### [First Reprint]

## SENATE COMMITTEE SUBSTITUTE FOR SENATE, No. 1811

# STATE OF NEW JERSEY 216th LEGISLATURE

ADOPTED MAY 19, 2014

Sponsored by: Senator STEPHEN M. SWEENEY District 3 (Cumberland, Gloucester and Salem) Senator KEVIN J. O'TOOLE District 40 (Bergen, Essex, Morris and Passaic)

Co-Sponsored by: Senators P.Barnes, III, Cunningham, Greenstein, Pou, Ruiz, Sarlo, Stack, Van Drew and Norcross

#### SYNOPSIS

Requires use of goods made in the United States for public contracts; requires businesses that receive public contracts or development assistance to disclose job exportation information.



(Sponsorship Updated As Of: 6/13/2014)

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AN ACT concerning the use of goods made in the United States for 1 2 public contracts, requiring the disclosure of certain information 3 by certain businesses, revising various parts of the statutory law, 4 and supplementing Title 18A of the New Jersey Statutes and 5 Title 52 of the Revised Statutes. 6 7 **BE IT ENACTED** by the Senate and General Assembly of the State 8 of New Jersey: 9 10 1. N.J.S.18A:18A-20 is amended to read as follows: 18A:18A-20. American goods and products to be used where 11 12 possible. 13 a. Each board of education shall provide, in the specifications 14 for all contracts <sup>1</sup><u>above the applicable bid threshhold</u><sup>1</sup> for <u>purchases</u> or work, including public work contracts, for which it will pay any 15 16 part of the cost, or work which by contract it will ultimately own 17 and maintain, that only manufactured and farm products of the United States, wherever available <sup>1</sup><u>in reasonable quantity</u><sup>1</sup>, be 18 purchased or be used in such work. 19 20 b. The provisions of subsection a. of this section may be 21 waived, pursuant to the procedures provided in this subsection, in any case or category of cases in which the board of education 22 entering into the contract finds that <sup>1</sup>[manufactured]: 23 (1) Manufactured or farm<sup>1</sup> products of the United States are not 24 available <sup>1</sup>in reasonable quantity; or 25 26 (2) The cost of buying manufactured or farm products of the 27 United States is unreasonable. There is a presumption of 28 unreasonableness for manufactured or farm products of the United 29 States that cost more than 20% above the fair market value for such 30 products<sup>1</sup>. 31 At least 30 days before issuing a waiver under this subsection, 32 the board of education shall provide to the public a notice 33 summarizing the reason for the proposed waiver, and an opportunity 34 for public comment on the proposed waiver. The notice shall be 35 posted prominently on the public Internet website of the board of 36 education and provided by electronic means to any person, firm, or corporation that makes a written or electronic request for 37 notification. If, after public notice and an opportunity for public 38 39 comment required by this subsection, the board of education 40 determines to issue a waiver, the board of education shall provide a 41 detailed justification for the waiver that shall be posted prominently 42 on the public Internet website of the board of education and 43 provided by electronic means to any person, firm, or corporation 44 that has made a written or electronic request to receive notice of

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows: <sup>1</sup> Senate floor amendments adopted June 12, 2014.

