

SENATE, No. 4602

STATE OF NEW JERSEY
222nd LEGISLATURE

INTRODUCED SEPTEMBER 28, 2026

Sponsored by:

Senator BOB SMITH

District 17 (Middlesex and Somerset)

Senator LINDA R. GREENSTEIN

District 14 (Mercer and Middlesex)

SYNOPSIS

Authorizes long-term public contracts of up to 25 years for provision of electricity and related products for energy storage systems.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning the duration of certain local public contracts
2 and amending P.L.1971, c.198.

3
4 **BE IT ENACTED** *by the Senate and General Assembly of the State*
5 *of New Jersey:*

6
7 1. Section 15 of P.L.1971, c.198 (C.40A:11-15) is amended to
8 read as follows:

9 15. All contracts for the provision or performance of goods or
10 services shall be awarded for a period not to exceed 24 consecutive
11 months, except that contracts for professional services pursuant to
12 subparagraph (i) of paragraph (a) of subsection (1) of section 5 of
13 P.L.1971, c.198 (C.40A:11-5) shall be awarded for a period not to
14 exceed 12 consecutive months. Contracts may be awarded for
15 longer periods of time as follows:

16 (1) Supplying of:

17 (a) (Deleted by amendment, P.L.1996, c.113 **[.]**)

18 (b) (Deleted by amendment, P.L.1996, c.113 **[.]**)

19 (c) Thermal energy produced by a cogeneration facility, for use
20 for heating or air conditioning or both, for any term not exceeding
21 40 years, when the contract is approved by the Board of Public
22 Utilities.

23 For the purposes of this paragraph, "cogeneration" means the
24 simultaneous production in one facility of electric power and other
25 forms of useful energy such as heating or process steam;

26 (2) (Deleted by amendment, P.L.1977, c.53 **[.]**)

27 (3) The collection and disposal of municipal solid waste, the
28 collection and disposition of recyclable material, or the disposal of
29 sewage sludge, for any term not exceeding in the aggregate, five
30 years;

31 (4) The collection and recycling of methane gas from a sanitary
32 landfill facility, for any term not exceeding 25 years, when the
33 contract is in conformance with a district solid waste management
34 plan approved pursuant to P.L.1970, c.39 (C.13:1E-1 et seq.), and
35 with the approval of the Division of Local Government Services in
36 the Department of Community Affairs and the Department of
37 Environmental Protection. The contracting unit shall award the
38 contract to the highest responsible bidder, notwithstanding that the
39 contract price may be in excess of the amount of any necessarily
40 related administrative expenses; except that if the contract requires
41 the contracting unit to expend funds only, the contracting unit shall
42 award the contract to the lowest responsible bidder. The approval
43 by the Division of Local Government Services of public bidding
44 requirements shall not be required for those contracts exempted
45 therefrom pursuant to section 5 of P.L.1971, c.198 (C.40A:11-5);

