CHAPTER 14
STATE CONSTRUCTION CONTRACTS FOR SMALL BUSINESSES

Authority

Source and Effective Date
See: 40 N.J.R. 5547(a), 41 N.J.R. 1882(a).

Chapter Expiration Date
Chapter 14, State Construction Contracts for Small Businesses, expires on April 20, 2014.

Chapter Historical Note
Chapter 14, Minority and Female Contractor and Subcontractor Participation in State Construction Contracts, was adopted jointly with the Department of Commerce, Energy and Economic Development as a part of Emergency R.1989 d.481, effective August 14, 1989 (expired October 13, 1989). Adopted concurrent new rules were filed on October 13, 1989 as R.1989 d.554. 21 N.J.R. 2810(a), 21 N.J.R. 3545(b).


The expiration date of Chapter 14, Minority and Female Contractor and Subcontractor Participation in State Construction Contracts, was extended by gubernatorial directive from October 13, 1994 to March 31, 1995. See: 26 N.J.R. 4411(a).


Pursuant to Executive Order No. 66(1978), Chapter 14, Minority and Female Contractor and Subcontractor Participation in State Construction Contracts, was readopted as R.1998 d.200, effective March 27, 1998. See: 30 N.J.R. 603(a), 30 N.J.R. 1425(a).


Chapter 14, State Construction Contracts for Small Businesses, was adopted as new rules by R.2009 d.130, effective April 20, 2009. See: Source and Effective Date. See, also, section annotations.

Cross References
Minority and female business participation in department of transportation construction contracts, see N.J.A.C. 16:4.

Urban Development Corporation, women-owned and minority-owned businesses, compliance with rules under this chapter for projects receiving financial assistance from the Corporation, see N.J.A.C. 12A:80-1.7.

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SUBCHAPTER 1. PURPOSE, SCOPE AND DEFINITIONS
17:14-1.1 Purpose and scope
(a) The rules in this chapter are promulgated by the Department of the Treasury to implement N.J.S.A. 52:32-17 et seq., P.L. 2008, c. 27, and Executive Order No. 71 (2003), dated October 2, 2003, to establish a set-aside program that, in part, requires State agencies with contracting authority to make a good faith effort to award public construction contracts to small businesses. Executive Order No. 71 (1993) requires at least 25 percent of the total dollar value of State contracts to be set aside for eligible small businesses. This
percentage goal is an overall program goal for each State contracting agency. State contracting agencies are expected to apply their business judgment when establishing set-aside goals for individual contracts. The rules in this chapter, as effective prior to April 20, 2009, were jointly promulgated by the New Jersey Commerce Commission and the Department of the Treasury. Pursuant to P.L. 2008, c. 27, effective July 1, 2008, the New Jersey Commerce Commission was abolished and its responsibilities under this chapter were transferred to the Department of the Treasury. Therefore, after July 1, 2008, this chapter must be promulgated by one department, the Department of the Treasury.

(b) These rules apply only to State construction contracts awarded by any State contracting agency and are not applicable to the award of State contracts for the purchase of goods and services not related to construction contracts.

(c) Applications and questions regarding eligibility as a small business should be addressed to:

Department of the Treasury
Division of Minority and Women Business Development
33 West State St., 1st Floor
PO Box 026
Trenton, NJ 08625-0026

See: 35 N.J.R. 3694(a).
Rewrote (a) and (c).
See: 35 N.J.R. 1841(a), 3694(a), 4746(a), 4751(a).
Amended by R.2009 d.130, effective April 20, 2009.
See: 40 N.J.R. 5547(a), 41 N.J.R. 1882(a).
Rewrote (a); and in (c), updated the address.

17:14-1.2 Definitions

The following words and terms, when used in this chapter, shall have the following meanings unless the context clearly indicates otherwise.

“Construction contract” means any contract to which the State or any State contracting agency is a party involving any construction, renovation, reconstruction, rehabilitation, alteration, conversion, extension or demolition of or repair or other changes or improvements of any kind whatsoever to any public structure or facility or highway. The term also includes contracts for consultant services, supervision, inspection and other functions incidental to actual construction.

“Consultant” means an architect, engineer, construction manager, or other provider of technical and professional services in support of the design or construction or highway project.

“Contractor” means any party performing or offering to perform a construction contract or consultant contract, or any party providing materials or goods used to perform a construction contract issued by a contracting agency of the State of New Jersey.

“Delegated purchasing authority” means the authority of a State agency, pursuant to N.J.S.A. 52:34-7, to award contracts on its own pursuant to authority delegated to it by the Director, Division of Property Management and Construction.

“Director” means the head of the Division of Minority and Women Business Development in the Department of the Treasury.

“Division of Minority and Women Business Development” or “Division” means the Division within the Department of the Treasury that administers the registration of small business enterprises, the certification of the minority and women businesses, and provides other services to small, minority and women businesses, pursuant to Executive Order No. 34 (2006), P.L. 2008, c. 27, §18 and the Set-Aside Act.

“Division of Property Management and Construction (DPMC)” means the State agency within the Department of the Treasury which provides a centralized design and construction contract procurement and administration service for other State agencies pursuant to N.J.S.A. 52:18A-151 et seq.

