

**CHAPTER 10A****MINORITY AND FEMALE CONTRACTOR AND  
SUBCONTRACTOR PARTICIPATION IN  
STATE CONSTRUCTION CONTRACTS****Authority**

N.J.S.A. 52:18A-30(d), 52:25, 52:34-6 et seq., 52:32-17 et seq.,  
52:27H-6(f), 52:34-12, 10:5-36(k) and (o), 52:34-13, and  
Executive Order No. 84(1993).

**Source and Effective Date**

R.1995 d.225, effective March 30, 1995.  
See: 27 N.J.R. 54(a), 27 N.J.R. 1814(a).

**Executive Order No. 66(1978) Expiration Date**

Chapter 10A, Minority and Female Contractor and Subcontractor  
Participation in State Construction Contracts, expires on March 30,  
1998.

**Chapter Historical Note**

Chapter 10A, Subchapters 1, 2 and 3, was recodified from N.J.A.C.  
12A:10-2, Minority and Female Subcontractor Participation in State  
Construction Contracts, by R.1994 d.310 and Subchapters 4 and 5 were  
adopted as new rules, effective January 3, 1995. See: 25 N.J.R.  
4461(b), 27 N.J.R. 135(a).

Pursuant to gubernatorial waiver, the Executive Order No. 66 (1978)  
expiration date of Chapter 10A was extended from October 13, 1994 to  
March 31, 1995. See: 26 N.J.R. 4411(a). Pursuant to Executive Order  
No. 66 (1978), Chapter 10A was readopted as R.1995 d.225. See:  
Source and Effective Date. See, also, section annotations.

**Cross Reference**

Special rules regarding disputes arising under the New Jersey Lemon  
Law, see N.J.A.C. 1:13A.

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**SUBCHAPTER 1. PURPOSE, SCOPE AND  
DEFINITIONS****12A:10A-1.1 Purpose and scope**

(a) The rules in this chapter are jointly promulgated by  
the Department of Commerce and Economic Development  
(hereinafter, "Department of Commerce") and the Depart-  
ment of the Treasury to implement N.J.S.A. 52:32-17 et seq.  
and Executive Order No. 84, dated March 5, 1993, to  
establish a set-aside program that requires State agencies  
with contracting authority to make a good faith effort to  
award seven percent of public construction contracts and  
subcontracts to eligible minority-owned businesses and three  
percent of public construction contracts and subcontracts to  
eligible female-owned businesses. These percentage goals  
are overall program goals for each State contracting agency.  
State contracting agencies are expected to apply their busi-  
ness judgment when establishing set-aside subcontracting  
goals for individual contracts.

(b) These rules apply only to State construction contracts  
awarded by any State contracting agency and are not appli-  
cable to the award of State contracts for the purchase of  
goods and services not related to construction contracts.

(c) Applications and questions regarding eligibility as a  
minority business or female business should be addressed to:

Set-Aside and Certification Office  
Department of Commerce and Economic Develop-  
ment  
20 West State Street, CN 835  
Trenton, New Jersey 08625-0835

New Rule, R.1994 d.310, effective January 3, 1995.  
See: 25 N.J.R. 4461(b), 27 N.J.R. 135(a).

**12A:10A-1.2 Definitions**

The following words and terms, when used in this chapter, shall have the following meanings unless the context clearly indicates otherwise.

“Certification” means that a minority-owned or woman-owned business has been authenticated as being at least 51 percent owned and controlled either by minorities or females for participation in State programs requiring certification, as judged and determined by the Set-Aside and Certification Office of the Department of Commerce and Economic Development.

“Commissioner” means the Commissioner of the Department of Commerce and Economic Development or his or her designee.

“Construction contract” means any contract to which the State or any State contracting agency is a party involving any construction, renovation, reconstruction, rehabilitation, alteration, conversion, extension, demolition, repair or other changes or improvements of any kind whatsoever of any public structure or facility or highway. The term also includes contracts for consultant services, the supervision, inspection and other functions incidental to actual construction.

“Consultant” means an architect, engineer, construction manager, or other consultant providing technical and professional services in support of a design or construction or highway project.

“Contractor” means any party performing or offering to perform a construction contract or consultant contract, or any party providing materials or goods used to perform a construction contract issued by a contracting agency of the State of New Jersey.

“Delegated purchasing authority” means the authority of a State agency to award contracts on its own pursuant to authority delegated to it by the Director, Division of Building and Construction, as established in N.J.S.A. 52:34-7.

“Division of Building and Construction” means the State agency within the Department of the Treasury which provides a centralized design and construction contract procurement and administration service for other State agencies pursuant to N.J.S.A. 52:18A-151 et seq.

“Female business” means a business which has its principal place of business in the State, is independently owned and operated and is at least 51 percent owned and controlled by women.

“Minority business” means a business which has its principal place of business in the State, is independently owned and operated and is at least 51 percent owned and controlled by persons who are African Americans, Latinos or Asian Americans, defined as follows:

1. African American: a person having origins in any of the black racial groups of Africa.

2. Latino: a person of Mexican, Puerto Rican, Cuban, Central or South American, Caribbean Island or other Spanish culture or origin, regardless of race.