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 (5) Data processing service, for any term of not more than seven
2 years;
- 3 (6) Insurance, including the purchase of insurance coverages,
4 insurance consulting or administrative services, claims
5 administration services, including participation in a joint self-
6 insurance fund, risk management program or related services
7 provided by a contracting unit insurance group, or participation in
8 an insurance fund established by a local unit pursuant to
9 N.J.S.40A:10-6, or a joint insurance fund established pursuant to
10 P.L.1983, c.372 (C.40A:10-36 et seq.), for any term of not more
11 than three years;
- 12 (7) Leasing or servicing of (a) automobiles, motor vehicles,
13 machinery, and equipment of every nature and kind, for a period not
14 to exceed five years, or (b) machinery and equipment used in the
15 generation of electricity by a municipal shared services energy
16 authority established pursuant to section 4 of P.L.2015, c.129
17 (C.40A:66-4), or a contracting unit engaged in the generation of
18 electricity, for a period not to exceed 20 years; provided, however, a
19 contract shall be awarded only subject to and in accordance with the
20 rules and regulations promulgated by the Director of the Division of
21 Local Government Services in the Department of Community
22 Affairs;
- 23 (8) The supplying of any product or the rendering of any service
24 by a company providing voice, data, transmission, or switching
25 services for a term not exceeding five years;
- 26 (9) Any single project for the construction, reconstruction, or
27 rehabilitation of any public building, structure, or facility, or any
28 public works project, including the retention of the services of any
29 architect or engineer in connection therewith, for the length of time
30 authorized and necessary for the completion of the actual
31 construction;
- 32 (10) The providing of food services for any term not exceeding
33 three years;
- 34 (11) On-site inspections and plan review services undertaken by
35 private agencies pursuant to the "State Uniform Construction Code
36 Act," P.L.1975, c.217 (C.52:27D-119 et seq.) for any term of not
37 more than three years;
- 38 (12) (Deleted by amendment, P.L.2009, c.4) **[.]**
- 39 (13) (Deleted by amendment, P.L.1999, c.440 **[.]**)
- 40 (14) (Deleted by amendment, P.L.1999, c.440 **[.]**)
- 41 (15) Leasing of motor vehicles, machinery, and other equipment
42 primarily used to fight fires, for a term not to exceed ten years,
43 when the contract includes an option to purchase, subject to and in
44 accordance with rules and regulations promulgated by the Director
45 of the Division of Local Government Services in the Department of
46 Community Affairs;
- 47 (16) The provision of water supply services or the designing,
48 financing, construction, operation, or maintenance, or any

1 combination thereof, of a water supply facility, or any component
2 part or parts thereof, including a water filtration system, for a period
3 not to exceed 40 years, when the contract for these services is
4 approved by the Division of Local Government Services in the
5 Department of Community Affairs, the Board of Public Utilities,
6 and the Department of Environmental Protection pursuant to
7 P.L.1985, c.37 (C.58:26-1 et al.), except that no approvals shall be
8 required for those contracts otherwise exempted pursuant to
9 subsection (30), (31), (34), (35) or (43) of this section.

10 For the purposes of this subsection, "water supply services"
11 means any service provided by a water supply facility; "water
12 filtration system" means any equipment, plants, structures,
13 machinery, apparatus, or land, or any combination thereof,
14 acquired, used, constructed, rehabilitated, or operated for the
15 collection, impoundment, storage, improvement, filtration, or other
16 treatment of drinking water for the purposes of purifying and
17 enhancing water quality and insuring its potability prior to the
18 distribution of the drinking water to the general public for human
19 consumption, including plants and works, and other personal
20 property and appurtenances necessary for their use or operation; and
21 "water supply facility" means and refers to the real property and the
22 plants, structures, or interconnections between existing water
23 supply facilities, machinery and equipment and other property, real,
24 personal, and mixed, acquired, constructed, or operated, or to be
25 acquired, constructed, or operated, in whole or in part by or on
26 behalf of a political subdivision of the State or any agency thereof,
27 for the purpose of augmenting the natural water resources of the
28 State and making available an increased supply of water for all
29 uses, or of conserving existing water resources, and any and all
30 appurtenances necessary, useful, or convenient for the collecting,
31 impounding, storing, improving, treating, filtering, conserving, or
32 transmitting of water and for the preservation and protection of
33 these resources and facilities and providing for the conservation and
34 development of future water supply resources;

35 (17)The provision of resource recovery services by a qualified
36 vendor, the disposal of the solid waste delivered for disposal which
37 cannot be processed by a resource recovery facility or the residual
38 ash generated at a resource recovery facility, including hazardous
39 waste and recovered metals and other materials for reuse, or the
40 design, financing, construction, operation, or maintenance of a
41 resource recovery facility for a period not to exceed 40 years when
42 the contract is approved by the Division of Local Government
43 Services in the Department of Community Affairs, and the
44 Department of Environmental Protection pursuant to P.L.1985, c.38
45 (C.13:1E-136 et al.); and when the resource recovery facility is in
46 conformance with a district solid waste management plan approved
47 pursuant to P.L.1970, c.39 (C.13:1E-1 et seq.).