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

waiver actions. The justification shall include responses to any 1 2 public comments received pursuant to this subsection, and be 3 published before the waiver takes effect. <sup>1</sup>[The board of education] shall work with other affected contracting boards of education and 4 5 State agencies to create a plan to ensure the domestic supply of the relevant products will be available in the future.]<sup>1</sup> 6 7 c. If a contractor knowingly uses or supplies procured products that are not manufactured <sup>1</sup>[in] or farm products of <sup>1</sup> the United 8 9 States in violation of the provisions of a contract subject to the 10 provisions of this section, then: (1) The contractor shall be barred from obtaining any contract 11 12 with any board of education or other public body, including the 13 State or any State agency, or public institution of higher education, 14 for a period of three years after the violation is discovered by the 15 board of education; (2) The board of education may void the contract; and 16 (3) The board of education may recover damages in a civil 17 action in an amount <sup>1</sup>[three] two<sup>1</sup> times any cost incurred by the 18 19 board as a result of the violation. 20 d. The provisions of this section requiring the purchase and use of <sup>1</sup>[products]<sup>1</sup> manufactured <sup>1</sup>[in] products of <sup>1</sup> the United States 21 22 shall not apply<sup>1</sup>: 23 (1) At any time<sup>1</sup> to replacement parts or components for <sup>1</sup>, or modifications of,<sup>1</sup> equipment <sup>1</sup>or systems<sup>1</sup> provided under a 24 25 contract approved prior to the effective date of P.L., c. (C.) (pending before the Legislature as this bill) <sup>1</sup>[or]; 26 (2) At any time<sup>1</sup> to replacement parts or components for <sup>1</sup>, or 27 modifications of,<sup>1</sup> any equipment <sup>1</sup>or systems<sup>1</sup> for which a waiver 28 was provided under the provisions of this section<sup>1</sup>; 29 30 (3) To information technology, telecommunications, electronic, 31 digital, computing, or other sophisticated technology articles, 32 materials or supplies that are generally imported into the United 33 States fully assembled; (4) To any product approved or legally marketed under the 34 35 Federal Food, Drug and Cosmetic Act (Title 21 U.S.C.301 et seq.) 36 or section 351 of the Public Health Service Act (Title 42 37 U.S.C.262); or (5) To satellite television and broadband communication 38 services<sup>1</sup>. 39 40 e. For the purposes of this section: <sup>1</sup><u>"Applicable bid threshold" means the dollar amount above</u> 41 which a board of education is required to advertise for and receive 42 sealed bids in accordance with procedures set forth pursuant to 43 44 law;<sup>1</sup> 45 "Manufactured <sup>1</sup>[products of the United States" means, in the case of assembled articles, material or supplies, components, 46

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1 subcomponents, parts, and equipment used in manufacturing, that 2 all final assembly, processing, packaging, testing and any other 3 process that adds value, quality, or reliability occurs in the United 4 States; ] product" means a product that has been: 5 (1) Processed into a specific form and shape; or 6 (2) Combined with other raw material to create a material that 7 has different properties than the properties of the individual raw 8 materials; 9 "Products of the United States" means: 10 (1) In the case of a manufactured product that is comprised 11 predominantly of iron or steel, all manufacturing processes of the product, from the initial melting through the application of coatings, 12 occurred in the United States; and 13 14 (2) In the case of a manufactured product that is not comprised 15 predominantly of iron or steel: 16 (a) The product has been mined, produced or manufactured in 17 the United States; and 18 (b) The cost of the product's components mined, produced or 19 manufactured in the United States exceeds 50 percent of the cost of 20 <u>all of its components<sup>1</sup></u>; and "Public work" means any public building, public highway, 21 22 bridge, or other public betterment, work or improvement of a 23 permanent nature, constructed, reconstructed, repaired or improved 24 at the expense of the public. 25 (cf: P.L.1999, c.440, s.66) 26 27 2. Section 18 of P.L.1971, c.198 (C.40A:11-18) is amended to 28 read as follows: 29 18. <u>a.</u> Each <sup>1</sup> [local] <u>contracting</u><sup>1</sup> unit shall provide, in the 30 specifications for all contracts <sup>1</sup>above the applicable bid threshhold<sup>1</sup> 31 for purchases, or county or municipal work, including public work 32 contracts, or for work for which it will pay any part of the cost, or 33 work which by contract or ordinance it will ultimately own and 34 maintain, that only manufactured and farm products of the United States, wherever available <sup>1</sup>in reasonable quantity<sup>1</sup>, be <u>purchased or</u> 35 36 used in such work. 37 b. The provisions of subsection a. of this section may be 38 waived, pursuant to the procedures provided in this subsection, in any case or category of cases in which the <sup>1</sup>[local] contracting<sup>1</sup> unit 39 entering into the contract finds that <sup>1</sup>[manufactured]: 40 (1) Manufactured or farm<sup>1</sup> products of the United States are not 41 42 available <sup>1</sup>in reasonable quantity; or (2) The cost of buying manufactured or farm products of the 43 44 United States is unreasonable. There is a presumption of unreasonableness for manufactured or farm products of the United 45 46 States that cost more than 20% above the fair market value for such products<sup>1</sup>. 47

