

ASSEMBLY, No. 2948

STATE OF NEW JERSEY

INTRODUCED MAY 12, 1997

By Assemblyman T. SMITH

1 AN ACT concerning the acceptance of payment by counties for certain  
2 permits and supplementing chapter 23 of Title 40 of the Revised  
3 Statutes.

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

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8 1. Notwithstanding any law, rule or regulation to the contrary,  
9 whenever the governing body of any county shall require the provision  
10 of a deposit or withholding of payment of a percentage of the amount  
11 of any contract by any person, contractor or other entity as a condition  
12 of granting a road opening permit, the county shall accept as a deposit  
13 therefor in lieu of cash, registered book bonds, entry municipal bonds,  
14 State bonds or other appropriate bonds of the State of New Jersey, or  
15 negotiable bearer bonds or notes of any political subdivision of the  
16 State, the value of which is equal to the amount necessary to satisfy  
17 the amount that otherwise would be required to be deposited or  
18 withheld, as the case may be, pursuant to the terms of the contract.  
19 The nature and amount of the bonds or notes to be deposited shall be  
20 subject to approval by the governing body of the county. For  
21 purposes of this section, "value" shall mean par value or current  
22 market value, whichever is lower.

23 If the person, contractor or other entity agrees to the withholding  
24 of payments, the amount withheld shall be deposited, with a banking  
25 institution or savings and loan association insured by an agency of the  
26 Federal government, in an account bearing interest at the rate currently  
27 paid by such institutions or associations on time or savings deposits.  
28 The amount withheld, or the bonds or notes deposited, and any  
29 interest accruing on such bonds or notes, shall be returned to the  
30 person, contractor or other entity upon fulfillment of the terms of the  
31 contract relating to such withholding. Any interest accruing on cash  
32 payments withheld shall be credited to the governing body of the  
33 county.

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35 2. This act shall take effect immediately.

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STATEMENT

This bill requires that counties accept bonds in lieu of cash for road opening permits. It would appear that at present, counties vary considerably in their practice regarding the acceptance of deposits for road opening permits. While some may allow for bonds to be used for retainage, maintenance, and payment of subcontractors and material suppliers and performance, other counties require that cash be raised, which serves as a major deterrent to smaller contractors, who would otherwise seek out these jobs.

By requiring that counties accept bonds, this bill would remove any disincentive which may currently prevent smaller contractors from bidding on jobs involving road opening permits. In so doing, this bill increases the competitiveness of certain jobs involving road openings, thereby promoting economic efficiency and ultimately, lowering the costs associated with certain construction jobs, with the resultant cost savings accruing to the taxpayer.

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Requires that counties accept bonds in lieu of cash for road opening permits.