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Local Finance Notice

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Adjustment of Public Bidding Thresholds and Office of State Comptroller Reporting Thresholds Effective July 1, 2020

Pursuant to N.J.S.A. 40A:11-3(c) and 18A:18A-3(b), the State Treasurer has exercised her authority to adjust bid thresholds for contracting units subject to the Local Public Contracts Law and the Public School Contracts Law. These adjustments become effective on July 1, 2020.

For contracting units that have appointed a Qualified Purchasing Agent pursuant to N.J.S.A. 40A:11-9(b), and avail themselves of the related higher bid threshold pursuant to N.J.S.A. 40A:11-3 and 18A:18A-3, the maximum bid threshold has been increased from \$40,000 to \$44,000.

If a contracting unit governed by the Local Public Contracts Law (N.J.S.A. 40:11-1 et seq.) does not have a Qualified Purchasing Agent, the maximum bid threshold remains \$17,500. The maximum bid threshold for those contracting units subject to the Public School Contracts Law (N.J.S.A. 18A:18A-1 et seq.) that do not have a Qualified Purchasing Agent has been increased from \$29,000 to \$32,000.

Contracting units should, as appropriate, review their procurement policies and enabling resolutions or ordinances to determine what action, if any, is needed to take advantage of the higher bid and quotation thresholds. For example, where the contracting unit has set fixed amounts, including if resolutions appointing a qualified purchasing agent used fixed threshold amounts, the governing body may take action to adjust the bid and quotation threshold amounts. Contracting units may elect to set their bid thresholds at a lower amount.

Contracts exceeding the new threshold are subject to the appropriate requirements of the Local Public Contracts Law and the Public School Contracts Law. As a result of the change in bid threshold, the threshold for the informal receipt of quotations, which is 15% of the bid threshold in accordance with 40A:11-6.1(a) and 18A:18A-37(a) also changes. The following table summarizes the information provided above:

	Bid Threshold	Quotation Threshold
LPCL Units without QPAs	\$17,500	\$2,625
PSCL Units without QPAs	\$32,000	\$4,800
LPCL & PSCL Units with QPAs	\$44,000	\$6,600

Please note that the political contribution, “pay to play,” threshold remains at \$17,500. All procurement over \$17,500 and less than the contracting unit’s new, higher bid threshold (window contracts) are subject to those laws.

One exception to the above-referenced bid threshold amounts involves road contracts subject to N.J.S.A. 27:2-1. This law requires that “. . . when the cost of constructing, reconstructing, or resurfacing any State, county or municipal road, street or highway, or portion thereof, will exceed [the bid threshold],” the odd-year bid threshold adjustment formula that was in effect prior to P.L. 1999, c. 440 for all contracting units still applies. Under this formula the applicable bid threshold for these road projects is currently \$19,600.

In addition, the current bid threshold for public school student transportation contracts as calculated pursuant to N.J.S.A. 18A:39-3 is also \$19,600.

Adjustment of Reporting Thresholds to the Office of the State Comptroller

Pursuant to N.J.S.A 52:15C-10(d), the Office of the State Comptroller, after consultation with the Department of the Treasury, has exercised its statutory authority to adjust the threshold amounts set forth in N.J.S.A 52:15C-10 (a) and (b).

Accordingly, as of July 1, 2020, all “contracting units” as defined pursuant to N.J.S.A 52:15C-10(a), which includes local contracting units subject to the Local Public Contracts Law and Public School Contracts Law, shall notify the Office of the State Comptroller of contracts that meet or exceed the below thresholds as follows:

- 1) For contracts involving consideration or an expenditure of more than \$2,500,000 but less than \$12,500,000, no later than 20 business days after the contract award;
- 2) For contracts involving consideration or an expenditure of \$12,500,000 or more, not less than 30 days prior to public advertisement or other public or private solicitation; and
- 3) For contracts issued pursuant to an emergency or public exigency involving consideration or an expenditure of more than \$2,500,000, no later than 30 business days after the award of a contract.

Beginning July 1, 2020, new submission forms will be available on the OSC website at <https://www.nj.gov/comptroller/divisions/procurement/>.

An updated table of all current threshold amounts is attached to this notice.

Recipients are asked to distribute copies of this Notice to personnel who do with purchasing issues, including the Chief Administrative Officer, Chief Financial Officer, and Purchasing Agent, and other staff members who deal with purchasing issues.

If you have any questions regarding bid thresholds, you may contact DLGS staff at (609) 292-7842 or by email at LPCL@dca.nj.gov.

For questions regarding the OSC reporting thresholds, you may email contracts@osc.nj.gov.

Approved: Melanie R. Walter, Director