“Goal” means the statutorily determined percentage of contracting awarded by each State contracting agency to small businesses in order to comply with the small business provisions of the Set-Aside Act. It further means the percentage of State contracting dollars that the State contracting agency makes a good faith effort to award to small businesses under Executive Order No. 71 (1993).

“Premier Business Services” means online business services provided via the State’s business website at www.newjerseybusiness.gov, which include tax filing and payment services, for which a business must register as part of its small business application.

“Registration” means the process by which any business can have its eligibility for participation in the Division’s small business programs determined.


“Set-aside contract” means a contract specifically designated by a contracting agency as exclusively available for award to a small business.

“Small business” means a business which has its principal place of business in the State; is independently owned and operated; has no more than 100 full-time employees; has gross revenues that do not exceed the applicable Federal revenue standards referenced at N.J.A.C. 17:14-2.1; and
satisfies any additional eligibility standards under this chapter.

“Small business database” means the State database that lists small businesses and is available for use by State contracting agencies and others in confirming eligibility for set-aside contracts and subcontracts and in reporting progress toward established contract award goals.

“State contracting agency” or “contracting agency” means any board, commission, committee, authority, college, university, division or department of the State which possesses the legal authority to award and make construction contracts. A list of State contracting agencies shall be maintained on the State’s business website at www.newjerseybusiness.gov, and updated as necessary to reflect the addition or elimination of State contracting agencies.

“Subcontractor” means a third party that is engaged by a contractor to perform all or part of the work or to provide supplies, materials or equipment included in a construction contract with a State contracting agency.

“Target” means the numerical objectives which a State contracting agency establishes, on a contract by contract basis, in order to meet its small business goal.

“Treasurer” means the Treasurer of the State of New Jersey or his or her designee.

“Vendor Registration Form” means the form available online that a business completes when applying to the Division to register as a small business under this chapter.

Adopted concurrent proposal, R.1989 d.554, effective November 6, 1989.
See: 21 N.J.R. 2810(a), 21 N.J.R. 3545(b).

Provisions of emergency amendment R.1989 d.481 readopted with changes.

Administrative Correction to (a): change reference.
See: 22 N.J.R. 1150(a).


Formerly “Applicability and scope”.

See: 35 N.J.R. 3694(a).
Rewrote the section.

See: 35 N.J.R. 1841(a), 3694(a), 4746(e), 4751(a).

Amended by R.2009 d.130, effective April 20, 2009.
See: 40 N.J.R. 5547(a), 41 N.J.R. 1882(a).

In definition “Construction contract”, substituted “or” for a comma following “extension”, “of or” for a comma following “demolition” and “to” for “of” following “whosoever”, and deleted “the” preceding “supervision”, in definition “Consultant”, substituted “the” for “a” preceding “design”; in definition “Delegated purchasing authority”, inserted “,” pursuant to N.J.S.A. 52:34-7,” and deleted “, as established in N.J.S.A. 52:34-7,” from the end; added definitions “Director”, “Division of Minority and Women Business Development”, “Premier Business Services”, “Set-Aside Act”, “Small business database” and “Vendor Registration Form”; rewrote definitions “Goal”, “Small business” and “State contracting agency”; in definition “Registration”, substituted “Division’s” for “Commerce Commission’s”; deleted definition “Secretary”; in definition “Set-aside contract”, substituted “a” for “an eligible” preceding “small”; and in definition “Subcontractor”, deleted “-related” following “construction”.

Case Notes

Minority set-aside provisions in the Casino Control Act violated equal protection, as statutory definition of minorities was not narrowly tailored; definition included minorities not found to have been subject to discrimination, and adoption of regulations limiting definition of minorities to African-Americans, Latinos, and Asian Americans could not cure defect, as Casino Redevelopment Authority did not have authority to deviate from statutorily-defined minorities eligible for inclusion in set-aside program. L. Ferrozi Concrete Company v. Casino Reinvestment Development Authority, 776 A.2d 254 (2001).

Overinclusiveness in the Casino Control Act’s minority set-aside program, based on inclusion in set-aside program of minorities who were not found to have been subject to discrimination, could not be cured by striking portions of statute and rewriting definitional scheme, where there were inconsistencies among pertinent statutes and regulations as to which minorities would be entitled to be included in set-aside program. L. Ferrozi Concrete Company v. Casino Reinvestment Development Authority, 776 A.2d 254 (2001).

17:14-1.3 (Reserved)
Formerly “Standards of eligibility for minority business and female business”.

17:14-1.4 (Reserved)
Formerly “Registration procedures for minority businesses and female businesses”.

17:14-1.5 (Reserved)
Formerly “Approval as a minority business or female business”.

17:14-1.6 (Reserved)
Adopted concurrent proposal, R.1989 d.554, effective November 6, 1989.
See: 21 N.J.R. 2810(a), 21 N.J.R. 3545(b).

Provisions of emergency amendment R.1989 d.481 readopted with changes.

Administrative Correction to (c).
See: 21 N.J.R. 3674(b).
Formerly “Time for application to register as a minority business or female business”.