3. Asian American: a person having origins in any of the original peoples of the Far East, Southeast Asia, and Indian subcontinent, Hawaii or the Pacific Islands.

“Non-remedial targets” means numerical objectives which a State contracting agency may establish in lieu of or as a supplement to the remedial goals to ensure that discrimination is not presently occurring on publicly funded construction projects.

“Registration” means the process by which any business can have its eligibility for participation in minority and female set-aside determined.

“Remedial goals” means the statutorily determined percentages of contracts awarded by each State contracting agency to eligible minority and female businesses in order to eradicate the effects of past discrimination.

“Set-aside contract” means a contract, or subcontractable portion of a contract when that portion is so allocated, specifically designated by a contracting agency as exclusively available for award to either an eligible minority or female business.

“State contracting agency” means any board, commission, committee, authority or agency of the State which possesses the legal authority to award and make construction contracts and includes the following except where expressly inconsistent with statutory authority:

1. DEPARTMENTS:

Agriculture  
Banking  
Personnel  
Commerce, Energy and Economic Development  
Community Affairs  
Corrections  
Military and Veterans Affairs  
Education  
Environmental Protection  
Health  
Higher Education  
Human Services  
Insurance  
Labor  
Law and Public Safety  
Public Advocate  
State  
Transportation  
Treasury

2. COLLEGES:

Glassboro State College  
Jersey City State College  
Kean College of New Jersey  
Montclair State College  
New Jersey Institute of Technology  
Ramapo College of New Jersey  
Richard Stockton State College

Rutgers the State University  
 Thomas E. Edison College  
 Trenton State College  
 University of Medicine and Dentistry of New Jersey  
 William Paterson College of New Jersey

3. **AUTHORITIES:**

Board of Public Utilities  
 Casino Redevelopment Authority  
 Development Authority for Small Businesses, Minorities and Women's Enterprises  
 Expressway Authority  
 Health Care Facilities Financing Authority  
 Highway Authority  
 N.J. Economic Development Authority  
 N.J. Educational Facilities Authority  
 N.J. Health Care Facilities Financing Authority  
 N.J. Housing & Mortgage Finance Agency  
 N.J. Transit Corp.  
 N.J. Water Supply Authority  
 Public Broadcasting Authority  
 Sports and Exposition Authority  
 Turnpike Authority  
 Urban Development Corporation

4. **COMMISSIONS:**

Beach Erosion Commission  
 Casino Control Commission  
 County and Municipal Government Study Commission  
 Election Law Enforcement Commission  
 Executive Commission on Ethical Standards  
 Hackensack Meadowlands Development Commission  
 N.J. Commission on Capital Budgeting & Planning  
 N.J. Racing Commission  
 North Jersey Water Supply Commission  
 Passaic Valley Sewer Commission  
 Pinelands Commission  
 State Commission of Investigation  
 Commission of Science and Technology and all other departments, colleges, authorities and commissions as may be established in the future.

"Subcontractor" means a third party that is engaged by a contractor to perform all or part of the work or to provide supplies, materials or equipment included in a construction-related contract with a State contracting agency.

"Treasurer" means the Treasurer of the State of New Jersey or his or her designee.

Adopted concurrent proposal, R.1989 d.554, effective November 6, 1989.

See: 21 N.J.R. 2810(a), 21 N.J.R. 3545(b).

Provisions of emergency new rule R.1989 d.481 readopted with changes.

Amended by R.1994 d.310, effective January 3, 1995.

See: 25 N.J.R. 4461(b), 27 N.J.R. 135(a).

Amended by R.1995 d.225, effective May 1, 1995.

See: 27 N.J.R. 54(a), 27 N.J.R. 1814(a).

## SUBCHAPTER 2. ELIGIBILITY REQUIREMENTS FOR MINORITY AND FEMALE BUSINESSES

### 12A:10A-2.1 Standards of eligibility for minority businesses and female businesses

(a) A business may be eligible for designation as a minority business, a female business, or both.

(b) In order to be eligible as a minority or female business, a business must satisfy all of the following criteria:

1. The principal place of business must be in the State;
2. At least 51 percent of the ownership of the business must be by minority or female persons; and
3. Control over the daily and long-term operations of the business must be exercised by one or more of the minority or female owners.

(c) Eligibility is formalized by the Department of Commerce's certification and/or registration and approval processes.

Amended by R.1994 d.310, effective January 3, 1995.

See: 25 N.J.R. 4461(b), 27 N.J.R. 135(a).

### 12A:10A-2.2 Obligation to provide information and penalties for failure to provide complete and accurate information

(a) Applicants shall accurately and honestly supply all information required by the Department of Commerce.

