LEGISLATIVE FISCAL ESTIMATE
SENATE, No. 3158
STATE OF NEW JERSEY
222nd LEGISLATURE

DATED: MARCH 2, 2026

SUMMARY

Synopsis: Requires State to provide recipients of State tax refunds, unemployment insurance benefits and State employee compensation certain payment options.

Type of Impact: Annual increase in State expenditures from the General Fund, the Unemployment Compensation Fund, the Unemployment Compensation Administration Fund, and the State Disability Benefits Fund.

Agencies Affected: Department of Labor and Workforce Development and Department of the Treasury.

Office of Legislative Services Estimate

Fiscal Impact	Annual
General Fund	Indeterminate Increase
Unemployment Compensation Fund	Indeterminate Increase
Unemployment Compensation Administration Fund	Indeterminate Increase
State Disability Benefits Fund	Indeterminate Increase

- The Office of Legislative Services (OLS) determines that the bill will result in an indeterminate increase in expenditures from the General Fund, the Unemployment Compensation Fund, the Unemployment Compensation Administration Fund, and the State Disability Benefits Fund.

- There are many variables that may influence the cost of this bill, including the number of individuals who will select the option of a paper check, the costs of reinstituting administrative processes related to the distribution of paper checks, and the actual cost to distribute checks. There is insufficient information available on each of these factors for the OLS to accurately estimate the impact on costs.

- The bill's provision requiring the State Treasury to provide the option of paper checks related to State tax refunds will not have any effect on spending, as the current process allows for tax refunds to be paid by paper check.

BILL DESCRIPTION

This bill requires certain State payments to be made available to recipients in the form of a paper check. Under the bill, the appropriate State agencies are required to provide State employees, taxpayers, and unemployment insurance benefit claimants the option to receive their payments in the form of a paper check.

With respect to unemployment insurance benefit payments, the bill requires the Division of Unemployment and Temporary Disability Insurance to provide unemployment insurance and temporary disability claimants with written notice of benefit payment options. The written notice requires a claimant to have an additional option of receiving benefit payment via a paper check. Beginning November 1, 2010, the division began automatically converting claimants who receive benefits by paper check to prepaid debit cards. At this time, paper checks are no longer issued to claimants. Currently, a claimant will automatically receive a debit card, unless direct deposit is chosen. This bill ensures that claimants may opt to receive benefit payments in the form of a paper check as an alternative to prepaid debit cards or direct deposit.

With respect to State employee compensation, the bill requires the State Treasurer to disburse a State employee's net pay in the form indicated in writing by the employee, including the option to have net pay disbursed in the form of a paper check. This provision would apply to all State entities, including any person holding public office, position or employment, whose compensation is paid by the State or by any board, body, agency, authority or commission thereof, whether or not the entity is part of the State centralized payroll system including public institutions of higher education.

The bill also provides that the Division of Taxation shall provide a taxpayer due a refund of any State tax payment the option of receiving the refund in the form of a paper check.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The bill requires that all State employees be provided the option of receiving net pay in the form of a paper check. The bill also extends this requirement to recipients of unemployment insurance or to those receiving benefits paid by the State Disability Benefits Fund.

Effective July 1, 2014, all State employees have been required to receive compensation via electronic deposit. The bill reinstitutes the option of receiving net pay by paper check. This provision will result in additional expenditures from the General Fund, as the State Treasurer will be required to reinstitute this administrative process and manage it going forward. There will also be General Fund expenditures related to any variable costs related to the distribution of paper checks. The OLS lacks information on the number of individuals who will select the paper check option or any information related to the cost of administrative processes to accurately estimate the impact on expenditures.

The bill also requires that recipients of unemployment insurance and State Disability Benefits Fund benefits be provided the option of receiving these benefits by paper check. The current process of payment by electronic deposit or prepaid debit card has been in place since 2011. The requirement to provide a paper check option for these payments will result in additional

expenditures from the Unemployment Compensation Fund, the Unemployment Compensation Administration Fund, and the State Disability Benefits Fund as these administrative processes are reinstituted and managed. These funds will also incur additional expenditures related to any variable costs related to the distribution of paper checks. The OLS lacks information on the number of individuals who will select the paper check options or any information related to the costs of administrative processes to accurately estimate the impact on expenditures.

The OLS notes that P.L.2024, c.101 redirected a portion of employee contributions to the Unemployment Compensation Administration Fund for the purpose of defraying administrative expenses related to the Unemployment Insurance program. The amounts of any administrative expenditure related to this bill that might be sourced from this account would be determined by the Department of Labor and Workforce Development.

The bill's provision requiring the State Treasury to provide the option of paper checks related to State tax refunds will not have any effect on spending, as the current process allows for tax refunds to be paid by paper check.

Section: *Commerce, Labor and Industry*

Analyst: *John Gaudioso*
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.).