LEGISLATIVE FISCAL ESTIMATE

[Second Reprint]

ASSEMBLY, No. 1457

STATE OF NEW JERSEY
221st LEGISLATURE

DATED: JANUARY 13, 2026

SUMMARY

Synopsis: "General Contractor Licensing Act;" provides for regulation of general contractors and general contracting businesses.

Type of Impact: Annual State revenue and expenditure increases.

Agencies Affected: Department of Law and Public Safety.

Office of Legislative Services Estimate

Fiscal Impact	
Annual State Expenditure Increase	Indeterminate
Annual State Revenue Increase	Indeterminate

- The Office of Legislative Services (OLS) finds that the establishment of the New Jersey State Board of General Contractors will result in indeterminate annual expenditures for the State associated with the licensure and regulation of general contractors, including the cost of establishing and operating the new nine-member board, establishing and administering biannual exams, and establishing and overseeing an annual registration process.

- An indeterminate amount of additional annual State revenue will accrue from fee payments for the new general contractor licenses and the new annual registrations, as well as from indeterminate fines and penalty payments from violators of statutory and regulatory requirements applicable to the newly licensed profession. The bill requires the licensure and renewal fees to remain flexible to ensure that expenditures related to licensure and oversight are sufficient to pay the board's expenses, yet do not generate excess revenues.

BILL DESCRIPTION

This bill establishes the New Jersey State Board of General Contractors to regulate the general contracting profession by requiring licensure by the board.

A general contractor is as an individual or business that is classified as one of the following trades by the Division of Property Management and Construction in the Department of the Treasury: construction manager as constructor (006), design build (007), general construction (008), or general construction alterations and additions (009).

The board is to consist of nine members and is required to: establish the standards required for licensure; review the qualifications of individuals who apply for licensure; ensure the proper conduct and standards of examination; issue and renew licenses to general contractors; suspend, revoke, or not renew licenses; prescribe fees for examination or licensure; and maintain a record of all licensed general contractors. The licenses are to be renewed every three years. The bill establishes that no individual may indicate an ability to practice general contracting without being licensed or without working under the direction or supervision of a general contractor licensed by the board.

The board is required to establish standards and procedures to provide the examination and supplemental examination via the Internet. Additionally, a study guide for the examination and supplemental examination is to be created by the board and the examination is required to be held at least twice a year.

Further, the bill requires the division to issue a license to individuals with certain experience performing general contracting services prior to the effective date of this bill. The board is required to promulgate rules and regulations for implementing continuing education requirements as a condition of licensure renewal, which are to include the subject matter and content of courses of study.

The bill also requires a general contractor business to annually register with the Division of Consumer Affairs and establishes certain processes and fees for registration. The bill establishes a civil penalty of not more than $15,000 for the first violation and not more than $25,000 for the second and each subsequent violation.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS finds that the establishment of the New Jersey State Board of General Contractors will result in indeterminate annual operating expenditures for the State associated with the licensure and regulation of general contractors, including the cost of establishing and operating the new nine-member board and establishing and administering biannual exams.

Under current law, members of professional boards are generally compensated on a per diem basis in the amount of $25, or another amount determined by the Office of the Attorney General with the approval of the Department of the Treasury that does not exceed $100 per diem, or $2,500 annually. The OLS, however, cannot determine the potential magnitude of board expenditures due to uncertainty regarding the number of professionals who will be regulated and the operational decisions the board will make to implement the bill.

The bill will increase annual State revenue collections from licensure and registration fees, fines, and penalties by indeterminate amounts. The OLS cannot quantify the fee payments the board will collect from the licensing and renewal requirements because the bill leaves the setting of specific fee levels to the board's discretion and the number of future licensees and registrations is unknown. The bill does require the licensure and renewal fees to remain flexible to ensure that expenditures related to the licensure and oversight are sufficient to pay the board's expenses, yet do not generate excess revenues.

The OLS anticipates that the State may annually collect indeterminate fines and penalty payments from violators of statutory and regulatory requirements applicable to the newly licensed profession. The OLS cannot project the amount the State will collect because the bill leaves the setting of the specific fine and penalty levels to the board's discretion. Additionally, the OLS has no information on which to base an estimate of the number and magnitude of future civil penalty assessments and payments.

Section: *Law and Public Safety*

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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.).