defray the cost of transitioning to
48 electronic plan review.

SENATE COMMUNITY AND URBAN AFFAIRS COMMITTEE

STATEMENT TO

SENATE, No. 1739

STATE OF NEW JERSEY

DATED: SEPTEMBER 21, 2020

The Senate Community and Urban Affairs Committee reports favorably Senate Bill No. 1739.

This bill establishes the “Electronic Permit Processing Review System,” a web-based system allowing: for the electronic submission of applications for construction permits, plans, and specifications pursuant to the "State Uniform Construction Code Act," P.L.1975, c.217 (C.52:27D-119 et seq.); for the electronic review and approval of applications, plans, and specifications; for the scheduling of inspections; and for the exchange of information between the applicant, the applicant’s professionals, and the Department of Community Affairs or enforcing agency during the review process.

The electronic system established by the bill would offer a permit applicant:

- the ability to submit the materials necessary for application review;
- the ability to submit requests for on-site inspection of a project; and
- continuous, 24-hour accessibility for these submissions.

The bill directs the Commissioner of Community Affairs to make the electronic system accessible, and facilitate its use, through the acceptance of application materials and scheduling submissions, by:

- the Department of Community Affairs itself with regard to applications for which the department approves plans and specifications pursuant to the "State Uniform Construction Code Act";
- the local enforcing agencies; and
- any private agencies providing plan review and inspection services.

The bill directs the commissioner to fully implement the electronic system, and require its use by the parties discussed above within one year of the effective date of the bill.

The bill requires the commissioner to provide training opportunities on the use of the electronic system for employees of local enforcing agencies and private agencies that provide plan review and inspection services. The bill requires the commissioner to adopt rules and regulations to govern the form and format of

applications for construction permits, plans, and specifications, and other information exchanged through the electronic system.

The bill allows the department to waive requirements in other laws that require the submission of information in physical form to the extent the waiver is necessary to facilitate the submission of the information electronically. The bill allows the department to accept an electronic reproduction of a signature, stamp, seal, certification, or notarization as the equivalent of the original or to accept the substitution of identifying information for the signature, stamp, seal, certification, or notarization. However, the bill allows the commissioner the discretion to establish different submission requirements, including non-electronic submissions as necessary, for large, complicated, or otherwise unusual construction projects, so long as the system is designed to accept approximately 80 percent of application submissions electronically.

The bill holds a person harmless from any licensing sanction, civil penalty, fine, permit disapproval, revocation, or other sanction for failure to comply with a form or format requirement imposed by law for submission of the information in physical form in order to facilitate the exchange of information through the electronic system in a form and format acceptable to the department.

The bill allows the department and local enforcing agencies to establish permit surcharge fees to defray the cost of transitioning to electronic plan review.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 1739

STATE OF NEW JERSEY

DATED: NOVEMBER 9, 2020

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 1739.

This bill establishes the “Electronic Permit Processing Review System,” a web-based system that would allow for (1) the electronic submission of applications for construction permits, plans, and specifications pursuant to the "State Uniform Construction Code Act," P.L.1975, c.217 (C.52:27D-119 et seq.); (2) the electronic review and approval of applications, plans, and specifications; (3) the scheduling of inspections; and (4) the exchange of information between the applicant, the applicant’s professionals, and the Department of Community Affairs or enforcing agency during the review process.

The electronic system established by the bill would offer a permit applicant the ability to submit the materials necessary for application review; the ability to submit requests for on-site inspection of a project; and the continuous, 24-hour access to these submissions.

The bill directs the Commissioner of Community Affairs to make the electronic system accessible, and facilitate its use, through the acceptance of application materials and scheduling submissions, by (1) the Department of Community Affairs with regard to applications for which the department approves plans and specifications pursuant to the "State Uniform Construction Code Act"; (2) the local enforcing agencies; and (3) any private agencies providing plan review and inspection services.

The bill directs the commissioner to fully implement the electronic system, and require its use by the parties discussed above within one year of the effective date of the bill.

The bill requires the commissioner to provide training opportunities on the use of the electronic system for employees of local enforcing agencies and private agencies that provide plan review and inspection services. The bill requires the commissioner to adopt rules and regulations to govern the form and format of applications for construction permits, plans, and specifications, and other information exchanged through the electronic system.

The bill allows the department to waive certain requirements of law concerning the physical submission of information as necessary to facilitate the electronic submission of such information. The bill allows the department to accept an electronic reproduction of a signature, stamp, seal, certification, or notarization as the equivalent of

the original or to accept the substitution of identifying information for the signature, stamp, seal, certification, or notarization. However, the bill provides the commissioner discretion to establish different submission requirements, including non-electronic submissions as necessary, for large, complicated, or otherwise unusual construction projects, so long as the system is designed to accept approximately 80 percent of application submissions electronically.