17:14-1.7 (Reserved)
Formerly “Procedures for challenging a business registered as a minority business or female business”.
17:14-1.8 (Reserved)
Adopted concurrent proposal, R.1989 d.554, effective November 6, 1989.
See: 21 N.J.R. 2810(a), 21 N.J.R. 3545(b).
Provisions of emergency amendment R.1989 d.481 readopted with changes.
Formerly “Obligation to provide information and penalties for failure to provide complete and accurate information”.

17:14-1.9 (Reserved)
Adopted concurrent proposal, R.1989 d.554, effective November 6, 1989.
See: 21 N.J.R. 2810(a), 21 N.J.R. 3545(b).
Provisions of emergency amendment R.1989 d.481 readopted with changes.
Formerly “Subcontracting targets”.

17:14-1.10 (Reserved)
Adopted concurrent proposal, R.1989 d.554, effective November 6, 1989.
See: 21 N.J.R. 2810(a), 21 N.J.R. 3545(b).
Provisions of emergency amendment R.1989 d.481 readopted with changes.
Formerly “Submission of subcontracting information”.

17:14-1.11 (Reserved)
Formerly “Severability”.

17:14-1.12 (Reserved)
Formerly “Review”.

SUBCHAPTER 2. ELIGIBILITY REQUIREMENTS FOR SMALL BUSINESSES

17:14-2.1 Standards of eligibility for small businesses
(a) In order to be eligible as a small business, a business must satisfy all of the following criteria:

1. The business must be independently owned and operated, as evidenced by its management being responsible for both its daily and long term operation, and its management owning at least 51 percent interest in the business.

2. The business must be incorporated or registered to do business in the State and have its principal place of business in New Jersey, defined as such when either 51 percent or more of its employees work in New Jersey, as evidenced by the payment of New Jersey unemployment taxes or 51 percent or more of its business activities take place in New Jersey, as evidenced by its payment of income or business taxes.

3. The business must be a sole proprietorship, partnership, limited liability company, or corporation with 100 or fewer employees in full-time positions, not including:

i. Seasonal and part-time employees employed for less than 90 days, if seasonal and casual part-time employment are common to that industry; and

ii. Consultants employed under other contracts not related to the construction and construction-related services that are the subject of the specific contract for which the business wants to be eligible as a small business.

4. The business must have gross revenues that do not exceed the applicable revenue standards set forth at (d) below.

i. Gross revenues of a business which has been in business for three or more completed years means the revenues of the business over its last three completed tax years divided by three.

ii. Gross revenues of a business which has been in business for less than three complete tax years means the revenues for the period the business has been in business divided by the number of weeks in business, multiplied by 52.

iii. Gross revenues of a business which has been in business three or more complete tax years but has a short year as one of those years means the revenues for the short year and the two full years divided by the number of weeks in the short year and the two full years, multiplied by 52.

(b) In addition to (a) above, the Division may limit participation in its small business set-aside programs to businesses whose individual owners do not exceed $750,000 in personal net worth.

(c) Eligibility is formalized by the Division’s registration and approval process.

(d) Small businesses will be registered in one of the following three categories:

1. Small businesses whose gross revenues do not exceed $3 million;

2. Small businesses whose gross revenues do not exceed 50 percent of the applicable annual revenue standards set forth in Federal regulation at 13 CFR 121.201 (see www.sba.gov/tools/resourcelibrary/laws_and_regulations/index.html), incorporated herein by reference, and as may be adjusted periodically; or

3. Small businesses whose gross revenues do not exceed the applicable annual revenue standards set forth in Federal regulation at 13 CFR 121.201, incorporated herein by reference, as may be adjusted periodically.
(e) Small businesses registered in the category in (d)1 above will be eligible to participate in set-aside contracts and subcontracting programs available to businesses registered in the categories in (d)1, 2 and 3 above. Small businesses registered only in the category in (d)2 above will be eligible to participate in set-aside contracts and subcontracting programs available to businesses registered in the categories in (d)2 and 3 above. Small businesses registered in the category in (d)3 above will be eligible to participate in set-aside contracts and subcontracting programs available to businesses registered only in the category in (d)3 above.

See: 35 N.J.R. 3694(a).
Rewrote the section.
See: 35 N.J.R. 1841(a), 3694(a), 4746(a), 4751(a).
Added (c).
Amended by R.2009 d.130, effective April 20, 2009.
See: 40 N.J.R. 5547(a), 41 N.J.R. 1882(a).
In the introductory paragraph of (a), inserted "; limited liability company", and substituted "positions" for "position"; rewrote the introductory paragraph of (a); in (b), substituted "Division" for "Commerce Commission"; in (c), substituted "Division’s" for "Commerce Commission’s"; in the introductory paragraph of (d), substituted "three" for "two"; in (d), substituted "$3" for "$1", and deleted "or" from the end; added new (d)2; recodified former (d)2 as (d)3; in (d)3, inserted "Federal regulation at" and ", incorporated herein by reference, as may be adjusted periodically"; and in (e), substituted "2 and 3" for "2" and "categories in (d)2 and 3 above" for "category (d)2 above only", and inserted "only" and the last sentence.

17:14-2.2 Obligation to provide information and penalties for failure to provide complete and accurate information

(a) Applicants shall accurately and honestly supply all information required by the Division.