1 For the purposes of this subsection, "resource recovery facility"
2 means a solid waste facility constructed and operated for the
3 incineration of solid waste for energy production and the recovery
4 of metals and other materials for reuse, or a mechanized composting
5 facility, or any other facility constructed or operated for the
6 collection, separation, recycling, and recovery of metals, glass,
7 paper, and other materials for reuse or for energy production; and
8 "residual ash" means the bottom ash, fly ash, or any combination
9 thereof, resulting from the combustion of solid waste at a resource
10 recovery facility;

11 (18)The sale of electricity or thermal energy, or both, produced
12 by a resource recovery facility for a period not to exceed 40 years
13 when the contract is approved by the Board of Public Utilities, and
14 when the resource recovery facility is in conformance with a district
15 solid waste management plan approved pursuant to P.L.1970, c.39
16 (C.13:1E-1 et seq.).

17 For the purposes of this subsection, "resource recovery facility"
18 means a solid waste facility constructed and operated for the
19 incineration of solid waste for energy production and the recovery
20 of metals and other materials for reuse, or a mechanized composting
21 facility, or any other facility constructed or operated for the
22 collection, separation, recycling, and recovery of metals, glass,
23 paper, and other materials for reuse or for energy production;

24 (19)The provision of wastewater treatment services or the
25 designing, financing, construction, operation, or maintenance, or
26 any combination thereof, of a wastewater treatment system, or any
27 component part or parts thereof, for a period not to exceed 40 years,
28 when the contract for these services is approved by the Division of
29 Local Government Services in the Department of Community
30 Affairs and the Department of Environmental Protection pursuant to
31 P.L.1985, c.72 (C.58:27-1 et al.), except that no approvals shall be
32 required for those contracts otherwise exempted pursuant to
33 subsection (36) or (43) of this section.

34 For the purposes of this subsection, "wastewater treatment
35 services" means any services provided by a wastewater treatment
36 system; and "wastewater treatment system" means equipment,
37 plants, structures, machinery, apparatus, or land, or any
38 combination thereof, acquired, used, constructed, or operated for
39 the storage, collection, reduction, recycling, reclamation, disposal,
40 separation, or other treatment of wastewater or sewage sludge, or
41 for the final disposal of residues resulting from the treatment of
42 wastewater, including, but not limited to, pumping and ventilating
43 stations, facilities, plants and works, connections, outfall sewers,
44 interceptors, trunk lines, and other personal property and
45 appurtenances necessary for their operation;

46 (20)The supplying of goods or services for the purpose of
47 lighting public streets, for a term not to exceed five years;

1 (21)The provision of emergency medical services for a term not
2 to exceed five years;

3 (22)Towing and storage contracts, awarded pursuant to
4 paragraph u. of subsection (1) of section 5 of P.L.1971, c.198
5 (C.40A:11-5) for any term not exceeding three years;

6 (23)Fuel for the purpose of generating electricity for a term not
7 to exceed eight years;

8 (24)The purchase of electricity or administrative or dispatching
9 services related to the transmission of electricity, from a supplier of
10 electricity subject to the jurisdiction of a federal regulatory agency,
11 from a qualifying small power producing facility or qualifying
12 cogeneration facility, as defined by 16 U.S.C. s.796, or from any
13 supplier of electricity within any regional transmission organization
14 or independent system operator or from an organization or operator
15 or their successors, by a contracting unit engaged in the generation
16 of electricity for retail sale, as of May 24, 1991, for a term not to
17 exceed 40 years; or by a contracting unit engaged solely in the
18 distribution of electricity for retail sale for a term not to exceed ten
19 years, except that a contract with a contracting unit, engaged solely
20 in the distribution of electricity for retail sale, in excess of ten
21 years, shall require the written approval of the Director of the
22 Division of Local Government Services. If the director fails to
23 respond in writing to the contracting unit within 10 business days,
24 the contract shall be deemed approved;

25 (25)Basic life support services, for a period not to exceed five
26 years.

27 For the purposes of this subsection, "basic life support" means a
28 basic level of prehospital care, which includes but need not be
29 limited to patient stabilization, airway clearance, cardiopulmonary
30 resuscitation, hemorrhage control, initial wound care, and fracture
31 stabilization;

32 (26)(Deleted by amendment, P.L.1999, c.440[.])

