

SENATE, No. 724

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 15, 1996

By Senator LIPMAN

1 AN ACT concerning the purchase of materials, supplies or equipment  
2 by certain qualified nonprofit organizations.

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

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7 1. As used in this act, "qualified nonprofit organization" means a  
8 corporation, association or other organization which is established  
9 pursuant to Title 15 of the Revised Statutes, Title 15A of the New  
10 Jersey Statutes, or other law of this State; is operated exclusively for  
11 charitable, literary or educational purposes, for scientific testing for  
12 public safety, for the fostering of amateur sports competition (but only  
13 if no part of its activities involve the provision of athletic facilities or  
14 equipment), or for the prevention of cruelty to children or animals, no  
15 part of the net earnings of which inures to the benefit of any private  
16 shareholder or individual; and is exempt from federal income tax  
17 pursuant to paragraph (3) of subsection (c) of section 501 of the  
18 Internal Revenue Code (26 U.S.C. §501); and "director" means the  
19 Director of the Division of Purchase and Property.

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21 2. The Director of the Division of Purchase and Property shall  
22 include, in any contract or contracts for the purchase of materials,  
23 supplies, or equipment on behalf of the State, a provision for the  
24 purchase, for a two-year period, of such materials, supplies, or  
25 equipment from such contractor or contractors by qualified nonprofit  
26 organizations which are utilized by State agencies to provide services  
27 or administer agency programs and which the director, after  
28 consultation with the State agencies which utilize those nonprofit  
29 organizations, deems appropriate to authorize to make such purchases.  
30 The basis for the selection of qualified nonprofit organizations to  
31 participate shall include, but not be limited to, a sufficient volume of  
32 contracts to generate data for evaluating the effectiveness and value  
33 of extending to all nonprofit organizations the opportunity to purchase  
34 materials, supplies, or equipment under the State's contracts. The  
35 participating qualified nonprofit organization shall have sole  
36 responsibility for any payment due the vendor for any such purchase.

1 All purchases shall be subject to audit and inspection by the qualified  
2 nonprofit organization.

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4 3. The director shall distribute at appropriate times to each  
5 participating qualified nonprofit organization a list of all current  
6 contracts entered into on behalf of the State, setting forth the  
7 materials, supplies, or equipment included therein and the prices,  
8 terms, and conditions thereof.

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10 4. The director may promulgate, in accordance with the  
11 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et  
12 seq.), such rules and regulations as necessary to effectuate the  
13 purposes of this act, including the establishment of a schedule of fees  
14 to cover administrative costs.

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16 5. The director shall report to the Governor and the Legislature on  
17 the operation of this program during its first 18 months. The report  
18 shall be submitted no later than the end of the 20th month after the  
19 program commences and shall include recommendations as to whether  
20 the opportunity to participate should be extended to all nonprofit  
21 organizations and should be made permanent.

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23 6. This act shall take effect immediately and shall expire at the end  
24 of the two-year period during which qualified nonprofit organizations  
25 are authorized to make purchases pursuant to this act.

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#### STATEMENT

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30 This bill provides that the Director of the Division of Purchase and  
31 Property shall establish a two-year program permitting certain  
32 qualified nonprofit organizations which are utilized by State agencies  
33 to provide services or administer agency programs to purchase  
34 materials, equipment and supplies from private vendors under State  
35 contract. The basis for the selection of qualified nonprofit  
36 organizations to participate in the program shall include, but not be  
37 limited to, a sufficient volume of contracts to generate data for  
38 evaluating the effectiveness and value of extending to all nonprofit  
39 organizations the opportunity to purchase materials, supplies, or  
40 equipment under the State's contracts. The participating qualified  
41 nonprofit organization shall have sole responsibility for any payment  
42 due the vendor for any such purchase. All purchases shall be subject  
43 to audit and inspection by the qualified nonprofit organization.

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45 A "qualified nonprofit organization" is defined as a corporation,  
46 association or other organization established pursuant to the laws of  
this State and operated exclusively for charitable, literary or

1 educational purposes, for scientific testing for public safety, for the  
2 prevention of cruelty to children or animals, or for the fostering of  
3 amateur sports competition. In addition, no part of its earnings may  
4 inure to the benefit of any private shareholder or individual and the  
5 organization must be exempt from federal income tax.

6 This bill enables participating qualified nonprofit organizations to  
7 save money by buying materials, supplies and equipment at State  
8 contract prices. They, in turn, would be able to pass the savings on to  
9 the State and its various institutions in the form of lower-cost services  
10 and thus, help reduce State expenditures.

11 The bill would take effect immediately, and expire at the end of the  
12 two-year period during which qualified nonprofit organizations are  
13 authorized to make purchases.

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17 Provides that the Director of the Division of Purchase and Property  
18 establish a program permitting qualified nonprofit organizations to  
19 purchase materials, supplies or equipment under State contracts under  
20 certain circumstances.