LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 4875

STATE OF NEW JERSEY
221st LEGISLATURE

DATED: JANUARY 22, 2026

SUMMARY

Synopsis:	"Citizens Fund Act"; establishes trust fund for conveyance of certain public entity assets, as permitted, for interest of public benefit plans.
Types of Impact:	Annual fiscal net impacts on the State and participating local governments in Mercer County.
Agencies Affected:	Department of the Treasury; and Participating Local Governments in Mercer County.

Office of Legislative Services Estimate	
Annual Fiscal Net Impact –	
a) State	Indeterminate
b) Participating Local Governments in Mercer County	Indeterminate

- The Office of Legislative Services (OLS) estimates that this bill will have indeterminate annual fiscal net impacts on the State as well as local governments in Mercer County that agree to transfer utility assets to the State-administered retirement system through the Citizens Fund.

- The OLS lacks the informational basis to determine which utility assets may be conveyed or sold to the Citizens Fund, the terms of the transactions, the need for capital investments in the transferred utilities, the potential for revenue and value extraction, and the valuation of the utilities' assets and liabilities as they are integrated into the State-administered retirement system's balance sheet.

- The State's fiscal net impact will ultimately materialize as changes to the actuarially determined annual employer contribution to the State-administered retirement system.

- Depending on the terms of any utility asset conveyance, the transacting local governments in Mercer County may not incur the annual operating and capital expenses associated with the transferred utilities, receive their annual revenue, and record the utilities' assets and liabilities on their balance sheet, all either in whole or in part. In addition, the local governments may receive payments or other benefits from the State-administered retirement system.

BILL DESCRIPTION

This bill establishes the "Citizens Fund," a trust fund constituted as an instrumentality of the State under the oversight of a fiduciary board of five members who will forgo compensation but will be reimbursed for expenses they incur in the performance of their duties. The fund's governance structure will also include an advisory board and enterprise advisory boards whose members will likewise serve without compensation.

The Citizens Fund will receive and acquire revenue-producing utility assets from public entities in Mercer County, either whole or in part, and then operate and improve the assets, all for the exclusive benefit of the State-administered retirement system. Any asset conveyance will be voluntary but must undergo a comprehensive analysis, including an inventory of asset and liability optimization opportunities.

The Citizens Fund Board will be required to manage the assets with the goal of maximizing their performance and long-term value, including through the improvement of those assets to comply with State and federal safety and environmental requirements, the disposition of the assets, and the raising of capital. The board will be authorized to contract with various consultants and other professionals for the management and operation of any transferred utility asset.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that this bill will have indeterminate annual fiscal net impacts on the State as well as local governments in Mercer County that agree to transfer utility assets to the State-administered retirement system through the Citizens Fund.

The OLS, however, lacks the informational basis to determine which utility assets may be conveyed or sold to the Citizens Fund, the terms of any transaction, the need for capital investments in any transferred utility, the potential for revenue and value extraction, and the valuation of concerned utility assets and liabilities as they are integrated into the State-administered retirement system's balance sheet.

The State's fiscal net impact will ultimately materialize as changes in the actuarially determined annual employer contributions to the State-administered retirement system. Mathematically, the State's actuarially determined contribution is derived from the projected long-term fiscal condition of the State-administered retirement system. If a utility asset conveyance and the operation of the utility change the retirement system's projected assets and liabilities, corresponding adjustments will emerge in the system's funded ratio and the State's derived annual actuarially determined employer contribution.

In turn, depending on the terms of any utility asset conveyance agreement, the transacting local governments in Mercer County may not incur the annual operating and capital expenses associated with the conveyed utilities, receive their annual revenue, and record the utilities' assets and liabilities on their balance sheets, all either in whole or in part. In addition, the local governments may receive payments from the State-administered retirement system in accordance with the terms of any utility asset conveyance agreement.

Section:	*State Government*
Analyst:	*Anna Harris* *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.).