

October 20, 2025

SENATE BILL NO. 3041
(Third Reprint)

To the Senate:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I am returning Senate Bill No. 3041 (Third Reprint) with my recommendations for reconsideration.

Senate Bill 3041 (Third Reprint) makes several important updates to public contracting law. The bill includes "cooperatives" in the list of entities to which public contracts may not be awarded if they have, or a contractor or subcontractor with interest in the cooperative has, failed to pay prevailing wages. The bill defines "cooperatives" as a "system of collective ownership of a corporation or other legal entity in which the shareholders or other co-owners each also have a long-term proprietary interest or other long-term arrangement of control over the operations of the business."

The bill states that when a contracting unit utilizes a cooperative purchasing agreement for construction services for a public works project, it may do so only through a cooperative purchasing agreement competitively bid in compliance with the bill's provisions and awarded by a contracting unit in New Jersey. The bill further dictates that public works projects undertaken by a contracting unit through a cooperative purchasing agreement are subject to the "Public Works Contractor Registration Act," and the "New Jersey Prevailing Wage Act."

The bill prohibits contracting units from using time-and-materials contracts available through a cooperative purchasing agreement for public works construction projects subject to the "New Jersey Prevailing Wage Act." Contracting units are permitted to award indefinite delivery, indefinite quantity ("IDIQ") contracts with a set term for goods or services, including public works, provided the contract is awarded through a free, open, and

competitive process, with a defined procedure for issuing individual purchase orders.

When a contracting unit awards a cooperative contract for a construction project, the bill establishes reporting requirements, including accurate, up-to-date information on each contractor, which the contracting unit is required to keep for at least three years.

Upon award, contracting units must publicly post on their website the following information for all public works construction projects: the contracting unit where the project will be completed, the contract number that the cooperative contract utilized, the contractor performing the public works construction project, the cost of the project, and confirmation of receipt of the payroll records.

The bill also prohibits contracting units from awarding contracts to any contractor on the New Jersey Department of Labor and Workforce Development's debarment list and requires them to conduct monthly checks against the list and terminate any contract or subcontract with a newly debarred party.

Contracting units that fail to comply with the provisions of the bill will be prohibited by the Director of the Division of Local Government Services ("DLGS") from serving as a lead agency for a cooperative purchasing agreement.

I applaud the sponsors of this legislation for their balanced approach to ensuring that different procurement modalities remain available for public contracting while also implementing important safeguards and assurances that those working on public projects are paid fairly.

I am recommending modest revisions that will enable the DLGS to better implement the bill with respect to entities governed by the Local Public Contracts Law ("LPCL"), Public School Contracts

Law ("PSCL"), and County College Contracts Law ("CCCL"). The bill's provisions regarding the use of cooperative purchasing agreements and IDIQ contracts are not written into the aforementioned laws, leaving some potential ambiguity as to which agency has the power to promulgate regulations with respect to the entities governed by those laws. As such, I am recommending the bill clearly state that contracting units governed by the LPCL, boards of education governed by the PSCL, and county colleges governed by the CCCL shall be subject to such rules and regulations as may be adopted and promulgated by the Director of the DLGS, in consultation with the Director of the Division of Purchase and Property, the Commissioner of Education, and the Secretary of Higher Education, where applicable.

Therefore, I herewith return Senate Bill No. 3041 (Second Reprint) and recommend that it be amended as follows:

Page 5, Section 2, Line 2:

After "considered." insert "The use of nationally recognized and accepted cooperative purchasing agreements by a contracting unit as defined in the 'Local Public Contracts Law,' P.L.1971, c.198 (C.40A:11-1 et seq.), a board of education as defined in the 'Public School Contracts Law,' P.L.1977, c.114 (C.18A:18A-1 et seq.), or a county college as defined in the 'County College Contracts Law,' P.L.1982, c.189 (C.18A:64A-25.1 et seq.) shall be subject to such rules and regulations as may be adopted and promulgated by the Director of the Division of Local Government Services in the Department of Community Affairs in consultation with the Director of the Division of Purchase and Property, the Commissioner of Education, and the Secretary of Higher Education."

Page 7, Section 3, Line 6:

After "3." insert "a."

Page 7, Section 3, Line 16:

After advertisement." insert "b. The award of an indefinite delivery, indefinite quantity contract by a contracting unit as defined in the 'Local Public

Contracts Law,' P.L.1971, c.198 (C.40A:11-1 et seq.), a board of education as defined in the 'Public School Contracts Law,' P.L.1977, c.114 (C.18A:18A-1 et seq.), or a county college as defined in the 'County College Contracts Law,' P.L.1982, c.189 (C.18A:64A-25.1 et seq.) shall be subject to such rules and regulations as may be adopted and promulgated by the Director of the Division of Local Government Services in the Department of Community Affairs after consultation with the Commissioner of Education and the Secretary of Higher Education."

Respectfully,

/s/ Philip D. Murphy

Governor

[seal]

Attest:

/s/ Kate E. McDonnell

Chief Counsel to the Governor