

ASSEMBLY ENVIRONMENT AND SOLID WASTE
COMMITTEE

STATEMENT TO
ASSEMBLY, No. 5223

with committee amendments

STATE OF NEW JERSEY

DATED: MAY 12, 2021

The Assembly Environment and Solid Waste Committee reports favorably and with committee amendments Assembly Bill No. 5223.

This bill would establish a State purchasing preference for low embodied carbon concrete and concrete that incorporates carbon capture, utilization, and storage technologies, and provide a corporation business tax credit to taxpayers for the costs of conducting environmental production declaration analyses.

Specifically, the bill would require any State agency having authority to contract for the purchase of goods and services, when entering into a contract for the purchase of 50 cubic yards or more of concrete, or for any construction or improvement project that requires the use of concrete, to apply a low embodied carbon discount rate to the price of bids for the purpose of bid assessment and selection. The low embodied carbon discount rate, which would be established by the State Treasurer in consultation with the Commissioner of Environmental Protection, would be applied to bid prices on the basis of the global warming potential values for the concrete specified in the bids, and would not exceed five percent of the total bid price. To qualify for the discount, bidders would be required to submit global warming potential values for the concrete specified in their bids in the form of certified environmental product declarations.

Additionally, for bids that are certified to incorporate products that incorporate carbon capture, utilization, and storage technology, a State entity would be required to apply a supplemental discount rate to the price of bids for the purpose of bid assessment and selection. The carbon capture, utilization, and storage discount rate would be added to the low embodied carbon discount rate established in the bill, and would not exceed three percent of the total bid price. The State Treasurer would establish the specific price discount rates to be applied to bids based on the amount of carbon dioxide captured and stored by the product.

For State-funded construction projects that will be completed by a private contracting firm that has been contracted by the State, and for which concrete will be procured by the contractor for the project, the

contractor would be required to comply with the selection standards and rules established in the bill when subcontracting products or services from concrete providers. The State Treasurer would establish policies and procedures for private contracting firms to comply with the requirements of the bill.

In preparing the specifications for any contract for the purchase of 50 cubic yards or more of concrete, or for any construction or improvement project that requires the use of concrete, a State entity would be required to include in the invitation to bid, where relevant, a statement that any response to the invitation that proposes or calls for the use low embodied carbon concrete or that utilizes carbon capture, utilization, and storage technology shall receive the price discount rate established in the bill. The State purchasing preference would not apply to certain contracts as specified in the bill.

The bill would also provide a tax credit against the corporation business tax to compensate a taxpayer for costs incurred as a result of conducting an environmental product declaration analysis to determine the product-based embodied carbon emissions of concrete produced at one or more production facilities that the taxpayer owns or operates. The amount of the tax credit would not exceed the lesser of: (1) the full cost incurred for an environmental product declaration analysis of a single concrete, cement, aggregate, or related production facility, or (2) \$3,000. However, a taxpayer may claim the credit authorized under the bill for the cost of completing environmental product declaration analyses at up to eight production facilities owned or operated by the same taxpayer in a single privilege period.

As used in the bill, “low embodied carbon concrete” means concrete that has been certified to embody lower carbon emissions, as measured by a global warming potential metric, than the baseline embodied carbon emissions of conventional concrete made with Portland cement. Low embodied carbon emissions may be achieved through a variety of methods described in the bill. “Carbon capture, utilization, and storage technology” means technologies or methods to remove carbon dioxide generated from the concrete manufacturing process from the flue gas or from the atmosphere, and the recycling of the carbon dioxide either through utilization of the captured carbon dioxide in the concrete manufacturing process, or safe and permanent storage of the captured carbon dioxide. An “environmental product declaration” is a product-specific Type III environmental product declaration that conforms to ISO Standard 14025 and enables the numeric global warming potential and environmental impact comparisons between concrete mixes fulfilling the same functions.

COMMITTEE AMENDMENTS:

The committee amendments to the bill amend the definition of “low embodied carbon concrete” to revise the methods that may be used to achieve low embodied carbon emissions.