

ASSEMBLY STATE AND LOCAL GOVERNMENT
COMMITTEE

STATEMENT TO

ASSEMBLY, No. 5335

STATE OF NEW JERSEY

DATED: OCTOBER 15, 2026

The Assembly State and Local Government Committee reports favorably Assembly Bill No. 5335.

As reported, this bill prohibits the withholding of partial payments to contractors by public entities for de minimis clerical, administrative, or technical errors.

Under the bill, a public or governmental entity, including but not limited to a board of education, a State college, the Department of Transportation, the board of county commissioners, the New Jersey Turnpike Authority, and certain contracting units, entering into a contract pursuant to current law will not be permitted to withhold a partial payment otherwise due pursuant to the law solely on the basis of a de minimis clerical, administrative, or technical error, provided that: the work associated with the payment has been satisfactorily performed in accordance with the contract; the error does not affect the cost, scope, safety, insurance coverage, bonding, or eligibility of the work; the error is not related to fraud, misrepresentation, or a material contractual requirement; and the payment is not the final payment due pursuant to the contract.

The bill also provides that, with respect to any contract entered into by a State agency for which the contract contains a provision for the withholding of payments, a State agency will not be permitted to withhold a partial payment otherwise due pursuant to the contract solely on the basis of a de minimis clerical, administrative, or technical error, provided that: the work associated with the payment has been satisfactorily performed in accordance with the contract; the error does not affect the cost, scope, safety, insurance coverage, bonding, or eligibility of the work; the error is not related to fraud, misrepresentation, or a material contractual requirement; and the payment is not the final payment due pursuant to the contract.

The public or governmental entity, as well as a State agency, is required to provide written notice to the contractor identifying any clerical, administrative, or technical errors. Upon notice, the entity or agency will require the contractor to correct such errors within a reasonable cure period, not to exceed 10 business days. Failure to cure an error within the specified time period may result in the withholding

of subsequent payments by the entity or agency or any other remedies available to the entity or agency pursuant to the contract or law.