(b) When a business has been approved as an eligible small business on the basis of false information knowingly supplied by the business and the business has been awarded a State construction contract or subcontract, the Division, after notice and opportunity for a contested case hearing pursuant to N.J.S.A. 52:14B-10 and N.J.A.C. 1:1, shall:

1. Assess the business any difference between the contract amount and what the State’s cost would have been if the contract had not been awarded in accordance with the provisions of N.J.S.A. 52:32-17 et seq.;

2. Assess the business a penalty in the amount of not more than 10 percent of the amount of the contract or subcontract involved;

3. Order the business ineligible to transact any business with a State contracting agency for a period of not less than three months and not more than 24 months; and

4. Revoke the registration of the business as an eligible small business and remove the business from the small business database.

(c) Any business approved by the Division as a small business shall immediately apprise the Division of any circumstances which might affect the eligibility of the business under these rules.

(d) The failure of a business to report any such changed circumstances, or the intentional reporting of false information, shall disqualify the business for inclusion in the small business database under these rules and may subject the business to adverse action by contracting agencies and/or the Attorney General.

(e) When a business has been registered as a small business on the basis of false information knowingly supplied by the business, but the business has not been awarded a State contract or a subcontract thereto, the Division, after notice and opportunity for a contested case hearing pursuant to N.J.S.A. 52:14B-10 and N.J.A.C. 1:1, shall revoke the registration of the business as an eligible small business and notify the Office of the Attorney General and State contracting agencies.

See: 35 N.J.R. 3694(a).
In (b) and (e), deleted minority and gender references.
See: 35 N.J.R. 1841(a), 3694(a), 4746(a), 4751(a).
Amended by R.2009 d.130, effective April 20, 2009.
See: 40 N.J.R. 5547(a), 41 N.J.R. 1882(a).
In (a) and throughout (c), substituted "Division" for "Commerce Commission"; in the introductory paragraph of (b), substituted "Division" for "Secretary"; in (b)2, deleted "and" from the end; in (h)3, substituted "; and" for a period at the end; added (b)4; in (d), substituted "in the small business database" for "on any vendors list"; and added (e).

17:14-2.3 (Reserved)

See: 35 N.J.R. 3694(a).
Section was "Right to hearing upon denial of contract."
See: 35 N.J.R. 1841(a), 3694(a), 4746(a), 4751(a).

SUBCHAPTER 3. REGISTRATION

17:14-3.1 Registration procedures for small businesses

(a) A business seeking to register as a small business shall comply with the following registration procedures:
1. The business shall register at www.newjerseybusiness.gov for Premier Business Services; and

2. The business shall apply to the Division by completing the Vendor Registration Form, available online at www.newjerseybusiness.gov.

i. As part of its application to the Division, a business shall document its principal place of business, independent status, number of employees, and gross revenue. This documentation shall include appropriate forms or reports otherwise submitted to or issued by State and Federal agencies, such as employee reports filed with the New Jersey Department of Labor and Workforce Development or certificates of incorporation issued by the New Jersey Department of State.

ii. If an applicant knowingly supplies incomplete or inaccurate information, the application shall be denied under this chapter, the business shall be disqualified from inclusion in the small business database, and the business may be subject to adverse action of contracting agencies, the Attorney General or other enforcement agencies.

iii. As part of its application, the business shall pay a non-refundable $100.00 application fee for a three-year registration.

(b) When an application for registration as a small business has been completed, the Division shall determine whether to approve it and notify the business of its decision. If approved, the Division will issue the business a registration certification and add the business to the small business database.

(c) The small business database shall be used by State contracting agencies in confirming eligibility for set-aside contracts and subcontracts and in reporting progress toward established contract award goals.

(d) Every three years, no later than 20 days prior to expiration of the small business's registration, and not earlier than 60 days prior to the expiration of such registration, a business interested in remaining registered as a small business shall comply with the registration procedures pursuant to (a) above.

(e) Annually the business must submit, prior to the anniversary of the registration notice, an annual verification statement in which it shall attest that there is no change in the ownership, revenue eligibility or control of that business.

1. If the business fails to submit the annual verification statement by the anniversary date, the registration will lapse and the business will be removed from the small business database. If the business seeks to be registered, it will have to reapply and pay the $100.00 application fee.

2. If the business submits the annual verification statement by the anniversary date, but either the verification statement or other information received by the Division indicates that the business is no longer eligible for registration as a small business, the Division shall revoke the registration pursuant to this chapter and, following revocation, the business shall be removed from the small business database. The business may appeal the revocation pursuant to the procedures at N.J.A.C. 17:14-3.4.

Revised from 17:14-1.4 and 1.5 and amended by R.1994 d.310, effective January 3, 1995.
Amended by R.1997 d.52, effective February 3, 1997.
In (a), deleted reference to December 1, 1995 as an alternative filing deadline.
See: 35 N.J.R. 3694(a).
Rewrote the section.
See: 35 N.J.R. 1841(a), 3694(a), 4746(a), 4751(a).
See: 40 N.J.R. 5547(a), 41 N.J.R. 1882(a).
Section was "Registration procedures for small businesses".

17:14-3.2 Time for application to register as a small business

(a) A business may apply to the Division at any time to be registered as a small business and to be placed on the small business database.