The bill holds a person harmless from any licensing sanction, civil penalty, fine, permit disapproval, revocation, or other sanction for failure to comply with a form or format requirement imposed by law for submission of the information in physical form in order to facilitate the exchange of information through the electronic system in a form and format acceptable to the department.

The bill allows the department and local enforcing agencies to establish permit surcharge fees to defray the cost of transitioning to electronic plan review.

As reported by the committee, Senate Bill No. 1739 is identical to Assembly Bill No. 1145, which also was reported by the committee on this date.

FISCAL IMPACT:

The Office of Legislative Services (OLS) estimates that the bill will: (1) increase annual State expenditures associated with establishing, implementing, and administering the “Electronic Permit Processing Review System”; (2) impact annual municipal expenditures due to the implementation of the electronic system by local enforcing agencies; and (3) temporarily increase municipal revenues associated with the collection of surcharge fees.

The Department of Community Affairs is expected to incur indeterminate annual expenditure increases associated with the requirements to: (1) establish, implement, and administer the “Electronic Permit Processing Review System,” and (2) provide related training to local enforcing agencies and private inspection agencies.

Local enforcing agencies would be required to fully implement the electronic system within one year of enactment. Although municipalities may incur indeterminate start-up costs associated with implementing the system, the use of electronic permit processing could result in long-term cost-savings by simplifying the construction permit process. The OLS is unable to quantify the net effect of these two countervailing forces.

The bill also permits local enforcing agencies to collect surcharge fees during the three-year period following the implementation of the electronic system in order to defray the start-up costs associated with the system. As a result, the bill would result in an indeterminate short-term increase in municipal revenue.

STATEMENT TO
SENATE, No. 1739

with Senate Floor Amendments
(Proposed by Senator OROHO)

ADOPTED: JANUARY 28, 2021

These Senate Floor Amendments would:

- Authorize local building code enforcing agencies to use the “Electronic Permit Processing Review System,” developed by the Department of Community Affairs (“DCA”), instead of requiring its use at the local level;
- Authorize a local enforcing agency to use a different electronic system, so long as that system provides an equivalent level of functionality as the system implemented by DCA;
- Clarify that a portion of construction permit surcharge fees would be remitted to the department to defray the cost of developing and administering the electronic system by local enforcing agencies that have elected to utilize the electronic system implemented by DCA; and
- Provide that a municipality would be required, as part of the bid specification process, to ensure that a private code enforcing agency participate in whichever electronic system the municipality has elected to use.

LEGISLATIVE FISCAL ESTIMATE
SENATE, No. 1739
STATE OF NEW JERSEY
219th LEGISLATURE

DATED: NOVEMBER 9, 2020

SUMMARY

Synopsis: Establishes “Electronic Permit Processing Review System.”

Type of Impact: Annual increases in State expenditures; Three-year increase in local revenue; Annual impact on local expenditures.

Agencies Affected: Department of Community Affairs and municipalities.

Office of Legislative Services Estimate

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

- The Office of Legislative Services (OLS) estimates that the bill will: (1) increase annual State expenditures associated with establishing, implementing, and administering the “Electronic Permit Processing Review System”; (2) impact annual municipal expenditures due to the implementation of the electronic system by local enforcing agencies; and (3) temporarily increase municipal revenues associated with the collection of surcharge fees.
- The Department of Community Affairs (DCA) is expected to incur indeterminate annual expenditure increases associated with the requirements to: (1) establish, implement, and administer the “Electronic Permit Processing Review System,” and (2) provide related training to local enforcing agencies and private inspection agencies.
- Local enforcing agencies would be required to fully implement the electronic system within one year of enactment. Although municipalities may incur indeterminate start-up costs associated with implementing the system, the use of electronic permit processing could result in long-term cost-savings by simplifying the construction permit process. The OLS is unable to quantify the net effect of these two countervailing forces.

- The bill also permits local enforcing agencies to collect surcharge fees during the three-year period following the implementation of the electronic system in order to defray the start-up costs associated with the system. As a result, the bill would result in an indeterminate short-term increase in municipal revenue.

BILL DESCRIPTION

The bill requires the DCA to establish and implement the “Electronic Permit Processing Review System,” which would serve as a web-based system for the electronic submission of applications for construction permits, plans, and specifications pursuant to the State Uniform Construction Code Act. The electronic system would also provide a platform for the electronic review and approval of applications, the scheduling of inspections, and the exchange of information during the review process.

The bill requires the DCA, local enforcing agencies, and private inspection agencies to fully implement the electronic system within one year of the enactment of the bill. Under the bill, the DCA would also be required to provide training opportunities for the employees of local enforcing agencies and private inspection agencies concerning the use of the electronic system.

