LEGISLATIVE FISCAL ESTIMATE
SENATE, No. 4262
STATE OF NEW JERSEY
222nd LEGISLATURE

DATED: NOVEMBER 5, 2026

SUMMARY

Synopsis: Requires funds received by NJ from lawsuits in which AG participated be held in escrow by certain financial institutions.

Type of Impact: Annual State revenue impact.

Agencies Affected: Department of the Treasury; Department of Law and Public Safety; Department of Banking and Insurance.

Office of Legislative Services Estimate	
Annual State Revenue Impact	Indeterminate

- The Office of Legislative Services (OLS) finds that the bill will result in an indeterminate annual impact on State revenues attributable to the potential difference in interest earnings on litigation proceeds that are deposited in qualifying financial institutions under the bill, rather than being invested through the State's Cash Management Fund.

- The OLS cannot determine the exact magnitude of the impact, as it will depend on the amount of litigation proceeds subject to the bill's provisions, the duration for which those funds are held, and the difference between the interest rates earned through the State's Cash Management Fund and the qualifying financial institutions.

BILL DESCRIPTION

This bill requires the Office of the Attorney General, in consultation with the Department of the Treasury, to deposit at least 50 percent of the proceeds from litigation involving the State, its political subdivisions, or its agencies in certain qualifying financial institutions. The proceeds include money damages, civil fines, monetary restitution, settlement funds, and other litigation-related proceeds.

Qualifying financial institutions are required to maintain at least 15 percent of their total deposits in New Jersey, have total deposits of at least $1 billion, be authorized to conduct business in the State, and provide escrow, trust, or custody services. Additionally, the litigation proceeds deposited under the bill may not exceed 10 percent of a financial institution's total deposits.

The bill also requires the Department of Banking and Insurance to maintain a directory of approved financial institutions and provides that institutions approved by the Supreme Court of New Jersey to hold attorney trust accounts are presumptively approved under the bill.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS finds that the bill will result in an indeterminate annual impact on State revenues attributable to the potential difference in interest earnings between the State's Cash Management Fund and the qualifying financial institutions required to hold certain litigation proceeds under the bill.

According to the Department of the Treasury's Division of Investment, the State's Cash Management Fund earned an average annualized interest rate of approximately four percent from May 2025 through May 2026. The OLS notes that the bill may affect State revenues to the extent that qualifying financial institutions offer interest rates different from those earned through the State's Cash Management Fund.

For illustrative purposes, if the State were to receive $100 million in litigation proceeds, the bill would require at least $50 million to be deposited in qualifying financial institutions. Assuming these funds would otherwise be invested in the Cash Management Fund at an annual interest rate of four percent, the $50 million deposit would generate approximately $2 million in annual interest earnings. The fiscal impact would equal the difference between these earnings and the interest earned on the same funds deposited in qualifying financial institutions.

The OLS is unable to determine the magnitude or direction of the fiscal impact because the amount of litigation proceeds subject to the bill, the duration of the deposits, and the interest rates offered by qualifying financial institutions are unknown.

Section:	*Revenue, Finance, and Appropriations*
Analyst:	*Patrick Walsh* *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.).