(b) If a business is to be eligible to bid on a specific set-aside contract or participate in the subcontracting target programs for purposes of these rules, it must be registered as a small business by the Division on the date the bid or proposal is due at the State contracting agency.

Revised from 17:14-1.6 and amended by R.1994 d.310, effective January 3, 1995.
See: 35 N.J.R. 3694(a).
Rewrote the section.
See: 35 N.J.R. 1841(a), 3694(a), 4746(a), 4751(a).
Amended by R.2009 d.130, effective April 20, 2009.
See: 40 N.J.R. 5547(a), 41 N.J.R. 1882(a).
In (a) and (b), substituted "Division" for "Commerce Commission"; in (a), substituted "small business database" for "appropriate vendor list"; and in (b), deleted "bid" preceding "proposal", and substituted "due at" for "received and opened by".

17:14-3.3 Procedures for challenging a business registered as a small business

(a) The qualification under these rules of a business as a small business may be challenged by any third party.

1. A registration challenge shall be made in writing to the Division, setting forth the factual basis for the chal-
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17:14-3.4 Procedures for denial or revocation of registration as a small business

(a) If the Division either denies an application for small business registration or revokes a registration as a small business, the Division will so notify the business. The denial or revocation is effective as of the date of the Division's notice to the business of its denial or revocation determination.

(b) When a business has been denied registration or had its registration revoked, the business has the right to an appeal. The appeal procedures in this section govern denials and revocations, except for revocations on the basis of false information knowingly supplied by the business. Revocation based on false information knowingly supplied by the business is addressed by the procedures at N.J.A.C. 17:14-2.2.

(c) Within 10 days after receipt of the denial or revocation notification, the business that received the notification may request, in writing to the Division, an appeal hearing. The appeal may concern only the qualification of a business under this chapter as a small business. When the Division receives an appeal, it shall conduct a hearing on the matter as follows:

1. The Division shall notify the business of the time and place of the hearing, and of the right to attend and be represented at the hearing.

2. The burden of proof lies with the challenger. However, the Division may use its own resources to ascertain the validity of a challenge and the status of a business.

3. The hearing will be conducted by a designee of the Director. This designee will issue a written report to the Director within seven working days following the close of the hearing.

4. At the discretion of the Director's designee, participants at the hearing may be permitted to file written exceptions to the designee's report no later than five working days after the date on which the report is made available to the business.

5. Thereafter, the Director shall issue a final decision on the challenge and notify the parties by certified letter.

6. A challenge to a vendor's eligibility shall not stay the contract award process.

Revised from 17:14-1.7 and amended by R.1994 d.310, effective January 3, 1995.
See: 35 N.J.R. 3694(a).
Deleted minority and gender references throughout.
See: 35 N.J.R. 1841(a), 3694(a), 4746(a), 4751(a).
Amended by R.2009 d.130, effective April 20, 2009.
See: 40 N.J.R. 5547(a), 41 N.J.R. 1882(a).
Rewrote the introductory paragraph of (a), rewrote (b)3 and (b)4; in (a)1, substituted the first occurrence of “Division” for “Set-Aside and Certification Office of the Commerce Commission” and the second and third occurrences of “Division” for “Commerce Commission”; in (a)2, (b)1 and (b)2, substituted “Division” for “Commerce Commission”; in the introductory paragraph of (b), substituted “Division” for the first occurrence of “Commerce Commission” and “a designee of the Director” for the second occurrence of “the Commerce Commission”; and in (b)5, substituted “Director” for “Secretary”.

17:14-4.1 Set-aside contracting program goals and procedures

(a) Each State contracting agency, consistent with its contracting authority, shall establish and administer a set-aside program which provides for at least 25 percent of the dollar...
value of its contracts to be awarded to eligible small businesses, as follows: at least five percent shall be awarded to small businesses registered in the category of businesses whose gross revenues do not exceed $3 million; at least an additional five percent shall be awarded to small businesses registered in the category of businesses whose gross revenues do not exceed 50 percent of the applicable revenue standards set forth in 13 CFR 121.201, incorporated herein by reference; at least an additional five percent shall be awarded to small businesses registered in the category of businesses whose gross revenues do not exceed the applicable Federal revenue standards set forth in 13 CFR 121.201; and at least an additional 10 percent shall be awarded to small businesses registered in any of the above categories.

1. Percentages shall be measured by the total dollar value of all such small business set-aside contracts in comparison to the total dollar value of all publicly advertised contracts awarded by the agency within a fiscal year.

2. The State contracting agencies shall designate specific contracts for each of the three small business set-aside categories.

(b) Each State contracting agency shall establish written procedures and maintain records as necessary to define, document and report its good faith efforts to attain the established set-aside contracting goals. Contracts executed under delegated purchasing authority shall be subject to set-aside provisions established by the delegating agency in its formal delegation procedures. Consistent with the requirements of N.J.S.A. 52:32-17 et seq., the procedures shall include the following provisions:

1. The State contracting agency shall review its schedule of contracting opportunities and establish a method of determining which upcoming contracts will be offered as set-aside contracts.

   i. A contract may be considered suitable for set-aside whenever the contracting agency can establish a reasonable expectation that bids may be obtained from at least three qualified eligible businesses capable of furnishing the specified construction work or services.

   ii. The designation as a set-aside contract shall be made prior to public advertisement for bids.