Additionally, the bill permits local enforcing agencies to collect surcharge fees, subject to standards established by the DCA, in order to defray the start-up costs associated with implementing the electronic system. However, local enforcing agencies would only be permitted to collect surcharge fees during the three-year period following the implementation of the electronic system.

The bill requires the DCA to promulgate rules and regulations to effectuate the implementation of the electronic system, including prescribing the form and format of applications submitted through the system. In addition, the bill allows the DCA to establish different submission requirements, including non-electronic submissions, for large, complicated, or otherwise unusual construction projects, so long as the system is designed to accept approximately 80 percent of application submissions electronically.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that the bill will result in: (1) an indeterminate annual increase in State expenditures associated with establishing, implementing and administering the “Electronic Permit Processing Review System,” and providing related training; (2) an indeterminate impact on municipal expenditures due to the implementation of the electronic system by local enforcing agencies; and (3) a marginal short-term increase in municipal revenues associated with the collection of surcharge fees during the three-year period following implementation of the electronic system.

State Expenditures

The DCA is expected to incur indeterminate start-up costs associated with developing the electronic system required by the bill. However, due to the lack of information concerning the technical specifications of the electronic system, the OLS cannot quantify the anticipated increase in expenditures. Additionally, the design complexity of the electronic system may influence whether the DCA outsources development to a contracted service provider or performs the work in-house. The two approaches would likely entail different costs, and it is unclear which approach the DCA would implement.

The DCA is also expected to incur indeterminate annual expenditure increases due to the provision of training on the use of the electronic system. However, absent any information concerning the contents of such training, the OLS is unable to estimate the anticipated cost of this requirement.

Municipal Expenditures

Municipalities may incur indeterminate start-up costs associated with implementing the electronic system; however, the use of electronic permit processing could result in long-term cost-savings by simplifying the construction permit process. Absent information concerning the design and implementation of the electronic system, the OLS is unable to estimate the net impact of the electronic system on municipal expenditures.

Municipal Revenues

The bill is also expected to result in an indeterminate short-term increase in municipal surcharge fee collections during the three-year period following the implementation of the electronic system. These increases in revenue are intended in the bill to offset start-up costs incurred as a result of implementing the electronic system. However, absent information concerning the standards that will be established by the DCA with respect to the surcharge fees, the OLS is unable to quantify the anticipated increases in municipal revenue.

Assuming that the current paper-based construction permit process deters certain persons from completing construction projects in accordance with the required permit process, the OLS also notes that by simplifying the permit process, the implementation of electronic permit processing could indirectly increase demand for construction permits throughout the State, and thereby increase the related expenditures and revenues of the DCA and local enforcing agencies.

Section: Local Government
Analyst: Benjamin A. Levy
Assistant Fiscal Analyst
Approved: Thomas Koenig
Assistant 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.).

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 1739 STATE OF NEW JERSEY 219th LEGISLATURE

DATED: FEBRUARY 22, 2021

SUMMARY

- Synopsis:** Establishes “Electronic Permit Processing Review System.”
- Type of Impact:** Annual increases in State expenditures; Three-year increase in local revenue; Annual impact on local expenditures.
- Agencies Affected:** Department of Community Affairs and municipalities.

Office of Legislative Services Estimate

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

- The Office of Legislative Services (OLS) estimates that the bill will: (1) increase annual State expenditures associated with establishing, implementing, and administering the “Electronic Permit Processing Review System”; (2) impact annual municipal expenditures due to the implementation of the electronic system by local enforcing agencies; and (3) temporarily increase municipal revenues associated with the collection of surcharge fees.
- The Department of Community Affairs (DCA) is expected to incur indeterminate annual expenditure increases associated with the requirements to: (1) establish, implement, and administer the “Electronic Permit Processing Review System,” and (2) provide related training to local enforcing agencies and private inspection agencies.
- Local enforcing agencies would be authorized to fully implement the electronic system, or utilize a different system with the same level of functionality within one year of enactment. Although municipalities may incur indeterminate start-up costs associated with implementing the system, the use of electronic permit processing could result in long-term cost-savings by simplifying the construction permit process. The OLS is unable to quantify the net effect of these two countervailing forces.

- The bill also permits local enforcing agencies to collect surcharge fees during the three-year period following the implementation of the electronic system in order to defray the start-up costs associated with electing to utilize the electronic system implemented by DCA. As a result, the bill would cause an indeterminate short-term increase in municipal revenue.

BILL DESCRIPTION

The bill requires the DCA to establish and implement the “Electronic Permit Processing Review System,” which would serve as a web-based system for the electronic submission of applications for construction permits, plans, and specifications pursuant to the State Uniform Construction Code Act. The electronic system would also provide a platform for the electronic review and approval of applications, the scheduling of inspections, and the exchange of information during the review process.

