

LEGISLATIVE FISCAL ESTIMATE

ASSEMBLY, No. 1407

STATE OF NEW JERSEY

222nd LEGISLATURE

DATED: OCTOBER 23, 2026

SUMMARY

- Synopsis:** Upgrades penalties for certain prostitution crimes; creates crimes of leader of prostitution network and participant in prostitution network.
- Type of Impact:** Annual State expenditure and revenue increases. Annual local expenditure decreases and increases. Annual local revenue decreases.
- Agencies Affected:** The Judiciary; Department of Law and Public Safety; Department of Corrections; State Parole Board; Office of the Public Defender; Counties; Municipalities.

Office of Legislative Services Estimate

Fiscal Impact	<u>Annual</u>
State Expenditure Increase	Indeterminate
State Revenue Increase	Indeterminate
Local Expenditure Net Impact	Indeterminate
Local Revenue Decrease	Indeterminate

- The Office of Legislative Services (OLS) concludes that this bill will result in an indeterminate annual increase in State expenditures and revenues. The OLS lacks sufficient information to quantify the fiscal impact, as it is not possible to estimate the number of crimes likely to be prosecuted under the provisions of this bill.
- The bill upgrades certain crimes, establishes new crimes, imposes mandatory minimum terms of incarceration, and upgrades certain criminal penalties for prostitution-related crimes. The following State and local agencies would incur caseload and expenditure increases: a) the Department of Law and Public Safety would provide guidance and other information related to the prosecution of the cases; b) county prosecutors would have to prosecute additional cases; c) the Judiciary would have to adjudicate additional complaints and monitor additional probationers; d) the Office of the Public Defender would have to represent additional low-income criminal defendants; e) the Department of Corrections would have to house and care for additional offenders; and f) the State Parole Board would have to supervise the return to society of additional offenders.



- The OLS notes that the State may receive indeterminate revenues from regular and enhanced fines imposed on individuals convicted of these crimes; however, the State's ability to collect fines has been historically limited.
- Annual local expenditures and revenues are likely to decrease from the bill's provision upgrading a disorderly persons offense to a crime of the fourth degree. Disorderly persons offenses are adjudicated in municipal courts and defendants are sentenced to county jails. Given the upgrade in crime, defendants would now be sentenced to State prisons, moving the cost of incarceration from counties to the State.
- However, as noted above, county prosecutors may incur additional costs to prosecute additional cases from the upgrade in crime.
- Annual municipal revenue would likely decrease due to a decrease in court filing fees and penalties that typically enter the municipal court system from disorderly persons cases.

BILL DESCRIPTION

The bill upgrades the criminal penalties for the promotion of prostitution to a crime of the second degree and imposes a mandatory minimum term of incarceration of one-third to one-half of the sentence imposed, or five years, whichever is greater, during which time the defendant would not be eligible for parole. Under current law, all crimes under the umbrella of promotion of prostitution are crimes of the third degree, except the crimes of soliciting a person to patronize a prostitute and procuring a prostitute for a patron, which are crimes of the fourth degree.

The bill also upgrades the criminal penalties for compelling another to engage in or promote prostitution and promoting prostitution of one's spouse from crimes of the third degree to crimes of the second degree, and imposes a mandatory minimum term of incarceration of one-third to one-half of the sentence imposed, or five years, whichever is greater, during which time the defendant would not be eligible for parole.

The bill creates two new crimes: (1) leader of a prostitution network, a crime of the second degree; and (2) participant in a prostitution network, a crime of the third degree. The bill provides that it is an affirmative defense to the crime of participant in a prostitution network that the defendant was a victim of human trafficking during the commission of the crime.

The bill upgrades a first offense for engaging in prostitution as a patron from a disorderly persons offense to a crime of the fourth degree.

A disorderly persons offense is ordinarily punishable by a term of imprisonment of up to 6 months, a fine of up to \$1,000, or both. A crime of the fourth degree is ordinarily punishable by a term of imprisonment of up to 18 months, a fine of up to \$10,000, or both. A crime of the third degree is ordinarily punishable by a term of imprisonment of three to five years, a fine of up to \$15,000, or both. A crime of the second degree is ordinarily punishable by a term of imprisonment of five to 10 years, a fine of up to \$150,000, or both.

Under the bill, crimes related to prostitution, with the exception of engaging in prostitution as a prostitute, would be ineligible for admission into the State's Pretrial Intervention Program.

This bill is in response to the State Commission of Investigation report released on October 17, 2024, entitled "An Inquiry into Human Trafficking Activity in the Massage and Bodywork Therapy Industry in New Jersey."

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS concludes that this bill will result in an indeterminate annual increase in State expenditures and revenues. The OLS lacks sufficient information to quantify the fiscal impact, as it is not possible to estimate the number of crimes likely to be prosecuted under the provisions of this bill.

The bill upgrades certain crimes, establishes new crimes, imposes mandatory minimum terms of incarceration, and upgrades certain criminal penalties for prostitution-related crimes. The following State and local agencies would incur caseload and expenditure increases: a) the Department of Law and Public Safety would provide guidance and other information related to the prosecution of the cases; b) county prosecutors would have to prosecute additional cases; c) the Judiciary would have to adjudicate additional complaints and monitor additional probationers; d) the Office of the Public Defender would have to represent additional low-income criminal defendants; e) the Department of Corrections would have to house and care for additional offenders; and f) the State Parole Board would have to supervise the return to society of additional offenders.

The OLS notes that to the extent the bill results in additional incarcerations, the Department of Corrections would incur those costs, with the State Parole Board also incurring corresponding supervision costs after incarceration. Based on information provided by the Department of Corrections, the average annual cost of incarceration is projected to be \$78,848 per incarcerated person in FY 2026, or \$216 per day. However, according to the Department of Corrections, the marginal cost of housing one additional incarcerated person, accounting for food, clothing, and wages is projected to be \$4,385. According to the State Parole Board, the annual average marginal cost of supervising one additional parolee is estimated at \$4,002 for FY 2026. The average cost per parolee, with all overhead costs included, is estimated at \$6,884 for FY 2026.

The OLS notes that the State may receive indeterminate revenues from regular and enhanced fines imposed on individuals convicted of these crimes; however, the State's ability to collect fines has been historically limited.

Annual local expenditures and revenues are likely to decrease from the bill's provision upgrading a disorderly persons offense to a crime of the fourth degree. Disorderly persons offenses are adjudicated in municipal courts and defendants are sentenced to county jails. According to information provided by the Administrative Office of the Courts, the median daily cost to house an inmate in a county jail is \$228. Given the upgrade in crime, defendants would now be sentenced to State prisons, moving the cost of incarceration from counties to the State. However, crimes of the fourth degree generally carry a presumption of non-incarceration for first-time offenders.

Finally, annual municipal revenue would likely decrease due to a decrease in court filing fees and penalties that would typically enter the municipal court system from disorderly persons cases.

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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.).