

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 5117

STATE OF NEW JERSEY
222nd LEGISLATURE

DATED: OCTOBER 22, 2026

SUMMARY

- Synopsis:

Requires registration of postsecondary education debt creditors; establishes protections for borrowers.
- Type of Impact:

Annual State expenditure and revenue increases; annual local expenditure increase.
- Agencies Affected:

Department of Banking and Insurance; Department of Law and Public Safety; County Prosecutors; the Judiciary; Office of the Public Defender; Department of Corrections; State Parole Board.

Office of Legislative Services Estimate	
Fiscal Impact	<u>Annual</u>
State Expenditure Increase	Indeterminate
State Revenue Increase	Indeterminate
Local Expenditure Increase	Indeterminate

- The Office of Legislative Services (OLS) finds that the bill would result in an indeterminate increase in annual State and local expenditures. The following State and local agencies would or may incur caseload and expenditure increases: a) the Department of Law and Public Safety may have to 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 may have to represent additional low-income criminal defendants; e) the Department of Corrections may have to house and care for more individuals in cases where the sentencing involves incarceration; and f) the State Parole Board may have to supervise the return to society of additional offenders. The OLS notes that a presumption of non-incarceration generally applies to first-time offenders of a crime of the third degree.
- The OLS also finds there will be an indeterminate annual increase in expenditures to the Department of Banking and Insurance associated with registration, reporting, and enforcement activities under the bill.

- The OLS anticipates an indeterminate increase in State revenues from fines and civil penalties imposed for violations of the bill's provisions. The OLS notes there will also be a State revenue increase from the annual registration fees to be determined by the department.

BILL DESCRIPTION

This bill requires the registration of postsecondary education debt creditors and establishes protections for borrowers.

The bill prohibits a postsecondary education debt creditor from extending postsecondary education debt to a New Jersey resident without first registering with the Department of Banking and Insurance and with the Nationwide Multistate Licensing System and Registry. The bill provides that the department may impose a civil penalty not exceeding \$25,000 on any person for a violation of the registration provisions of the bill. Each violation which constitutes a knowing violation is a crime of the third degree, which is punishable by three to five years imprisonment or a fine of up to \$15,000, or both.

Among other provisions, the bill also provides that a borrower or cosigner who suffers damage as a result of a violation may bring an action in a court of competent jurisdiction to recover certain relief and damages.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS finds that the bill would result in an indeterminate increase in annual State and local expenditures. The following State and local agencies would or may incur caseload and expenditure increases: a) the Department of Law and Public Safety may have to 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 may have to represent additional low-income criminal defendants; e) the Department of Corrections may have to house and care for more individuals in cases where the sentencing involves incarceration; and f) the State Parole Board may have to supervise the return to society of additional offenders. The OLS notes that a presumption of non-incarceration generally applies to first-time offenders of a crime of the third degree.

The OLS also finds there will be an indeterminate annual increase in expenditures to the Department of Banking and Insurance associated with registration, reporting, and enforcement activities under the bill.

The OLS anticipates an indeterminate increase in State revenues from fines and civil penalties imposed for violations of the bill's provisions. A crime of the third degree is punishable by a fine of up to \$15,000, three to five years imprisonment, or both. Additionally, the bill provides for civil penalties not exceeding \$25,000 on any person for a violation of the registration provisions

of the bill. The OLS lacks the information necessary to make an accurate forecast of the State revenue that will result from these penalties.

The OLS notes there will also be a State revenue increase from the annual registration fees to be determined by the department.

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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.).