



SENATE, No.721
State of New Jersey

Introduced January 26, 1978

By Senator Perskie

Referred to Committee on county and Municipal Government

**A Supplement to the "Local Public Contract Law," approved
June 9, 1971 (P.L. 1971, c. 198; C. 40A:11-1 et seq.)**

Be IT ENACTED by the Senate and General Assembly of the State of New Jersey:

Whenever any contract**, *the total price of which exceeds \$100,000.00,*** entered into by a contracting unit, for the construction, reconstruction, alteration or repair of any building, structure, facility or other improvement to real property, requires the withholding of payment of a percentage of the amount of the contract, the contractor may agree to the withholding of payments in the manner prescribed in the contract, **or may [with the approval] of the contracting unit** deposit with the contracting unit negotiable bearer bonds of the State of New Jersey, or negotiable bearer bonds or notes of any political subdivision of the State,** the value of which is equal to the amount necessary to satisfy the amount that otherwise would be withheld pursuant to the terms of the contract. The nature and amount of the bonds or notes to be deposited shall be subject to approval by the contracting unit ****[and shall be specified in the advertisement for the bids.**

For purposed of this section, "value" shall mean par value or current market value, whichever is lower. If the contractor agrees to the withholding of payments, the amount withheld shall be deposited, with a banking institution or savings and loan association insured by an agency of the Federal government, in an account bearing interest at the rate currently paid by such institutions or associations on time or savings deposits. The amount withheld, ****[and any interest accruing thereon,**or the bonds or notes deposited,**and any interest accruing on such bonds or notes,** shall be returned to the contractor** upon fulfillment of the terms of the contract relating to such withholding. ****Any interest accruing on cash payments withheld shall be credited to the contracting unit. ****

This act shall take effect 30 days after enactment.

EXPLANATION-MATTER ENCLOSED IN BOLD FACED BRACKETS [THUS] IN THE ABOVE BILL IS NOT ENACTED AND IS INTENDED TO BE OMITTED IN THE LAW.