

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3997

with committee amendments

STATE OF NEW JERSEY

DATED: OCTOBER 22, 2026

The Assembly Appropriations Committee reports favorably and with committee amendments Assembly Bill No. 3997.

As amended, this bill prohibits class action waivers in residential rental agreements for claims arising from violations of rent control laws.

Rent control ordinances serve a vital public purpose by preserving affordable housing, preventing displacement, and ensuring fair treatment of tenants. The efficient enforcement of rent control laws requires access to collective legal remedies as individual claims for rent overcharges are often financially impractical for an individual tenant.

The bill deems any provision in a residential rental agreement that waives, limits, or restricts a tenant's right to participate as a class representative or class member in a class action suit arising from violations of rental control laws as void and unenforceable. Any purported waiver of rights established by this bill is to be deemed void and unenforceable. This bill establishes the inclusion of a class action waiver within a rental agreement as prima facie evidence of a violation of the New Jersey consumer fraud act (CFA), P.L.1960, c.39 (C.56:8-1 et seq.).

A tenant who is subjected to a class action waiver, as prohibited by this bill, is entitled to several remedies, including, but not limited to, a declaratory judgment that the waiver be void and unenforceable, an injunction prohibiting enforcement of the waiver; actual damages; and reasonable attorney's fees and costs. In addition to a potential CFA violation for certain violations, a landlord found to be in violation of this bill is to be liable to a penalty of \$1,000 per affected dwelling unit. These remedies are cumulative and in addition to other remedies available under State and federal law. The bill additionally permits a tenant to seek a civil penalty for violations of the provisions of the bill.

This bill should not be construed to invalidate class action waivers in contexts unrelated to rent control enforcement, in recognition of the New Jersey Supreme Court's decision in Pace v. Hamilton Cove, 258 N.J. 82 (2024).

The bill additionally is not to be construed to invalidate or otherwise affect any arbitration agreement or class action waiver to the

extent enforcement is required by the Federal Arbitration Act, 9 U.S.C. s.1 et seq.

This bill would take effect immediately but would apply retroactively to all rental agreements in effect on or after the effective date of this bill, including violations arising from violations that occurred before the effective date.

COMMITTEE AMENDMENTS:

The committee amended the bill to:

- allow a tenant to recover a civil penalty at the tenant's discretion; and
- clarify that the provisions of the bill do not invalidate or affect an arbitration agreement or class action waiver to the extent enforcement is required by the Federal Arbitration Act, 9 U.S.C. s.1 et seq.

FISCAL IMPACT:

The Office of Legislative Services (OLS) concludes that the bill will result in increased State revenues to the extent that a landlord violates the bill's provisions concerning class action waivers. In addition to the penalties for consumer fraud act violations, a landlord in violation of the bill's provisions would also be liable to a penalty of \$1,000 per dwelling unit.

The OLS finds that the Department of Law and Public Safety and the Judiciary will experience indeterminate cost increases from any enforcement actions and court costs stemming from the bill.