

ASSEMBLY, No. 239

STATE OF NEW JERSEY

Introduced Pending Technical Review by Legislative Counsel

PRE-FILED FOR INTRODUCTION IN THE 1996 SESSION

By Assemblymen GARCIA and PASCRELL

1 **AN ACT** establishing a contract bond participation program in the New
2 Jersey Development Authority for Small Businesses, Minorities' and
3 Women's Enterprises, supplementing P.L.1985, c.386 (C.34:1B-47
4 et seq.) and making an appropriation.

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6 **BE IT ENACTED** by the Senate and General Assembly of the State
7 of New Jersey:

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9 1. a. The New Jersey Development Authority for Small
10 Businesses, Minorities' and Women's Enterprises shall establish a
11 contract bond participation program to provide financial support to
12 eligible businesses for projects of public entities where the total
13 contracted payment to the eligible business is no more than
14 \$2,000,000.

15 b. Financial support to eligible businesses shall include assistance
16 in obtaining or securing performance bonds, maintaining cash flow
17 when payments to eligible businesses are delayed and providing
18 short-term financial assistance to eligible businesses to bridge
19 budgetary gaps resulting from delays in the payment of retainage
20 following satisfactory fulfillment of contractual obligations. The
21 authority shall adopt, pursuant to the "Administrative Procedure Act,"
22 P.L.1968, c.410 (C.52:14B-1 et seq.), regulations concerning the
23 requirements and conditions for participation in the program which
24 shall include, but not be limited to, the establishment of terms and
25 conditions:

26 (1) For the participation of eligible businesses in the program;
27 (2) For the participation of surety companies in the program;
28 (3) For the provision of assistance, and the extent of that
29 assistance, to an eligible business.

30 c. In reviewing applications for participation in the program, the
31 authority shall encourage the greatest participation while protecting
32 the financial stability of the funds available to the authority for the
33 program.

34 d. The authority shall establish an escrow account or accounts, as
35 may be required, for funds available to the authority for the program.

1 2. The sum of \$5,000,000 is appropriated to the authority from the
2 General Fund for the purposes of this act.

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4 3. This act shall take effect immediately.

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STATEMENT

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The percentage of State and local government contracts awarded to small businesses, minority businesses and women's businesses falls short of desired goals. Often these businesses cannot compete for contracts because they have experienced difficulty in qualifying for performance bonds and have insufficient assets to call upon if it becomes necessary to meet unforeseen expenses during the course of a project. This bill would establish a contract bond participation program in the New Jersey Development Authority for Small Businesses, Minorities' and Women's Enterprises to provide financial support to eligible businesses for projects of public entities where the total contracted payment to the eligible business is no more than \$2,000,000.

21 Financial support provided by the program would include assistance
22 in obtaining or securing performance bonds, maintaining cash flow
23 when payments to eligible businesses are delayed and providing
24 short-term financial assistance to eligible businesses to bridge
25 budgetary gaps resulting from delays in the payment of retainage
26 following satisfactory fulfillment of contractual obligations.

27 The authority is directed to adopt regulations concerning the
28 requirements and conditions for participation in the program which
29 regulations are to include establishing terms and conditions: (1) for
30 participation of eligible businesses in the program; (2) for the
31 participation of surety companies in the program; and (3) for the
32 provision of assistance, and the extent of that assistance, to an eligible
33 business. The authority is further directed, when reviewing
34 applications for the program, to encourage the greatest participation
35 while protecting the financial stability of the funds available for the
36 program.

Finally, the bill appropriates \$5,000,000 to the authority from the General Fund for the purposes of the act.

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45 Enterprises; appropriates \$5,000,000.