LEGISLATIVE FISCAL ESTIMATE

[Second Reprint]

ASSEMBLY, No. 5870

STATE OF NEW JERSEY
221st LEGISLATURE

DATED: JANUARY 14, 2026

SUMMARY

Synopsis: Establishes requirements for on-demand micro transit programs operating in NJ.

Type of Impact: Increase in annual State and local expenditures.

Agencies Affected: New Jersey Transit Corporation; county and local transit agencies.

Office of Legislative Services Estimate

Fiscal Impact	Annual
State Expenditure Increase	Indeterminate
Local Expenditure Increase	Indeterminate

- The Office of Legislative Services (OLS) finds that this bill would result in an indeterminate annual increase in State expenditures to the New Jersey Transit Corporation to operate, expand, or modify on-demand micro transit programs to comply with the bill's requirements.

- Additionally, the OLS finds that the bill may result in an indeterminate annual cost increase for local transit agencies that operate or fund on-demand micro transit programs.

- The OLS is unable to quantify the magnitude of these expenditures because it remains unknown how the corporation or a local entity will implement the provisions of this bill. Notably, the magnitude of the costs will depend on the future use of on-demand micro transit services, the scale of the programs, existing contractual arrangements, and the extent to which current practices already comply with the bill's requirements.

BILL DESCRIPTION

This bill establishes certain requirements for any on-demand micro transit program in the State. The bill defines "on-demand micro transit" to mean shared public transportation services provided by means of a motor vehicle to individuals selecting a pickup and drop-off location by telephone or through a software application, and which transportation is provided at a time selected by the individual or as soon as possible after the individual selects pickup and drop-off locations for such transportation.

The bill sets forth certain requirements for on-demand micro transit including labor, wage, accessibility, service availability, and contracting standards. Notably, the bill requires that micro transit programs make reasonable attempts to create services in transit deserts rather than replace transit services that currently exist.

The bill takes effect 180 days after enactment, with exemptions for certain existing programs and contracts.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS finds that this bill may result in an indeterminate increase in annual State expenditures to the corporation to operate, expand, or modify on-demand micro transit programs to comply with the bill's requirements. Additionally, the OLS finds that the bill may result in an indeterminate annual expenditure increase for local transit agencies that operate or fund on-demand micro transit programs, to implement the requirements outlined in the bill.

The corporation may experience increased labor costs due to the provision that drivers are required to be treated as employees receiving W-2 wages and benefits, rather than receiving compensation as independent contractors. Additionally, administrative costs may be experienced by the corporation for contract oversight, compliance monitoring, and service adjustments to help ensure that micro transit programs supplement existing transit services rather than replace them. Lastly, the corporation may experience additional capital or operating costs associated with ensuring accessibility for persons with disabilities, including wheelchair accessible vehicles and accessible software applications.

The OLS is unable to quantify the magnitude of these expenditures because it remains unknown how the corporation will implement the provisions of this bill. Notably, the magnitude of the costs will depend on the corporation's future use of on-demand micro-transit services, the scale of the programs, existing contractual arrangements, and the extent to which current practices already comply with the bill's requirements.

County transit agencies or other local entities that operate or fund on-demand micro-transit programs may experience increased operating and administrative costs similar to those described above for the corporation. These costs would vary by jurisdiction and would depend on whether local programs currently utilize independent contractors, the level of driver compensation, and benefits, accessibility features, and service delivery models currently in place.

Section:	*Authorities, Utilities, Transportation and Communications.*
Analyst:	*Michael D. Walker Jr.* *Associate 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.).