LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 4528

STATE OF NEW JERSEY
219th LEGISLATURE

DATED: SEPTEMBER 23, 2020

SUMMARY

Synopsis: Revises certain aspects of State procurement process and permits auction or reverse auction procedures.

Type of Impact: Potential annual reduction in State General Fund expenditures.

Agencies Affected: Division of Purchase and Property, Department of the Treasury.

Office of Legislative Services Estimate

Fiscal Impact	Year 1	Year 2	Year 3
Annual State Savings		Indeterminate	

- The Office of Legislative Services (OLS) estimates that the bill could potentially result in an indeterminate reduction in annual State expenditures. The OLS does not have access to a list of projects that the Division of Purchase and Property intends to advertise using a reverse auction procurement process.

- In general, reverse auctions are conducted electronically, and because bidders are generally approved contractors, reverse auctions are competitive on price and lead to lower contract prices.

BILL DESCRIPTION

This bill revises certain aspects of the State procurement process and permits auction or reverse auction procedures.

Under current law, a person or entity that submits a bid or proposal, or otherwise proposes to enter into or renew a contract to certify, must do so at the time the bid is submitted or the contract is renewed. This bill revises the process to require a person or entity to certify prior to the time a contract is awarded and at the time the contract is renewed.

This bill also permits the Director of the Division of Purchase and Property to structure an advertisement for bids to include an auction or reverse auction procedure, with the exception of

contracts for the provision of hospital, surgical, obstetrical, and other covered health care services and benefits or for the provider network for those services in connection with the State Health Benefits Program, the School Employees' Health Benefits Program, and Medicaid Managed Care Program, except for a pharmacy benefit management contract as may be allowed by existing law. The procedure will be related to the procurement of goods, services, or both, whereby pricing is revealed to all other qualified bidders during the course of the auction or reverse auction. The director would determine whether to utilize an auction or reverse auction dependent on if that procedure would result in bids being more advantageous to the State, price and other factors considered.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS considers the cost of this bill to be indeterminate at this time, but estimates that it could potentially result in a reduction in annual State expenditures. The OLS does not have access to a list of projects that the Division of Purchase and Property intends to advertise using a reverse auction procurement process. In general, reverse auctions are conducted electronically, and because bidders are generally approved contractors, reverse auctions are competitive on price and lead to lower contract prices.

Section:	*State Government*
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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.).