At least 30 days before issuing a waiver under this subsection, 1 the <sup>1</sup>[local] contracting<sup>1</sup> unit shall provide to the public a notice 2 summarizing the reason for the proposed waiver, and an opportunity 3 for public comment on the proposed waiver. The notice shall be 4 posted prominently on the public Internet website of the <sup>1</sup>[local] 5 contracting<sup>1</sup> unit and provided by electronic means to any person, 6 7 firm, or corporation that makes a written or electronic request for 8 notification. If, after public notice and an opportunity for public 9 comment required by this subsection, the <sup>1</sup>[local] contracting<sup>1</sup> unit determines to issue a waiver, the <sup>1</sup>[local] contracting<sup>1</sup> unit shall 10 11 provide a detailed justification for the waiver that shall be posted 12 prominently on the public Internet website of the <sup>1</sup>[local] contracting<sup>1</sup> unit and provided by electronic means to any person, 13 firm, or corporation that has made a written or electronic request to 14 15 receive notice of waiver actions. The justification shall include responses to any public comments received pursuant to this 16 subsection; and be published before the waiver takes effect. <sup>1</sup>[The 17 local unit shall work with other affected contracting local units, and 18 19 other State agencies to create a plan to ensure the domestic supply of the relevant products will be available in the future.]<sup>1</sup> 20 21 c. If a contractor knowingly uses or supplies procured products 22 that are not manufactured <sup>1</sup>[in] or farm products of <sup>1</sup> the United 23 States in violation of the provisions of a contract subject to the 24 provisions of this section, then: 25 (1) The contractor shall be barred from obtaining any contract with any <sup>1</sup>[local] contracting<sup>1</sup> unit or other public body, including 26 the State or any State agency or public institution of higher 27 28 education, for a period of three years after the violation is discovered by the <sup>1</sup>[local] contracting<sup>1</sup> unit; 29 (2) The <sup>1</sup>[local] contracting<sup>1</sup> unit may void the contract; and 30 (3) The <sup>1</sup>[local] contracting<sup>1</sup> unit may recover damages in a 31 civil action in an amount <sup>1</sup>[three] two<sup>1</sup> times any cost incurred by 32 the <sup>1</sup>[local] contracting<sup>1</sup> unit as a result of the violation. 33 34 d. The provisions of this section requiring the purchase and use of <sup>1</sup>[products]<sup>1</sup> manufactured <sup>1</sup>[in] products of <sup>1</sup> the United States 35 <u>shall not apply<sup>1</sup>:</u> 36 (1) At any time<sup>1</sup> to replacement parts or components for 1, or 37 modifications of,<sup>1</sup> equipment <sup>1</sup>or systems<sup>1</sup> provided under a 38 contract approved prior to the effective date of P.L., c. (C.) 39 (pending before the Legislature as this bill) <sup>1</sup>[or]: 40 41 (2) At any time<sup>1</sup> to replacement parts or components for  $^{1}$ , or modifications of,<sup>1</sup> any equipment <sup>1</sup>or systems<sup>1</sup> for which a waiver 42 was provided under the provisions of this section<sup>1</sup>: or 43 (3) To information technology, telecommunications, electronic, 44 45 digital, computing, or other sophisticated technology articles,

