ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 2085

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 26, 2020

The Assembly Appropriations Committee reports favorably and with amendments Senate Bill No. 2085.

As amended by the committee, this bill would require State contracting units, including State colleges, to use an electronic procurement process for public works construction contracts when the project requires public advertisement.

The amended bill requires the State Treasurer to promulgate regulations to effectuate the electronic procurement of public works construction as required in the bill. The regulations would set forth each of the steps the State Treasurer deems appropriate to be taken by each State contracting unit for contracts that meet those criteria. The regulations would also set forth a procedure to be followed for the awarding of a contract for the administration of the electronic procurement process.

The amended bill permits local units of government, county colleges, and school districts to use an electronic procurement process for public works construction contracts. The electronic construction procurement process to be used by those public entities will be the process developed by the Director of the Division of Local Government Services in the Department of Community Affairs by regulations promulgated for the electronic procurement practices authorized in the "Local Unit Electronic Procurement Act," P.L.2018, c.156 (C.40A:11-4.7 et al.).

As amended and reported by the committee, Senate Bill No. 2085 (1R) is identical to Assembly Bill No. 3785 (1R), which also was amended and reported by the committee on this date.

COMMITTEE AMENDMENTS:

The committee made the following amendments:

to section 7, amendments to subsection a. to provide that the regulations to be promulgated by the State Treasurer shall require that the electronic procurement processes meet certain criteria, which may include, but shall not be limited to, the requirements listed in that subsection, and to allow for a business or company that creates or provides software to effectuate electronic procurement, to provide those services pursuant to the bill if the business or company has

prior experience providing electronic procurement services to the State and to other public entities, including, but not limited to, experience prior to the effective date of the bill; and to subsection l. to remove the language of that section requiring electronic procurement processes to be able to calculate extensions for contractors, bidders, or vendors based on price and quality, when applicable;

to sections 10, 12, and 14, which concern the "Public School Contracts Law," the "County College Contracts Law," and the "Local Public Contracts Law," respectively, to remove language requiring that those public entities shall not incur any costs or fees related to the use of electronic procurement processes under the bill. This language is being removed because those sections are permissive, not mandatory, so there is no concern about the possibility of an unfunded mandate; and

to section 15 of the bill to shorten the time frame between the enactment of the bill and the effective date of the bill, from thirteen months next following enactment, to nine months next following enactment.

FISCAL IMPACT:

The Office of Legislative Services (OLS) estimates that the bill will result in indeterminate annual expenditures for the Department of the Treasury to: (1) establish and implement the electronic construction procurement system; and (2) provide related training to State contracting units and other users of the system.

Under the bill, all State contracting units, including State colleges and the New Jersey Schools Development Authority, would be required to use the electronic procurement process developed by the State Treasurer for public works construction contracts when the project requires public advertisement.

Although the State may incur increased up-front expenditures associated with developing and implementing the electronic purchasing system, these potential costs could be offset by savings not achievable through the current public contracting process.

The bill is permissive for local contracting units, such as boards of education, county colleges, and municipalities.