SENATE ECONOMIC GROWTH COMMITTEE

STATEMENT TO

SENATE, No. 2427

STATE OF NEW JERSEY

DATED: JUNE 10, 2024

The Senate Economic Growth Committee reports favorably Senate Bill No. 2427.

As reported, this bill establishes a "Solar Roof Installation Warranty Program" (program) within the New Jersey Economic Development Authority (EDA). The purpose of the program is to provide a source of indemnification to commercial, industrial, and institutional building owners who install solar photovoltaic equipment on their building roofs but are unable to obtain sufficient warranty coverage against damage to those roofs resulting from the installations.

To implement the program, the bill requires the EDA to establish a "Solar Roof Installation Warranty Fund" (warranty fund) in a trust account in consultation with the Department of Banking and Insurance and the Board of Public Utilities (BPU). The purposes of the warranty fund are to: (1) provide sufficient money to pay claims by commercial, industrial, and institutional building owners participating in the warranty fund, for damages to building roofs due to the installation or design of solar photovoltaic equipment that are not covered by a warranty or insurance policy; and (2) pay the costs of administering the program, including the costs of obtaining sufficient reinsurance to prudently protect the warranty fund against unanticipated risks and costs incurred by the EDA in the discharge of its duties.

The bill requires a building owner to submit an application for the program at the time of installation of solar photovoltaic equipment on the roof of a building located in the State, in a form and manner determined by the EDA. The applicant is required to demonstrate that the solar photovoltaic equipment installer does not offer a comprehensive 20-year warranty on the roofs upon which the equipment is installed and that the installation of the equipment is not covered by any other insurance policy. The application fee is to be $1,000 and is to be credited to the fund. The maximum amount to be paid from the warranty fund for a loss to a participant for any one building is to be $50,000.

The bill provides that, prior to making a claim against the warranty fund for damages covered by the warranty, a building owner must notify the installer of the damage and allow a reasonable time period for repair. If repairs are not made within a reasonable time or are not satisfactory to the building owner, the building owner may file a claim against the warranty fund in the form and manner prescribed by the

EDA. The bill requires the EDA to investigate each claim to determine its validity, and upon a finding that the building owner is without fault with respect to the damage for which the claim is made, to determine the amount of the award. If a claim is denied or the amount of the award is contested, the building owner may request a hearing. If an award is made from the warranty fund, the total amount of an award is not to exceed the maximum amount authorized in the bill or the cost of repairs, whichever is less. The EDA may provide for surcharges against building owners who are responsible for a significant number of awards against the warranty fund and may discontinue the participation in the warranty fund of any building owner who is responsible for an excessive number of awards against the warranty fund, after a hearing.

The bill directs the BPU to transfer, in the fiscal year commencing July 1 next following the date of enactment, $2,000,000 from available funds collected through the societal benefits charge, for deposit into the warranty fund. The bill requires the BPU to make additional deposits of $500,000 each fiscal year thereafter until the warranty fund has been credited with a cumulative total of $5,000,000. The bill provides that, if in any fiscal year thereafter the balance in the warranty fund falls below $2,000,000, the BPU is to make a one-time deposit of $3,000,000 into the warranty fund.