33 (27)The provision of transportation services to an elderly person,
34 an individual with a disability, or an indigent person for any term of
35 not more than three years.

36 For the purposes of this subsection, "elderly person" means a
37 person who is 60 years of age or older. "Individual with a
38 disability" means a person of any age who, by reason of illness,
39 injury, age, congenital malfunction, or other permanent or
40 temporary incapacity or disability, is unable, without special
41 facilities or special planning or design to utilize mass transportation
42 facilities and services as effectively as persons who are not so
43 affected. "Indigent person " means a person of any age whose
44 income does not exceed 100 percent of the poverty line, adjusted
45 for family size, established and adjusted under section 2 of the
46 "Community Services Block Grant Act," (42 U.S.C. s.9902);

47 (28)The supplying of liquid oxygen or other chemicals, for a
48 term not to exceed five years, when the contract includes the

1 installation of tanks or other storage facilities by the supplier, on or
2 near the premises of the contracting unit;

3 (29)The performance of patient care services by contracted
4 medical staff at county hospitals, correction facilities, and long term
5 care facilities, for any term of not more than three years;

6 (30)The acquisition of an equitable interest in a water supply
7 facility pursuant to section 2 of P.L.1993, c.381 (C.58:28-2), or a
8 contract entered into pursuant to the "County and Municipal Water
9 Supply Act," N.J.S.40A:31-1 et seq., if the contract is entered into
10 no later than January 7, 1995, for any term of not more than **forty**
11 40 years;

12 (31)The provision of water supply services or the financing,
13 construction, operation, or maintenance or any combination thereof,
14 of a water supply facility or any component part or parts thereof, by
15 a partnership or copartnership established pursuant to a contract
16 authorized under section 2 of P.L.1993, c.381 (C.58:28-2), for a
17 period not to exceed 40 years;

18 (32)Laundry service and the rental, supply, and cleaning of
19 uniforms for any term of not more than three years;

20 (33)The supplying of any product or the rendering of any
21 service, including consulting services, by a cemetery management
22 company for the maintenance and preservation of a municipal
23 cemetery operating pursuant to the "New Jersey Cemetery Act,
24 2003," P.L.2003, c.261 (C.45:27-1 et seq.), for a term not exceeding
25 15 years;

26 (34)A contract between a public entity and a private firm
27 pursuant to P.L.1995, c.101 (C.58:26-19 et al.) for the provision of
28 water supply services may be entered into for any term which, when
29 all optional extension periods are added, may not exceed 40 years;

30 (35)A contract for the purchase of a supply of water from a
31 public utility company subject to the jurisdiction of the Board of
32 Public Utilities in accordance with tariffs and schedules of charges
33 made, charged or exacted or contracts filed with the Board of Public
34 Utilities, for any term of not more than 40 years;

35 (36)A contract between a public entity and a private firm or
36 public authority pursuant to P.L.1995, c.216 (C.58:27-19 et al.) for
37 the provision of wastewater treatment services may be entered into
38 for any term of not more than 40 years, including all optional
39 extension periods;

40 (37)The operation and management of a facility under a license
41 issued or permit approved by the Department of Environmental
42 Protection, including a wastewater treatment system, a stormwater
43 management system, or a water supply or distribution facility, as
44 the case may be, for any term of not more than ten years.

45 For the purposes of this subsection, "wastewater treatment
46 system" refers to facilities operated or maintained for the storage,
47 collection, reduction, disposal, or other treatment of wastewater or
48 sewage sludge, remediation of groundwater contamination,

1 stormwater runoff, or the final disposal of residues resulting from
2 the treatment of wastewater; "stormwater management system"
3 means the same as that term is defined in section 3 of P.L.2019,
4 c.42 (C.40A:26B-3); and "water supply or distribution facility"
5 refers to facilities operated or maintained for augmenting the
6 natural water resources of the State, increasing the supply of water,
7 conserving existing water resources, or distributing water to users;

8 (38)Municipal solid waste collection from facilities owned by a
9 contracting unit, for any term of not more than three years;

10 (39)Fuel for heating purposes, for any term of not more than
11 three years;

12 (40)Fuel or oil for use in motor vehicles for any term of not more
13 than three years;

