# LEGISLATIVE FISCAL ESTIMATE
# SENATE, No. 4137
# STATE OF NEW JERSEY
# 221st LEGISLATURE

DATED: JANUARY 14, 2026

## SUMMARY

**Synopsis:** Requires Director of Division of Local Government Services in DCA to establish grant program to enhance local government efficiency; appropriates $1.5 million.

**Type of Impact:** Annual State expenditure increase; annual local revenue and expenditure increases.

**Agencies Affected:** Department of Community Affairs.

**Office of Legislative Services Estimate**

| Fiscal Impact | Year 1 | Year 2 and Thereafter |
|---|---|---|
| **State Expenditure Increase** | Up to $1.5 million | Indeterminate |
| **Local Revenue Increase** | Indeterminate | Indeterminate |
| **Local Expenditure Increase** | Indeterminate | Indeterminate |

- The Office of Legislative Services (OLS) concludes that the bill will result in a State expenditure increase of up to $1.5 million in the first year the bill is in effect for the Department of Community Affairs to provide management enhancement review grants of up to $150,000 for county-based local government units and $100,000 for municipal-based local government units. If the full $1.5 million is not expended in the first year, the residual amount will be spent in subsequent fiscal years until the full $1.5 million is exhausted.

- The OLS determines that grants awarded under the bill would result in local revenue and expenditure increases for the county or municipal government receiving the grant.

## BILL DESCRIPTION

This bill requires the Director of the Division of Local Government Services in the Department of Community Affairs to establish a local government unit management enhancement review grant program. The purpose of the program is to provide grants to local government units to contract

with management enhancement review consultants, as defined in the bill, to conduct local government unit efficiency reviews and to make recommendations to streamline operations and reduce costs.

After reviewing the applications, the division is required to select local government units to receive a management enhancement review grant. In selecting grant recipients, the director is to consider factors specified in the bill. The maximum grant award under the program is $150,000 for a county-based local government unit and $100,000 for a municipal-based local government unit. The bill requires a local government unit that receives a grant under the program to contribute 25 percent of the grant award amount to the management enhancement review.

The division is required to compile reports submitted by participating local government units for inclusion in a comparative profile and to post the profile for public inspection on the division's Internet website in an easily accessible location.

The bill appropriates $1.5 million from the General Fund to the division to provide grants to local government units to effectuate the purposes of the bill.

## FISCAL ANALYSIS

### *EXECUTIVE BRANCH*

None received.

### *OFFICE OF LEGISLATIVE SERVICES*

The OLS concludes that the bill will result in a State expenditure increase of up to $1.5 million in the first year the bill is in effect for the Department of Community Affairs to provide management enhancement review grants of up to $150,000 for county-based local government units and $100,000 for municipal-based local government units. The bill appropriates the $1.5 million to be used for the management enhancement review grant program. If the full amount is not expended in the year of appropriation, the residual amount will be spent in subsequent fiscal years until the full $1.5 million is exhausted. The OLS is unable to predict the number of local government units, or political subdivisions thereof, that will seek to utilize grant funding provided by the program.

The grants awarded under the bill would result in local revenue and expenditure increases for the county or municipal government receiving the grant in the amount of the individual grants awarded.

The bill will also result in increased administrative costs to the Department of Community Affairs associated with a requirement that the Division of Local Government Services establish the management enhancement review grant program, review applicants and select recipients for such program, and prepare a report for the Governor and the Legislature concerning the implementation of the program.

*Section:* *Local Government*

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*Senior 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.).