

**SENATE, No. 3894**

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**STATE OF NEW JERSEY**  
**218th LEGISLATURE**

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INTRODUCED JUNE 3, 2019

**Sponsored by:**

**Senator LINDA R. GREENSTEIN**

**District 14 (Mercer and Middlesex)**

**SYNOPSIS**

Provides State agencies will not enter into contracts with business entities that require persons or public entities to submit disputes to binding arbitration.

**CURRENT VERSION OF TEXT**

As introduced.



1 AN ACT concerning the award of State contracts to certain business  
2 entities that require binding arbitration and supplementing  
3 P.L.2003, c.95 (C.2A:23B-1 et seq.).  
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5 **BE IT ENACTED** by the Senate and General Assembly of the State  
6 of New Jersey:  
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8 1. a. As used in this section:

9 "Business entity" means any natural or legal person, business  
10 corporation, professional services corporation, limited liability  
11 company, partnership, limited partnership, business trust,  
12 association, or any other legal commercial entity organized under  
13 the laws of this State or of any other state or foreign jurisdiction.

14 "State agency" means any of the principal departments in the  
15 Executive Branch of the State government, and any division, board,  
16 bureau, office, commission, or other instrumentality within or  
17 created by such department, and any independent State authority,  
18 commission, instrumentality, or agency.

19 b. A State agency shall not enter into a contract or agreement  
20 with a business entity that requires any person or public entity, as a  
21 condition of doing business with that business entity, to submit a  
22 dispute arising after the signing of the contract to binding  
23 arbitration, thereby denying those persons or public entities their  
24 rights and remedies in a court of law.

25 c. The provisions of this section shall not apply to any contract  
26 or agreement:

27 (1) in effect on the effective date of P.L. , c. (C. ) (pending  
28 before the Legislature as this bill);

29 (2) necessary to address a public emergency; or

30 (3) that the State agency determines is unlikely to attract a  
31 number of qualified business entities sufficient to ensure a level of  
32 competition that will result in a contract price that is in the best  
33 interest of the State.  
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35 2. This act shall take effect immediately.  
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38 STATEMENT  
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40 This bill prohibits a State agency from entering into a contract or  
41 agreement with a business entity that requires any person or public  
42 entity, as a condition of doing business with that business entity, to  
43 submit a dispute arising after the signing of the contract to binding  
44 arbitration. These provisions deny those persons or public entities  
45 their rights and remedies in a court of law.

46 The bill does not apply to any contract or agreement in effect on the  
47 bill's effective date, that is necessary to address a public emergency, or  
48 that the State agency determines is unlikely to attract a number of  
49 qualified business entities sufficient to ensure a level of competition that  
50 will result in a contract price that is in the best interest of the State.