(c) When an agency has made a determination that a contract is suitable for set-aside purposes, the following provisions apply:

1. Public advertisement of the set-aside contracting opportunity shall be consistent with the contracting agency's standard bidding procedures and may be supplemented by special notification efforts to maximize participation.

2. Invitations for bids shall be confined to either small businesses whose gross revenues do not exceed $3 million, small businesses whose gross revenues do not exceed 50 percent of the applicable revenues standards set forth in Federal regulation at 13 CFR 121.201, incorporated herein by reference; or small businesses whose gross revenues do not exceed the applicable annual revenue standards set forth in 13 CFR 121.201, and bids from other bidders shall be rejected.

3. The State contracting agency shall reject all bids and withdraw the designation as a set-aside contract when the agency determines that acceptance of the lowest responsive bid would result in the payment of an unreasonable price or in a contract that is otherwise unacceptable pursuant to that agency's contracting statutes and rules.

   i. The agency shall notify all participating bidders of the bid cancellation, stating the reasons for the cancellation and the agency's intent to re-solicit bids on an unrestricted basis.

4. The award of any contract designated as a set-aside contract shall be made in accordance with the agency's contracting statutes, rules and procedures.

See: 35 N.J.R. 3694(a).
Rewrote the section.
Amended by R.2009 d.130, effective April 20, 2009.
See: 40 N.J.R. 5547(a), 41 N.J.R. 1882(a).
Section was "Set-aside program goals and procedures". Rewrote the introductory paragraph of (a); rewrote (c)2; and in (a)2, substituted "three" for "two".

17:14-4.2 Subcontracting target program and procedures

(a) When it deems appropriate, any State contracting agency, consistent with its contracting authority, may establish and administer a subcontracting target program in lieu of or as a supplement to the set-aside program.

(b) Each State contracting agency shall establish written procedures and maintain records as necessary to define, document and report subcontracts awarded pursuant to this program. The procedures shall include the following provisions:

1. The State contracting agency shall review its schedule of contracting opportunities and establish a method of determining which upcoming contracts are suitable for the subcontracting target program.

   i. Factors to be considered when making the determination that a particular contract is suitable for inclusion in this program include, but are not limited to: the total dollar amount of the project, the use of a general construction contractor for the completion of the entire project and the number of available eligible businesses in geographical proximity to the project site.
ii. The designation of a particular contract as part of the subcontracting target program shall be made prior to the public advertisement for bids.

(c) The State contracting agency shall set separate subcontracting target levels for the participation of small business subcontractors for each construction contract awarded pursuant to this program. The subcontracting target levels shall be set according to the following procedures:

1. The State contracting agency shall make a determination of the subcontractable elements of the contract based upon the agency's breakdown of projected trade disciplines or work components of the contract and the estimated costs of those individual elements.

2. For each subcontractable element, the State contracting agency shall review the appropriate vendor list of the Division to determine the number of eligible small businesses in each of the categories set forth in N.J.A.C. 17:14-2.1 that may reasonably be expected to participate in the project, giving consideration to the geographic location of the project and estimated the dollar value of the subcontract.

3. The subcontractable elements where there are fewer than three small businesses reasonably expected to participate in the contract will be eliminated from consideration for inclusion in the target.

4. Those subcontractable elements having the greatest availability of small businesses will be considered for inclusion in the target.

5. The total dollar value of the subcontractable elements with the greatest likelihood of participation by small businesses shall be combined. The percentage of the total dollar value of the contract that this combined amount represents shall be used as a guide by the State contracting agency to set a reasonable target for overall small business participation in subcontracted elements of the contract but in no event shall exceed 50 percent of the subcontracted elements.

(d) Nothing in these rules shall be construed as requiring or permitting a State contracting agency to depart from its statutory restrictions or documented policies governing the percentage of a contract which may be subcontracted.

(e) The public advertisement shall include a notice to prospective bidders disclosing the subcontracting target levels for the contract.

(f) The bid documents shall contain a detailed notice to bidders advising of the following:

1. The bidding package includes a small business utilization form or forms considered a material and mandatory requirement which must be completed and included as part of the bidder's proposal.

2. Failure to complete and submit the form or forms shall be sufficient basis to deem the proposal non-responsive and thus subject to mandatory rejection.

3. The small business utilization plan will be used by the State contracting agency to determine, prior to award, whether the bidder's proposal is reasonably designed to meet the targets.

(g) A bidder's proposal that fails to identify contracts for small businesses with a combined cost estimate meeting the targets shall include documentation of the bidder's good faith efforts to meet the subcontracting targets. Documentation must include a record of the bidder's attempts to contract with eligible businesses and the reasons for failure to meet the subcontracting targets.

(h) The State contracting agency shall review this documentation in order to determine whether the bidder made reasonable efforts to solicit and award subcontracts to eligible small businesses.

(i) The State contracting agency will consider the bidders' actions taken pursuant to N.J.A.C. 17:14-4.3 in determining whether reasonable efforts were made by the bidder to solicit and award subcontracts to eligible small businesses.

