

LEGISLATIVE FISCAL ESTIMATE
ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY, No. 3503
STATE OF NEW JERSEY
222nd LEGISLATURE

DATED: MARCH 17, 2026

SUMMARY

- Synopsis:** Requires State entities purchase five percent of goods and services from Central Nonprofit Agency; requires Division of Purchase and Property establish training protocols for all purchasing agents; grants Central Nonprofit Agency right of first refusal.
- Type of Impact:** Potential annual State and local expenditure increases.
- Agencies Affected:** Department of the Treasury; counties and municipalities.

Office of Legislative Services Estimate	
Fiscal Impact	Annual
Potential State Expenditure Increase	Indeterminate
Potential Local Expenditure Increase	Indeterminate

- The Office of Legislative Services (OLS) finds that requiring State government entities to purchase five percent of their goods and services through the Central Nonprofit Agency, as well as granting the Central Nonprofit Agency the right of first refusal, may lead to a potential increase in State expenditures if the goods and services provided through the Central Nonprofit Agency are priced higher than market value.
- The OLS also concludes that the Department of the Treasury will experience an annual indeterminate State expenditure increase due to the establishment of training protocols, the compilation and submission of various reports, and the development and issuance of various guidelines. The actual increase will depend on whether the Division of Purchase and Property’s current level of staff and resources is sufficient to implement the provisions of the bill or would need to be augmented.
- Additionally, the OLS finds that affected counties and municipalities may also experience an annual indeterminate expenditure increase due to annual reporting requirements. Moreover, local governments are required to make a good faith effort to meet the five percent threshold, which could potentially increase their annual procurement costs.



BILL DESCRIPTION

This bill requires State government entities to purchase five percent of their goods and services through the Central Nonprofit Agency. Local governments are required to make a good faith effort to do so as well.

This bill also requires the Division of Purchase and Property in the Department of the Treasury to establish training protocols for all purchasing agents employed by State government entities and political subdivisions that are subject to the purchasing thresholds. Each State government entity and political subdivision subject to such purchasing thresholds is required to submit an annual report to the department and the Central Nonprofit Agency detailing their compliance with the training requirements, which will then be summarized by the department and submitted to the Legislature. The division is also required to submit a quarterly report of purchasing data to the Central Nonprofit Agency.

This bill also grants the Central Nonprofit Agency the right of first refusal for all goods and services that are currently provided, or may otherwise be purchased, through a cooperative purchasing agreement catalog if the Central Nonprofit Agency can deliver the goods or services at a price that is within 15 percent of fair market value.

The bill allows the Central Nonprofit Agency to request that the Commodities and Services Council set aside any goods or services for approved facilities as long as the price for such goods or services provided by the approved facility is within 15 percent of fair market value provided through any cooperative contract in which the State participates. If approved by the Commodities and Services Council, such goods and services will be removed from any applicable cooperative purchasing agreement in which the State participates and will instead be procured from an approved facility in order to fulfill the purpose of the Rehabilitation Facilities Set-Aside Act.

The bill also requires that any goods or services that the Central Nonprofit Agency has approved a community rehabilitation provider to provide be made available to all State government entities for purchase or contract.

The bill provides that the Central Nonprofit Agency will have the right to reject any offer by a State government entity to purchase or contract for goods or services if accepting such offer would compromise the facility's approval issued by the Central Nonprofit Agency. In the event of any such rejection, the State government entity may procure the requisite goods or services through other means authorized by law.

Under this bill, the Central Nonprofit Agency and the Division of Purchase and Property must also jointly develop rules and guidelines to identify components of contracts where goods and services provided by the Central Nonprofit Agency are to be used, as well as jointly develop language for the contracts requiring the use of such goods and services.

The bill also requires the Department of the Treasury to submit an annual report to the Governor and the Legislature detailing the compliance of State government entities with the purchasing thresholds established in the bill. The department must also issue certain guidelines, which are to be publicly posted and transmitted to all State government entities and political subdivisions that are subject to the purchasing thresholds.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS finds that requiring State government entities to purchase five percent of their goods and services through the Central Nonprofit Agency, as well as granting the Central Nonprofit Agency the right of first refusal, may lead to a potential increase in State expenditures if the goods and services provided through the Central Nonprofit Agency are priced higher than market value.

The OLS also concludes that requiring the Department of the Treasury to establish training protocols for purchasing agents, compile reports received from State government entities and political subdivisions, submit various reports to the Central Nonprofit Agency and the Legislature, develop rules, guidelines, and language for contracts, as well as issue, transmit, and post guidelines to affected State government entities and political subdivisions will result in an annual indeterminate State expenditure increase. The actual increase will depend on whether the Division of Purchase and Property's current level of staff and resources is sufficient to implement the provisions of the bill or would need to be augmented.

Additionally, the OLS finds that affected counties and municipalities may also experience an annual indeterminate expenditure increase due to annual reporting requirements. Moreover, local governments are required to make a good faith effort to meet the five percent threshold, which could potentially increase their annual procurement costs.

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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.).