To the General Assembly:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I am returning Assembly Bill No. 3808 (First Reprint) with my recommendations for reconsideration.

The goods and services provided by our vendors are often a critical necessity in enabling our State departments, agencies, authorities, and school boards to perform properly and effectively the governmental functions needed to serve the people of New Jersey. It is important for us to ensure that the vendors we use, including small businesses, are paid in a timely manner, as unwarranted payment delays may adversely affect their ability to provide services and undercut their effectiveness and viability. This bill recognizes not only the importance of the role vendors play but the fairness inherent in fostering prompt payment, and expands the application of vendor payment schedules – which, under current law, are applicable only to State agencies and departments – to the State’s independent authorities and school boards of education.

State agencies and departments have operated under the payment schedules dictated by law for many years. The vast majority of all State invoices are timely paid within the currently prescribed 60-day period. While I understand from our vendors’ perspective their interest in further expediting invoice payments, I am sensitive to the additional burdens that shortening those payment deadlines may place on governmental entities. And, of course, should a governmental entity fail to meet the statutory payment schedule, the fiscal burden of that failure falls not on the entity itself but must be borne by the taxpayers of this State. As such, I am recommending that no change be made to the established payment period that has been effectively utilized by vendors and State agencies.
For independent authorities, local entities and school boards, which will be operating under a newly-implemented payment schedule, I am recommending a more flexible payment schedule than is prescribed in the bill. These entities meet infrequently at times, and as a result may be unable to routinely adhere to tighter payment schedules. This is especially true for school boards that may recess during the summer months, where board approval is required for processing of invoice payments. As such, I am recommending a 90-day payment schedule for school boards. Independent authorities and local entities, which have never been on a statutorily-mandated payment schedule, should be subject to the same 60-day payment schedule currently mandated for State agencies.

I commend the sponsors for advocating on behalf of the State’s vendors and mandating that independent authorities and school boards comply with payment schedules, but the schedules need to take into account the operating realities of both.

Accordingly, I herewith return Assembly Bill No. 3808 (First Reprint) and recommend that it be amended as follows:

Page 2, Title, Line 2: Delete “amending and”
Page 2, Section 1, Lines 7-28: Delete in their entirety
Page 2, Section 2, Lines 30-43: Delete in their entirety
Page 3, Section 2, Lines 1-10: Delete in their entirety
Page 3, Section 3, Line 12: Delete “3.” and insert “1.”
Page 3, Section 3, Line 17: Delete “45” and insert “60”
Page 3, Section 3, Line 19: Delete “45” and insert “60”
Page 3, Section 3, Line 20: Delete “45” and insert “60”
Page 3, Section 4, Line 47: Delete “4.” and insert “2.”
Page 4, Section 4, Line 5: Delete “45” and insert “60”
Page 4, Section 4, Line 7: Delete “45” and insert “60”
Page 4, Section 4, Line 8: Delete “45” and insert “60”
Page 4, Section 5, Line 31: Delete “5.” and insert “3.”
Page 4, Section 5, Line 37: Delete “45” and insert “90”
Page 4, Section 5, Line 39: Delete “45” and insert “90”
Page 4, Section 5, Line 40: Delete “45” and insert “90”
Page 5, Section 6, Line 14: Delete “6.” and insert “4.”
Page 5, Section 6, Line 14: Delete “immediately” and insert “120 days following enactment”

Respectfully,
/s/ Philip D. Murphy
Governor

Attest:
/s/ Matthew J. Platkin
Chief Counsel to the Governor