(j) The award of any contract pursuant to this program shall be made, in accordance with the State contracting agency's applicable statutes, rules and procedures, to the bidder whose proposal meets or demonstrates a genuine good faith effort to meet the targets.

Sec: 27 N.J.R. 54(a), 27 N.J.R. 1814(a).
See: 35 N.J.R. 3694(a).
Rewrote the section.
See: 35 N.J.R. 1841(a), 3694(a), 4746(a), 4751(a).
Amended by R.2009 d.130, effective April 20, 2009.
See: 40 N.J.R. 5547(a), 41 N.J.R. 1882(a).
In (c)2, substituted "Division" for "Commerce Commission", deleted folllowing "N.J.A.C.", and deleted the parentheses around as a guide by the State contracting agency to set a reasonable target for overall small business participation in subcontracted elements of the contract but in no event shall exceed 50 percent of the subcontracted elements.

(d) Nothing in these rules shall be construed as requiring or permitting a State contracting agency to depart from its statutory restrictions or documented policies governing the percentage of a contract which may be subcontracted.

(e) The public advertisement shall include a notice to prospective bidders disclosing the subcontracting target levels for the contract.

(f) The bid documents shall contain a detailed notice to bidders advising of the following:

1. The bidding package includes a small business utilization form or forms considered a material and mandatory requirement which must be completed and included as part of the bidder's proposal.

2. Failure to complete and submit the form or forms shall be sufficient basis to deem the proposal non-responsive and thus subject to mandatory rejection.

3. The small business utilization plan will be used by the State contracting agency to determine, prior to award, whether the bidder's proposal is reasonably designed to meet the targets.

(g) A bidder's proposal that fails to identify contracts for small businesses with a combined cost estimate meeting the targets shall include documentation of the bidder's good faith efforts to meet the subcontracting targets. Documentation must include a record of the bidder's attempts to contract with eligible businesses and the reasons for failure to meet the subcontracting targets.

(h) The State contracting agency shall review this documentation in order to determine whether the bidder made reasonable efforts to solicit and award subcontracts to eligible small businesses.

(i) The State contracting agency will consider the bidders' actions taken pursuant to N.J.A.C. 17:14-4.3 in determining whether reasonable efforts were made by the bidder to solicit and award subcontracts to eligible small businesses.

(j) The award of any contract pursuant to this program shall be made, in accordance with the State contracting agency's applicable statutes, rules and procedures, to the bidder whose proposal meets or demonstrates a genuine good faith effort to meet the targets.

Sec: 27 N.J.R. 54(a), 27 N.J.R. 1814(a).
See: 35 N.J.R. 3694(a).
Rewrote the section.
See: 35 N.J.R. 1841(a), 3694(a), 4746(a), 4751(a).
Amended by R.2009 d.130, effective April 20, 2009.
See: 40 N.J.R. 5547(a), 41 N.J.R. 1882(a).
In (c)2, substituted "Division" for "Commerce Commission", deleted "12A:10-2.1" following "N.J.A.C.", and deleted the parentheses around "17:14-2.1"; in (g), substituted "that fails" for "failing"; in (h), substituted "subcontractors" for "contracts"; and in (i), deleted "(12A:10A-4.3)" preceding "in determining".

17:14-4.3 Good faith efforts of bidders; requirements

(a) The following actions shall be taken by a bidder in establishing a good faith effort to solicit and award subcontracts to eligible small businesses:

1. The bidder shall attempt to locate qualified potential small business subcontractors;

2. The bidder shall request a listing of small businesses from the Division if none are known to the bidder;
3. The bidder shall keep a record of its efforts, including the names of businesses contacted and the means and results of such contacts;

4. The bidder shall attempt to contact all potential subcontractors on the same day and use similar methods to contact them;

5. The bidder shall provide all potential subcontractors with detailed information regarding the specifications; and

6. The bidder shall attempt, wherever possible, to negotiate prices with potential subcontractors which submitted higher than acceptable price quotes.

(b) Bidders shall maintain adequate records to document their efforts.

See: 35 N.J.R. 3694(a).
In (a), deleted minority and gender references.
See: 35 N.J.R. 1841(a), 3694(a), 4746(a), 4751(a).
In (a)2, substituted “Commerce Commission” for “State contracting agency”.
Amended by R.2009 d.130, effective April 20, 2009.
See: 40 N.J.R. 5547(a), 41 N.J.R. 1882(a).
In (a)2, substituted “Division” for “Commerce Commission”.

Cross References
State contracts, set-aside programs, solicitation of bids as under this section, see N.J.A.C. 12A:10A-4.2.
State contracts, set-aside programs, public advertisement as under this section, see N.J.A.C. 12A:10A-4.1.

17:14-4.4 Exemptions from set-aside programs

In those circumstances where Federal law or regulations permit or require a procurement procedure other than those prescribed herein, the State contracting agency may follow the Federal procedures notwithstanding the provisions of these rules, provided that the State contracting agency issues a written declaration that such Federal laws are in effect.