1	materials or supplies that are generally imported into the United
2	States fully assembled;
3	(4) To any product approved or legally marketed under the
4	Federal Food, Drug and Cosmetic Act (Title 21 U.S.C.301 et seq.)
5	or section 351 of the Public Health Service Act (Title 42
6	<u>U.S.C.262); or</u>
7	(5) To satellite television and broadband communication
8	services <sup>1</sup> .
9	e. For the purposes of this section:
10	<sup>1</sup> "Applicable bid threshold" means the dollar amount above
11	which a contracting unit is required to advertise for and receive
12	sealed bids in accordance with procedures set forth pursuant to
13	law; <sup>1</sup>
14	"Manufactured <sup>1</sup> [products of the United States" means, in the
15	case of assembled articles, material or supplies, components,
16	subcomponents, parts, and equipment used in manufacturing, that
17	all final assembly, processing, packaging, testing and any other
18	process that adds value, quality, or reliability occurs in the United
19	States; product" means a product that has been:
20	(1) Processed into a specific form and shape; or
21	(2) Combined with other raw material to create a material that
22	has different properties than the properties of the individual raw
23	materials;
24	"Products of the United States" means:
25	(1) In the case of a manufactured product that is comprised
26	predominantly of iron or steel, all manufacturing processes of the
27	product, from the initial melting through the application of coatings,
28	occurred in the United States; and
29	(2) In the case of a manufactured product that is not comprised
30	predominantly of iron or steel:
31	(a) The product has been mined, produced or manufactured in
32	the United States; and
33	(b) The cost of the product's components mined, produced or
34	manufactured in the United States exceeds 50 percent of the cost of
35	all of its components; <sup>1</sup> and
36	"Public work" means any public building, public highway,
37 38	bridge, or other public betterment, work or improvement of a
38 39	permanent nature, constructed, reconstructed, repaired or improved
40	at the expense of the public. (cf: P.L.1982, c.107, s.1)
40	(CI. I.L.1962, C.107, S.1)
42	3. (New section) a. A State agency shall make provisions in
43	the specifications for all contracts $^{1}above$ the applicable bid
43	<u>threshhold</u> <sup>1</sup> that include or necessitate the procurement of articles,
44 45	materials, goods, equipment, or supplies, including contracts for
46	public works, for which the State pays any part of the cost, that only

products <sup>1</sup>that are<sup>1</sup> manufactured <sup>1</sup>[in] or farm products of<sup>1</sup> the
 United States, be used to fulfill those contracts.

b. Products <sup>1</sup>that are<sup>1</sup> manufactured <sup>1</sup>[in] or farm products of<sup>1</sup>
the United States shall be specified and purchased unless the State
agency determines that any of the following apply:

6 (1) <sup>1</sup>[The products] <u>There</u><sup>1</sup> are not manufactured <sup>1</sup>[in] <u>or farm</u> 7 <u>products of</u><sup>1</sup> the United States <sup>1</sup>[in reasonably]<sup>1</sup> available <sup>1</sup><u>in</u> 8 <u>reasonable</u><sup>1</sup> quantities; or

9 (2) The cost of buying '[products]' manufactured '[in] or farm 10 products of' the United States is unreasonable. There is a 11 presumption of unreasonableness for '[products]' manufactured 12 '[in] or farm products of' the United States that cost '[25%] more 13 than 20%' above the fair market value for such products.

14 Any waiver proposed under this section shall be made public, 15 reported to the relevant State agencies, and posted publicly for a 30-16 day comment period. If, after public notice and an opportunity for 17 public comment, it is decided to issue the waiver, the waiver, with 18 detailed justification including responses to any public comments, 19 shall, before the waiver takes effect, be posted prominently on a 20 public Internet website and made available upon request. <sup>1</sup>[The 21 State agency granted such a waiver shall work with other State 22 agencies to create a plan to ensure the domestic supply of the 23 relevant products will be available in the future.  $\mathbf{I}^1$ 

c. Each contract awarded by a State agency on or after the
effective date of P.L., c. (C.) (pending before the Legislature
as this bill), shall contain the contractor's certification that procured
products provided pursuant to the contract or a subcontract shall be
manufactured <sup>1</sup>[in] or farm products of<sup>1</sup> the United States.