14 (41)Plowing and removal of snow and ice for any term of not
15 more than three years;

16 (42)Purchases made under a contract awarded by the Director of
17 the Division of Purchase and Property in the Department of the
18 Treasury for use by counties, municipalities, or other contracting
19 units pursuant to section 3 of P.L.1969, c.104 (C.52:25-16.1), for a
20 term not to exceed the term of that contract;

21 (43)A contract between the governing body of a city of the first
22 class and a duly incorporated nonprofit association for the provision
23 of water supply services as defined in subsection (16) of this
24 section, or wastewater treatment services as defined in subsection
25 (19) of this section, may be entered into for a period not to exceed
26 40 years;

27 (44)The purchase of electricity generated through Class I
28 renewable energy or from a power production facility that is fueled
29 by methane gas extracted from a landfill in the county of the
30 contacting unit for any term not exceeding 25 years;

31 (45)The provision or performance of goods or services for the
32 purpose of producing Class I renewable energy or Class II
33 renewable energy, as those terms are defined in section 3 of
34 P.L.1999, c.23 (C.48:3-51), at, or adjacent to, buildings owned by,
35 or operations conducted by, the contracting unit, the entire price of
36 which is to be established as a percentage of the resultant savings in
37 energy costs, for a term not to exceed 15 years; provided, however,
38 that a contract shall be entered into only subject to and in
39 accordance with guidelines promulgated by the Board of Public
40 Utilities establishing a methodology for computing energy cost
41 savings and energy generation costs;

42 (46)A power supply contract, as defined pursuant to section 3 of
43 P.L.2015, c.129 (C.40A:66-3), between a member municipality as
44 defined pursuant to section 3 of P.L.2015, c.129 (C.40A:66-3), and
45 the municipal shared services energy authority established pursuant
46 to the provisions of P.L.2015, c.129 (C.40A:66-1 et al.) to meet the
47 electric power needs of its members, for the lease, operation, or
48 management of electric generation within a member municipality's

1 corporate limits and franchise area or the purchase of electricity, or
2 the purchase of fuel for generating units for a term not to exceed 40
3 years;

4 (47) A contract entered into pursuant to paragraph (2) of
5 subsection a. of section 6 of P.L.2006, c.46 (C.30:9-23.20) between
6 a county hospital authority and a manager for the management,
7 operation, and maintenance of a hospital owned by the authority or
8 the county for a term not to exceed 20 years, provided, however,
9 that a contract entered into pursuant to paragraph (2) of subsection
10 a. of section 6 of P.L.2006, c.46 (C.30:9-23.20) may be renewed for
11 two additional periods, not to exceed five years each; **[and]**

12 (48) (a) A lease agreement that provides for the use, lease, lease-
13 back, acquisition, operation, or maintenance of ferry boats and
14 related facilities and services, for a period not to exceed 20 years,
15 except as provided by paragraph (b) of this subsection. For the
16 purposes of this subsection, "related facilities and services"
17 includes, but is not limited to, docks and terminals, parking
18 facilities, intermodal facilities, ingress and egress to the parking and
19 terminal facilities, and the provision of goods and services to the
20 public, provided that a contract for the provision or performance of
21 such goods or services is related to ferry services and requires:

22 (1) a total capital expenditure exceeding \$300,000, as certified
23 by the chief financial officer of the contracting unit, including but
24 not limited to capital expenditures made by the lessee; or

25 (2) a capital improvement that has a life expectancy upon
26 completion exceeding 20 years, as certified by the chief financial
27 officer of the contracting unit.

28 (b) A lease agreement for a capital improvement under
29 subparagraph (2) of paragraph (a) of this subsection may be
30 awarded for a period not to exceed 50 years.

31 (c) Each worker employed in a construction project under a
32 contract executed pursuant to this subsection shall be paid not less
33 than the prevailing wage rate for the worker's craft or trade as
34 determined by the Commissioner of Labor and Workforce
35 Development pursuant to P.L.1963, c.150 (C.34:11-56.25 et seq.);
36 and

37 (49) The provision of electricity and electricity-related products
38 and services attendant to an energy storage system, including grid-
39 support, reliability, resiliency, demand management, capacity, and
40 other services provided through or enabled by an energy storage
41 system, through an agreement, for a term not to exceed 25 years.