SUBCHAPTER 5. PLANNING, REPORTING AND REVIEW

17:14-5.1 Planning

(a) Within 60 calendar days of the finalization of the State budget for each State contracting agency, that agency shall submit to the Division a plan for the coming fiscal year to comply with the programs established by these rules. The Division will assist any State contracting agency in the development of its plan, upon request. This plan shall include the following:

1. A list of all construction contracts scheduled and funded for that year, identifying the estimated cost of each project;

2. Identification of those contracts which the State contracting agency intends to include in its set-aside programs; and

3. Identification of those contracts which the State contracting agency intends to include in its target programs.

(b) The Division shall review the plan to determine whether it is reasonably designed to achieve the State contracting agency’s goal of awarding five percent of its total contracting dollars to small businesses registered in the category of businesses whose gross revenues do not exceed $3 million; an additional five percent of its total contracting dollars to small businesses registered in the category of businesses whose gross revenues do not exceed 50 percent of the applicable revenue standards set forth in 13 CFR 121.201, incorporated herein by reference, at least an additional five percent to small businesses registered in the category of businesses whose gross revenues do not exceed the applicable annual revenue standards set forth in 13 CFR 121.201; and at least an additional 10 percent to small businesses registered in any of the above categories.

See: 35 N.J.R. 3694(a).
In (a)2, substituted “set-aside” for “remedial goal”; rewrote (b).
See: 35 N.J.R. 1841(a), 3694(a), 4746(a), 4751(a).
In (a), substituted “State” for “capital” preceding “budget” and inserted “the coming fiscal year to” following “Secretary a plan for” in the introductory paragraph.
Amended by R.2009 d.130, effective April 20, 2009.
See: 40 N.J.R. 5547(a), 41 N.J.R. 1882(a).
In the introductory paragraph of (a), substituted the first occurrence of “Division” for “Secretary” and substituted the second occurrence of “Division” for “Commerce Commission”; in (a)3, deleted “nonremedial” preceding “target”; and rewrote (b).

17:14-5.2 Reporting requirements

(a) Within 30 calendar days of the end of each State contracting agency’s fiscal quarters, the agency shall file with the Division a report containing the following information prescribed by the Division:

1. The total number and dollar value of all contracts advertised and awarded, delineating which of these contracts and the percentages that were advertised and awarded as small business set-aside contracts in each of the three categories of small businesses set forth in N.J.A.C. 17:14-4.1;

i. The State contracting agencies, in determining compliance with the set-aside goals for the three categories, shall count only those contracts awarded as a result of set-aside designations and only for the categories designated. If a registered small business was
awarded a contract that was not set aside, that contract
cannot be counted as a set-aside award but shall be
counted toward attainment of the agency’s overall goal.

2. The total number and dollar value of all contracts
advertised and awarded subject to the subcontracting target
programs, setting forth the number and dollar value of
subcontracts awarded to each of the three categories of
small businesses, respectively; and

3. A description of efforts made by the State contract-
ing agency to conduct outreach and educational programs
for potentially eligible small businesses and any efforts
made to assist the business community in achieving the
objectives of these programs.

(b) Within 90 calendar days of the close of each State
contracting agency’s fiscal year, the agency shall file with the
Division, in a format prescribed by the Division, an analysis
of actual contracting dollars paid to all contractors and actual
contracting dollars paid to each of the three categories of
small businesses, pursuant to set-aside contracts and subcon-
tracts. The Division shall forward the reports to the State
Treasurer.

(c) All reports required by this subchapter shall be con-
sidered public records for the purposes of N.J.S.A. 47:1A-1 et
seq. and shall be retained as part of the permanent records of
the State contracting agency and the Division.

See: 35 N.J.R. 3694(a).
Rewrote the section.

See: 35 N.J.R. 1841(a), 3694(a), 4746(a), 4751(a).
Amended by R.2009 d.130, effective April 20, 2009.
See: 40 N.J.R. 5547(a), 41 N.J.R. 1882(a).
In the introductory paragraph of (a), and in (b) and (c), substituted
“Division” for “Commerce Commission” throughout; in (a)(1), (a)(i) and
(a)(2), substituted “three” for “two”; in (a)(1), updated the N.J.A.C.
reference; and in (b), inserted “each of the three categories” and inserted
the last sentence.

17:14-5.3 Annual review

The Treasurer of the State of New Jersey shall undertake
an annual review of the operation of the small business
programs governed by this chapter and report to the Governor
on the need for continuation or modification of the small
business programs contained in this chapter. This report shall
be based upon the reports submitted to the Division and the
State Treasurer and any other information deemed appro-
priate. The report will include performance data on com-
pliance and deficiencies for each contracting agency and be
publicly distributed as deemed appropriate.

See: 35 N.J.R. 3694(a).
Substituted references to small for references to gender.
Adopted concurrent amendment, R.2003 d.390, effective September 7,
2003.
See: 35 N.J.R. 1841(a), 3694(a), 4746(a), 4751(a).
Amended by R.2009 d.130, effective April 20, 2009.
See: 40 N.J.R. 5547(a), 41 N.J.R. 1882(a).
Deleted “Secretary and the” preceding the first occurrence of
“Treasurer”, inserted “of the small business programs governed by this
chapter”, and substituted “Division and the State Treasurer” for “Com-
merce Commission”.

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