

SENATE, No. 723

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 15, 1996

By Senator LIPMAN

1 **AN ACT** concerning bonds of contractors for board of education
2 projects and amending N.J.S.18A:18A-25.

3

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

6

7 1. N.J.S.18A:18A-25 is amended to read as follows:

8 18A:18A-25. When a surety company bond is required in the
9 advertisement or specifications for a contract or agreement, every
10 board of education shall require from any bidder submitting a bid in
11 accordance with plans, specifications and advertisements, as provided
12 for by law, a certificate from a surety company stating that it will
13 provide the contractor with a bond in such sum as is required in the
14 advertisement or in the specifications.

15 This certificate shall be obtained for a bond--

16 a. For the faithful performance of all provisions of the
17 specifications or for all matters which may be contained in the notice
18 to bidders, relating to the performance of the contract or agreement;
19 including the guarantees required under article 12 of chapter 44 of
20 Title 2A of the New Jersey Statutes; and

21 b. If any be required, for a guarantee bond for the faithful
22 performance of the contract provisions relating to the repair and
23 maintenance of any work, project or facility and its appurtenances and
24 keeping the same in good and serviceable condition during the term of
25 the bond as provided for in the notice to bidders or in the
26 specifications; or

27 c. In such other form as may be provided in the notice to bidders
28 or in the specifications.

29 The board of education may: (1) establish for a contract the amount
30 of the bond at any percentage, not exceeding 100%, of the amount bid,
31 based upon the board's assessment of the risk presented to the board
32 by the type of contract, past experience with a particular contractor
33 and other relevant factors, and (2) waive the bond requirements of this

EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 section and N.J.S.2A:44-143 entirely if the contract is for a sum not
2 exceeding \$100,000.

If a bidder desires to offer the bond of an individual instead of that of a surety company, he shall submit with his bid a certificate signed by such individual similar to that required of a surety company.

6 The board of education may reject any such bid if it is not satisfied
7 with the sufficiency of the individual surety offered.

8 (cf: N.J.S.18A:18A-25)

9

10 2. This act shall take effect immediately.

11

12

STATEMENT

14

15 This bill amends the "Public School Contracts Law" by permitting
16 a board of education to: (1) establish for a contract the amount of the
17 bond at any percentage, not exceeding 100%, of the amount bid, based
18 upon the board's assessment of the risk presented to the board by the
19 type of contract, past experience with a particular contractor and other
20 relevant factors, and (2) waive the bond requirements entirely if the
21 contract is for a sum not exceeding \$100,000.

Increasing the ability of a board of education to waive or reduce bond requirements should reduce costs for contractors and therefore make it easier for small firms to compete for board of education contracts.

26 The bill gives the same flexibility to boards of education in setting
27 the bond requirements of contractors that was given to State
28 departments by P.L.1991, c.454, approved on January 18, 1992.

29

30

31

32

33 Permits board of education to reduce or waive bond requirements of
34 contractors.