



ESTABLISH A PREFERENCE PROGRAM FOR NEW JERSEY MANUFACTURERS UNDER GOVERNMENT CONTRACTS

DESCRIPTION

Authorize the NJ Commerce & Economic Growth Commission to establish a limited preference system for State and local government purchasing goods from New Jersey manufacturers. The commission would determine the percentage of contracts for goods that could be awarded to qualified New Jersey based manufacturers, defined as a for-profit business that produces goods or products.

BACKGROUND

Currently, New Jersey state government has contract set asides for small businesses. However, there are no specific contract preferences for New Jersey manufacturers.

The State small business set-aside is 25 percent. For goods and service contracts, small businesses must register within three categories based on annual gross revenues: less than \$500,000; less than \$5 million; less than \$12 million. Individual contract procurements will specify applicable small business set-aside ranges being sought.

Half the states provide a limited government purchasing preference for certain in-state manufactured goods, including Pennsylvania, New York, Maryland, Massachusetts and Connecticut.

NJBIA POSITION

NJBIA supports this issue as an attempt to assist New Jersey's manufacturers. It provides appropriate recognition of the State's manufacturing community and the challenges it faces competing with foreign manufacturers. Additionally, it recognizes the important role the State of New Jersey and its political subdivisions play in purchasing goods.

ARGUMENTS IN SUPPORT OF MANUFACTURER CONTRACT PREFERENCES

Manufacturing remains an important industry sector in New Jersey, but is experiencing across-the-board job declines – 23 percent (96,200) of manufacturing jobs lost since 2001.

With 320,000 manufacturing jobs remaining in New Jersey and another 170,000 jobs dependent on manufacturing, a public policy imperative should be to

construct incentives to help retain the manufacturing jobs we have by encouraging use of New Jersey manufactured products.

Manufacturing jobs pay above average wages and benefits, do not usually require a college degree and are often located in urban areas.

Currently, New Jersey State and local governments have contract set asides for small businesses. However, there are no specific contract preferences for New Jersey manufacturers.

Half the states provide a limited government purchasing preference for certain in-state manufactured goods, including Pennsylvania, New York, Maryland, Massachusetts and Connecticut.

Creating a New Jersey government purchasing preference for the State's manufacturing community would be an important benefit to our manufacturing sector.

COST

The anticipated cost would be minimal, depending on the preference system established by the commerce commission. Additionally, any costs would be offset by taxpayer savings derived from retaining manufacturing sector employment.

LEGISLATIVE HISTORY

Assembly Bill 1479 was introduced in the 2008-2009 legislative session. It was reported out of the Assembly Commerce and Economic Growth Committee on February 25 and is awaiting action in the full Assembly.

CONTACT

Art Maurice, First Vice President, Economic Development & Taxation – amaurice@njbja.org or 609-393-7707, ext. 247.