d. If a contractor is awarded a contract subject to the provisions
of this section and knowingly supplies procured products under that
contract that are not manufactured <sup>1</sup>[in] or farm products of<sup>1</sup> the
United States in violation of the provisions of this section, then:

(1) The contractor shall be barred from obtaining any contract
with any State agency or other public body, including a political
subdivision or public institution of higher education, for a period of
three years after the violation is discovered by the State agency;

(2) The State agency may void the contract; and

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(3) The State agency may recover damages in a civil action in
an amount <sup>1</sup>[three] two<sup>1</sup> times any cost to the State or the State
agency caused by the violation or by any measures needed to
achieve compliance with the requirements of this section.

42 e. The provisions of this section requiring the purchase and use
43 of <sup>1</sup>[products]<sup>1</sup> manufactured <sup>1</sup>[in] products of<sup>1</sup> the United States
44 shall not apply<sup>1</sup>:

45 (1) At any time<sup>1</sup> to replacement parts or components for <sup>1</sup>, or 46 modifications of,<sup>1</sup> equipment <sup>1</sup>or systems<sup>1</sup> provided under a

contract approved prior to the effective date of P.L. , c. (C. ) 1 2 (pending before the Legislature as this bill) <sup>1</sup>[or]; (2) At any time<sup>1</sup> to replacement parts or components for  $\frac{1}{1}$ , or 3 <u>modifications of</u>,<sup>1</sup> any equipment  $\frac{1}{\text{or systems}}$ <sup>1</sup> for which a waiver 4 was provided under the provisions of this section<sup>1</sup>: or 5 6 (3) To information technology, telecommunications, electronic, 7 digital, computing, or other sophisticated technology articles, 8 materials or supplies that are generally imported into the United 9 States fully assembled; 10 (4) To any product approved or legally marketed under the Federal Food, Drug and Cosmetic Act (Title 21 U.S.C.301 et seq.) 11 12 or section 351 of the Public Health Service Act (Title 42 13 <u>U.S.C.262); or</u> 14 (5) To satellite television and broadband communication 15 services<sup>1</sup>. f. As used in this section: 16 17 <sup>1</sup><u>"Applicable bid threshold" means the dollar amount above</u> which a State agency is required to advertise for and receive sealed 18 19 bids in accordance with procedures set forth pursuant to law;<sup>1</sup> 20 "Manufactured <sup>1</sup>[in the United States" means, in the case of 21 assembled articles, material or supplies, components, subcomponents, parts, and equipment used in manufacturing, that 22 23 all final assembly, processing, packaging, testing and any other 24 process that adds value, quality, or reliability occurs in the United 25 States] product" means a product that has been: 26 (1) Processed into a specific form and shape; or 27 (2) Combined with other raw material to create a material that 28 has different properties than the properties of the individual raw 29 materials; 30 "Products of the United States" means: 31 (1) In the case of a manufactured product that is comprised 32 predominantly of iron or steel, all manufacturing processes of the 33 product, from the initial melting through the application of coatings, 34 occurred in the United States; and 35 (2) In the case of a manufactured product that is not comprised 36 predominantly of iron or steel: 37 (a) The product has been mined, produced or manufactured in 38 the United States; and 39 (b) The cost of the product's components mined, produced or 40 manufactured in the United States exceeds 50 percent of the cost of 41 all of its components<sup>1</sup>; 42 "Public work" means any public building, public highway, 43 bridge, or other public betterment, work or improvement of a 44 permanent nature, constructed, reconstructed, repaired or improved 45 at the expense of the public; and

"State agency" <sup>1</sup>[shall have the meaning as set forth in section 1 1 2 of P.L.1991, c.507 (C.52:32-40)] means any of the principal 3 departments in the Executive Branch of the State Government, and 4 any division, board, bureau, office, commission or other 5 instrumentality within or created by that department, the Legislature of the State and any office, board, bureau or commission within or 6 7 created by the Legislative Branch, and any independent State 8 authority, commission, instrumentality or agency, but not a county, municipality or other political subdivision of the State<sup>1</sup>. 9