(b) When a business has been approved as an eligible female business or minority business on the basis of false information knowingly supplied by the business and the business has been awarded a contract or subcontract on a State construction contract, the Commissioner of the Department of Commerce, after notice and opportunity for a contested case hearing pursuant to N.J.S.A. 52:14B-10 and N.J.A.C. 1:1, shall:

1. Assess the business any difference between the contract amount and what the State's cost would have been if the contract had not been awarded in accordance with the provisions of N.J.S.A. 52:32-17 et seq.;
2. In addition, assess the business a penalty in the amount of not more than 10 percent of the amount of the contract or subcontract involved; and
3. Order the business ineligible to transact any business with a State contracting agency for a period of not less than three months and not more than 24 months.

(c) Any business approved by the Department of Commerce as a minority business and/or female business shall immediately apprise the Department of any circumstances which might affect the eligibility of the business under these rules.

(d) The failure of a business to report any such changed circumstances, or the intentional reporting of false information, shall disqualify the business for inclusion on any vendors list under these rules and may subject the business to adverse action by contracting agencies and/or the Attorney General.

New Rule, R.1994 d.310, effective January 3, 1995.

See: 25 N.J.R. 4461(b), 27 N.J.R. 135(a).

### 12A:10A-2.3 Right to hearing upon denial of contract

A bidder or contractor that is denied any contract or the right to bid on any contract because of a determination that it failed to make a good faith effort to solicit and award subcontracts to eligible minority and female businesses shall be entitled to an administrative hearing as provided by N.J.A.C. 17:12-3.1 through 3.6.

New Rule, R.1995 d.225, effective May 1, 1995.  
See: 27 N.J.R. 54(a), 27 N.J.R. 1814(a).

## SUBCHAPTER 3. CERTIFICATION AND REGISTRATION

### 12A:10A-3.1 Certification and registration procedures for minority businesses and female businesses

(a) Certification procedures established by the Department of Commerce are as set forth in N.J.A.C. 12A:11. Businesses awarded contracts or subcontracts based on their eligibility as registered minority or female businesses must file an application for certification with the Department of Commerce no later than 60 calendar days after the award of the contract, or by December 1, 1995, when certification will be required for all minority and female businesses seeking set-aside contracts or subcontracts, whichever date comes first. In accordance with N.J.S.A. 52:27H-21.18, small businesses are not required to be certified.

(b) Registration procedures established by the Department of Commerce are as follows:

1. Any business which seeks to register as a minority business and/or female business must apply to the Department of Commerce and pay any applicable fees. For these purposes, the Department of Commerce shall prepare a Vendor Registration Form. This form shall be available from the Department of Commerce and the State contracting agencies.

- i. If an applicant fails to complete fully the Vendor Registration Form, registration may be delayed or denied.

2. When an application for registration as a female or minority business is approved by the Department of Commerce, the Department will issue the newly registered business an approval notice and add it to the Department's female or minority vendors list.

3. State agencies awarding contracts will utilize these lists in confirming eligibility for set-aside contracts and subcontracts and in reporting progress toward established goals.

Amended by R.1994 d.310, effective January 3, 1995.  
See: 25 N.J.R. 4461(b), 27 N.J.R. 135(a).

Amended by R.1995 d.225, effective May 1, 1995.  
See: 27 N.J.R. 54(a), 27 N.J.R. 1814(a).

### 12A:10A-3.2 Time for application to register as a minority business or female business

(a) A business may apply to the Department of Commerce at any time to be registered as a minority business or female business and to be placed on the appropriate vendors list.

(b) If a business is to be considered as a minority or female business contractor or subcontractor on a specific contract for purposes of these rules, it must apply to the Department of Commerce for purposes of registration no later than one day prior to the deadline for bids being received and opened by the State contracting agency.

Adopted concurrent proposal, R.1989 d.554, effective November 6, 1989.

See: 21 N.J.R. 2810(a), 21 N.J.R. 3545(b).

Provisions of emergency new rule R.1989 d.481 readopted with changes.

Administrative Correction to (c).

See: 21 N.J.R. 3674(b).

Amended by R.1994 d.310, effective January 3, 1995.

See: 25 N.J.R. 4461(b), 27 N.J.R. 135(a).

### 12A:10A-3.3 Procedures for challenging a business registered as a minority business or female business

(a) The qualification under these rules of a business on a vendors list as a minority business or female business may be challenged by any other business on that State vendors list or by any of the State contracting agencies subject to these rules.

1. A registration challenge shall be made in writing to the Set-Aside and Certification Office of the Department of Commerce, setting forth the factual basis for the challenge. The Department shall provide a copy of the challenge and a notice granting the opportunity for a hearing to the challenged business. Where a particular contract is at issue, the Department shall also provide a copy of the challenge to the contracting agency.

2. A registration challenge to the Department of Commerce may concern only the qualification of a business under these rules as a minority business or female business. Any challenge to a business's qualifications to perform a contract shall be referred to the appropriate State contracting agency.

(b) When the Department of Commerce receives a challenge, upon request of the business whose registration is at issue, the Department shall conduct a hearing on the matter as follows:

1. The Department shall notify all interested parties of the time and place of the hearing, and of the right to attend and be represented at the hearing.