The bill requires the DCA to fully implement the electronic system within one year of the enactment of the bill. Under the bill, the DCA would also be required to provide training opportunities for the employees of local enforcing agencies and private inspection agencies concerning the use of the electronic system. The bill authorizes local enforcing agencies to use the “Electronic Permit Processing Review System,” developed by the DCA, or elect to utilize a different system that provides an equivalent level of functionality as the system implemented by the DCA. A municipality would be required, as part of the bid specification process, to ensure that a private code enforcing agency participates in whichever electronic system the municipality has elected to use.

Additionally, the bill permits local enforcing agencies to collect surcharge fees, subject to standards established by the DCA, in order to defray the start-up costs associated with developing and administering the electronic system by local enforcing agencies that have elected to utilize the electronic system implemented by the DCA. However, local enforcing agencies would only be permitted to collect surcharge fees during the three-year period following the implementation of the electronic system.

The bill requires the DCA to promulgate rules and regulations to effectuate the implementation of the electronic system, including prescribing the form and format of applications submitted through the system. In addition, the bill allows the DCA to establish different submission requirements, including non-electronic submissions, for large, complicated, or otherwise unusual construction projects, so long as the system is designed to accept approximately 80 percent of application submissions electronically.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that the bill will result in: (1) an indeterminate annual increase in State expenditures associated with establishing, implementing and administering the “Electronic Permit Processing Review System,” and providing related training; (2) an indeterminate annual impact

on municipal expenditures due to the implementation of the electronic system by local enforcing agencies; and (3) a short-term increase in municipal revenues associated with the collection of surcharge fees during the three-year period following implementation of the electronic system.

State Expenditures

The DCA is expected to incur indeterminate start-up costs associated with developing the electronic system required by the bill. However, due to the lack of information concerning the technical specifications of the electronic system, the OLS cannot quantify the anticipated increase in expenditures. Additionally, the design complexity of the electronic system may influence whether the DCA outsources development to a contracted service provider or performs the work in-house. The two approaches would likely entail different costs, and it is unclear which approach the DCA would implement.

The DCA is also expected to incur indeterminate annual expenditure increases due to the provision of training on the use of the electronic system. However, absent any information concerning the contents of such training, the OLS is unable to estimate the anticipated cost of this requirement.

Municipal Expenditures

Municipalities may incur indeterminate start-up costs associated with implementing the electronic system or a system with the same level of functionality. However, the use of electronic permit processing could result in long-term cost-savings by simplifying the construction permit process. Absent information concerning the design and implementation of the electronic system, or a system with the same level of functionality, the OLS is unable to estimate the net impact of the electronic system on municipal expenditures.

Municipal Revenues

The bill is also expected to result in an indeterminate short-term increase in municipal surcharge fee collections during the three-year period following the implementation of the electronic system. These increases in revenue are intended in the bill to offset start-up costs for municipalities incurred as a result of implementing the electronic system developed by the DCA. However, absent information concerning the standards that will be established by the DCA with respect to the surcharge fees, the OLS is unable to quantify the anticipated increases in municipal revenue.

Assuming that the current paper-based construction permit process deters certain persons from completing construction projects in accordance with the required permit process, the OLS also notes that by simplifying the permit process, the implementation of electronic permit processing could indirectly increase demand for construction permits throughout the State, and thereby increase the related expenditures and revenues of the DCA and local enforcing agencies.

Section: Local Government

*Analyst: Benjamin A. Levy
Assistant Fiscal Analyst*

*Approved: Thomas Koenig
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.).

Governor Murphy Takes Action on Legislation

04/30/2021

TRENTON – Today, Governor Murphy signed the following bills into law:

S-3414/A-5378 (Sweeney, Greenstein/DeAngelo, Egan, Johnson) – Promotes workforce diversity in public works projects; revises “public works projects” definition to permit project labor agreements for more projects

A-1145/S-1739 (Freiman, Egan, Karabinchak/Oroho, Beach) – Establishes "Electronic Permit Processing Review System"

A-1285/SS for S-2874 (Greenwald, Chiaravalloti, Moen/Singleton, Cryan, Oroho) w/STATEMENT
- Establishes procedures for awarding of design-build contracts

[Copy of Statement](#)

A-3199/S-2315 (Murphy, Benson, Vainieri Huttel/Beach, Scutari) – Prohibits discrimination against living organ donors in relation to life, health, and long-term care insurance

A-5057/S-3190 (Danielsen, Speight, Taliaferro/Smith, Bateman) – Authorizes NJ Infrastructure Bank to finance aviation and marine infrastructure projects; makes various other changes to bank’s enabling act