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4. (New section) a. A public institution of higher education 11 shall make provisions in the specifications for all contracts of the 12 13 institution <sup>1</sup>above the applicable bid threshhold<sup>1</sup> that include or 14 necessitate the procurement of articles, materials, goods, equipment, or supplies, including contracts for public works, for 15 which the institution pays any part of the cost, that only such 16 17 products <sup>1</sup>that are<sup>1</sup> manufactured <sup>1</sup>[in] or farm products of<sup>1</sup> the 18 United States be used to fulfill those contracts.

b. Products <sup>1</sup>that are<sup>1</sup> manufactured <sup>1</sup>[in] or farm products of<sup>1</sup>
the United States shall be specified and purchased unless the public
institution of higher education determines that any of the following
apply:

(1) <sup>1</sup>[The products] <u>There</u><sup>1</sup> are not manufactured <sup>1</sup>[in] <u>or farm</u>
<u>products of</u><sup>1</sup> the United States <sup>1</sup>[in reasonably]<sup>1</sup> available <sup>1</sup><u>in</u>
<u>reasonable</u><sup>1</sup> quantities; or

(2) The cost of buying '[products]' manufactured '[in] or farm
products of' the United States is unreasonable. There is a
presumption of unreasonableness for '[products]' manufactured
'[in] or farm products of' the United States that cost '[25%] more
than 20%' above the fair market value for such products.

31 Any waiver proposed under this section shall be made public, 32 reported to the relevant State agencies, and posted publicly for a 30-33 day comment period. If, after public notice and an opportunity for 34 public comment, it is decided to issue the waiver, the waiver, with 35 detailed justification including responses to any public comments, 36 shall, before the waiver takes effect, be posted prominently on a 37 public Internet website and made available upon request. <sup>1</sup>[The 38 public institution of higher education granted such a waiver shall 39 work with other public institutions of higher education and State 40 agencies to create a plan to ensure the domestic supply of the 41 relevant products will be available in the future. ]<sup>1</sup>

c. Each contract awarded by a public institution of higher
education on or after the effective date of P.L., c. (C.)
(pending before the Legislature as this bill) shall contain the
contractor's certification that procured products provided pursuant

to the contract or a subcontract shall be manufactured <sup>1</sup>[in] or farm 1 2 products of<sup>1</sup> the United States. d. If a contractor is awarded a contract subject to the provisions 3 4 of this section and knowingly supplies procured products under that 5 contract that are not manufactured  ${}^{1}$  [in] or farm products of the United Stated in violation of the provisions of this section, then: 6 7 (1) The contractor shall be barred from obtaining any contract 8 with a public institution of higher education, or any other public 9 body, including the State or any agency or political subdivision of 10 the State, for a period of three years after the violation is discovered 11 by the public institution of higher education; (2) The public institution of higher education may void the 12 13 contract; and 14 (3) The public institution of higher education may recover damages in a civil action in an amount <sup>1</sup>[three] two<sup>1</sup> times any cost 15 to the institution caused by the violation or by any measures needed 16 17 to achieve compliance with the requirements of this section. 18 e. The provisions of this section requiring the purchase and use of <sup>1</sup>[products]<sup>1</sup> manufactured <sup>1</sup>[in] <u>products of</u><sup>1</sup> the United States 19 shall not apply<sup>1</sup>: 20 21 (1) At any time<sup>1</sup> to replacement parts or components for<sup>1</sup>, or modifications of,<sup>1</sup> equipment <sup>1</sup>or systems<sup>1</sup> provided under a 22 contract approved prior to the effective date of P.L., c. 23 (C.) 24 (pending before the Legislature as this bill) <sup>1</sup>[or]; (2) At any time<sup>1</sup> to replacement parts or components for<sup>1</sup>, or 25 modifications of,<sup>1</sup> any equipment <sup>1</sup>or systems<sup>1</sup> for which a waiver 26 27 was provided under the provisions of this section<sup>1</sup>; or 28 (3) To information technology, telecommunications, electronic, 29 digital, computing, or other sophisticated technology articles, 30 materials or supplies that are generally imported into the United 31 States fully assembled; 32 (4) To any product approved or legally marketed under the Federal Food, Drug and Cosmetic Act (Title 21 U.S.C. 301 et seq.) 33 34 or section 351 of the Public Health Service Act (Title 42 U.S.C. 35 <u>262); or</u> 36 (5) To satellite television and broadband communication services<sup>1</sup>. 37 f. As used in this section: 38 39 <sup>1</sup>"Applicable bid threshold" means the dollar amount above 40 which a public institution of higher education is required to 41 advertise for and receive sealed bids in accordance with procedures set forth pursuant to law;<sup>1</sup> 42 "Manufactured <sup>1</sup>[in the United States" means, in the case of 43 44 assembled articles, material supplies, or components, 45 subcomponents, parts, and equipment used in manufacturing, that 46 all final assembly, processing, packaging, testing and any other