42 Any contract for services other than professional services, the
43 statutory length of which contract is for three years or less, may
44 include provisions for no more than one two-year, or two one-year,
45 extensions, subject to the following limitations: a. The contract
46 shall be awarded by resolution of the governing body upon a
47 finding by the governing body that the services are being performed
48 in an effective and efficient manner; b. No contract shall be

1 extended so that it runs for more than a total of five consecutive
2 years; c. Any price change included as part of an extension shall be
3 based upon the price of the original contract as cumulatively
4 adjusted pursuant to any previous adjustment or extension and shall
5 not exceed the change in the index rate for the 12 months preceding
6 the most recent quarterly calculation available at the time the
7 contract is renewed; and d. The terms and conditions of the contract
8 remain substantially the same.

9 All multiyear leases and contracts entered into pursuant to this
10 section, including any two-year or one-year extensions, except
11 contracts involving the supplying of electricity for the purpose of
12 lighting public streets and contracts for thermal energy authorized
13 pursuant to subsection (1) above, construction contracts authorized
14 pursuant to subsection (9) above, contracts for the provision or
15 performance of goods or services or the supplying of equipment to
16 promote energy conservation through the production of Class I
17 renewable energy or Class II renewable energy authorized pursuant
18 to subsection (45) above, contracts for water supply services or for
19 a water supply facility, or any component part or parts thereof
20 authorized pursuant to subsection (16), (30), (31), (34), (35), (37),
21 or (43) above, contracts for resource recovery services or a resource
22 recovery facility authorized pursuant to subsection (17) above,
23 contracts for the sale of energy produced by a resource recovery
24 facility authorized pursuant to subsection (18) above, contracts for
25 wastewater treatment services or for a wastewater treatment system
26 or any component part or parts thereof authorized pursuant to
27 subsection (19), (36), (37), or (43) above, contracts for the
28 operation and maintenance of a stormwater management system
29 authorized pursuant to subsection (37) above, and contracts for the
30 purchase of electricity or administrative or dispatching services
31 related to the transmission of electricity authorized pursuant to
32 subsection (24) above, contracts for the purchase of electricity
33 generated from a power production facility that is fueled by
34 methane gas authorized pursuant to subsection (44) above, and
35 power supply contracts authorized pursuant to subsection (46)
36 above, and provision of electricity and electricity-related products
37 and services attendant to an energy storage system pursuant to
38 subsection (49) respectively, shall contain a clause making them
39 subject to the availability and appropriation annually of sufficient
40 funds as may be required to meet the extended obligation, or
41 contain an annual cancellation clause.

42 The Division of Local Government Services in the Department
43 of Community Affairs shall adopt and promulgate rules and
44 regulations concerning the methods of accounting for all contracts
45 that do not coincide with the fiscal year.

46 All contracts shall cease to have effect at the end of the
47 contracted period and shall not be extended by any mechanism or
48 provision, unless in conformance with the "Local Public Contracts

1 Law," P.L.1971, c.198 (C.40A:11-1 et seq.), except that a contract
2 may be extended by mutual agreement of the parties to the contract
3 when a contracting unit has commenced rebidding prior to the time
4 the contract expires or when the awarding of a contract is pending
5 at the time the contract expires.
6 (cf: P.L.2019, c.79, s.1)

7

8 2. This act shall take effect immediately.

9

10

11

STATEMENT

12

13 Under the "Local Public Contracts Law," P.L.1971, c.198
14 (C.40A:11-1 et seq.), all contracts for the provision or performance
15 of goods or services are awarded for a period not to exceed 24
16 consecutive months. However, the law specifies certain contracts
17 which may be awarded for longer periods of time. This bill amends
18 the law to provide that the provision of electricity and electricity-
19 related products and services related to an energy storage system, as
20 specified in the bill, through an agreement is authorized for a term
21 not to exceed 25 years, and provides that such agreements are not
22 required to contain certain clauses specified for inclusion in other
23 agreements.

24 The bill also makes technical corrections to existing law.