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1 process that adds value, quality, or reliability occurs in the United 2 States] product" means a product that has been: 3 (1) Processed into a specific form and shape; or 4 (2) Combined with other raw material to create a material that 5 has different properties than the properties of the individual raw 6 materials; 7 "Products of the United States" means: 8 (1) In the case of a manufactured product that is comprised 9 predominantly of iron or steel, all manufacturing processes of the 10 product, from the initial melting through the application of coatings, 11 occurred in the United States; and 12 (2) In the case of a manufactured product that is not comprised predominantly of iron or steel: 13 14 (a) The product has been mined, produced or manufactured in 15 the United States; and 16 (b) The cost of the product's components mined, produced or 17 manufactured in the United States exceeds 50 percent of the cost of <u>all of its components</u><sup>1</sup>; 18 "Public institution of higher education" shall have the meaning 19 20 as set forth in N.J.S.18A:72A-3; and 21 "Public work" means any public building, public highway, 22 bridge, or other public betterment, work or improvement of a 23 permanent nature, constructed, reconstructed, repaired or improved 24 at the expense of the public. 25 26 5. (New section) The Legislature finds that there is a. 27 widespread concern that public contracts and economic 28 development assistance financed by the taxpayers of the State are being given to companies that send work outside of the United 29 30 States. Business, labor, and government leaders recognize the need 31 for an objective and thorough study of the extent to which public 32 contracts and projects financed by taxpayers are being performed 33 outside the United States, and the impact of this practice on the 34 State's economy. Therefore, the Legislature finds it necessary to: 35 (1) Require bidders for public contracts and applicants for 36 development assistance to disclose where the contract or project 37 will be performed; 38 (2) Compile this data and make it available for public review 39 and comment; and 40 (3) Study the impact on the State's economy of taxpayer-41 financed contracts and projects being performed outside the United 42 States. 43 b. Each vendor submitting a bid or contract to provide services 44 and all development assistance applicants shall certify where the 45 services covered by the bid, contract, or development assistance 46 will be performed. Each vendor with a contract, each subcontractor, and each recipient of development assistance, in 47

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effect on the effective date of P.L., c. (C.) (pending before the
 Legislature as this bill), notwithstanding any other requirements
 that have been imposed, shall certify where the services covered by
 the bid, contract, or development assistance are being performed;
 and disclose the name and headquarters location of its parent
 company.

c. The joint legislative task force, established under subsection
e. of this section, shall create and maintain a comprehensive
database of contract awards and development assistance provided
by all State agencies that includes, but is not limited to, the
information included in this section.

d. The State shall conduct a study that includes, but need not belimited to, an evaluation of the following:

(1) The extent to which current public contracts, and any
subcontracts under such contracts, are being performed outside of
the United States and products and materials necessary in
connection with the contracts are obtained outside of the United
States;

(2) The extent to which the performance of public contracts in
whole or in part in other countries results in the creation or loss of
family-wage or other jobs in the State;

(3) The extent to which public contracts being performed in
whole or in part in other countries creates a need for adjustment
assistance and retraining programs to ensure the State's business
climate, its employers, and its workers remain competitive globally;

(4) The extent to which public contracts performed at locations
outside the United States involve a risk of unauthorized use or
disclosure of personal information, as well as a review of applicable
State and federal laws regarding the privacy of personal
information;

31 (5) The economic costs and benefits of awarding public
32 contracts, and any subcontracts under such contracts, to New Jersey
33 companies;

34 (6) The applicability of international trade agreements and35 federal law to State procurement policies;

36 (7) The extent to which legislative authority over State
37 procurement is adequately protected, including the ability of State
38 agencies to adequately supervise the performance of contracts when
39 all or a portion of the work is performed in a country other than the
40 United States; and

41 (8) The reason New Jersey businesses choose to locate42 operations outside the United States.

e. The study shall be conducted by a joint task force of the
Senate and the General Assembly consisting of the following: two
members of the General Assembly to be appointed by the Speaker
of the General Assembly; two members of the General Assembly to
be appointed by the General Assembly Minority Leader; two

members of the Senate to be appointed by the Senate Majority
 Leader; and two members of the Senate to be appointed by the
 Senate Minority Leader.

4 The joint task force shall consult with and be advised and f. 5 monitored by an advisory committee consisting of seven members: 6 three members representing labor, appointed jointly by the 7 President of the Senate and the Speaker of the General Assembly, 8 from a list of names recommended by a Statewide organization 9 representing a cross-section of organized labor in the State; three 10 members representing business, one of whom shall represent small 11 business, appointed jointly by the President of the Senate and the 12 Speaker of the General Assembly, from a list of names 13 recommended by a Statewide organization of employers 14 representing a cross-section of employers of the State, and one 15 member representing the public.

g. The information maintained in the comprehensive database
outlined above shall be made available online to the Legislature and
the public.

19 h. The findings and recommendations of the joint task force 20 shall be reported in writing annually to the Legislature, with the first report to be submitted within 14 months following the effective 21 22 (C. ) (pending before the Legislature as this date of P.L., c. 23 bill). In addition to filing each report with the Legislature, the joint 24 task force shall make each report available to the public on the 25 Legislature's Internet homepage.

i. As used in this section:

27 "Parent company" means any person, association, corporation,
28 joint venture, partnership, or other entity that owns or controls 50
29 percent or more of a recipient corporation;

30 "Development assistance" means any form of public assistance, 31 including tax expenditures, made for the purpose of stimulating 32 economic development of a corporation, industry, geographic 33 jurisdiction, or any other sector of the State's economy, including, 34 but not limited to, industrial development bonds, training grants, 35 loans, loan guarantees, enterprise zones, empowerment zones, tax 36 increment financing, fee waivers, land price subsidies, 37 infrastructure whose principal beneficiary is a single business or 38 defined group of businesses at the time it is built or improved, 39 matching funds, tax abatements, tax credits, and tax discounts of 40 every kind, including corporate franchise, personal income, sales 41 and compensating use, raw materials, real property, job creation, 42 individual investment, excise, utility, inventory, accelerated depreciation, and research and development tax credits and 43 44 discounts;

45 "Public body" means the State or any county, municipality,
46 school district, authority or other political subdivision of the State;
47 and

14

"Public contract" means a contract between a public body and a
private entity for the private entity to provide goods or services,
including public work.
6. <sup>1</sup>The following sections are repealed:
<u>R.S.52:32-1; and</u><sup>1</sup>
R.S.52:33-1 through R.S.52:33-4 <sup>1</sup>[are repealed]<sup>1</sup>.

9 7. This act shall take effect immediately.