

Chapter 250, P.L. 2007

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ASSEMBLY, No. 3043

STATE OF NEW JERSEY

212th LEGISLATURE

INTRODUCED MAY 15, 2006

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SYNOPSIS

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Prohibits investment by State of pension and annuity funds in foreign companies doing business in Iran.

CURRENT VERSION OF TEXT

As reported by the Assembly Budget Committee on June 18, 2007, with amendments.

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1 AN ACT concerning the investment by the State of pension and
2 annuity funds and supplementing P.L.1950, c.270.

3

4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6

7 1. The Legislature finds and declares that:

8 The State of New Jersey is deeply concerned about the situation
9 in the Islamic Republic of Iran. President Mahmoud Ahmadinejad,
10 the President of Iran, has added greatly to the instability of the
11 Middle East by making statements that Israel should be “wiped off
12 the map” and asserting that the Holocaust was a “myth.” Iran has
13 done little to promote international cooperation and everything to
14 fan the flames of divisiveness and crisis. Thus, global tension
15 concerning the Middle East is fuelled to dangerous heights by the
16 rhetoric and actions of Iran.

17 Iran has been committed to the destruction of Israel since the
18 installation of theocratic rule by Ayatollah Ruhollah Khomeini in
19 1979 and has been cited repeatedly as one of the world’s most
20 dangerous sponsors of international terrorism. President
21 Ahmadinejad has also sparked international concern and
22 controversy by refusing to stop Iran’s enrichment of nuclear
23 materials—possibly for use in atomic weapons—and refusing to
24 allow the United Nations to check Iran’s claim that it seeks to use
25 nuclear power only to generate electricity.

26 President Ahmadinejad’s comments regarding Israel together
27 with his determination to promote Iran’s nuclear program leads
28 observers to conclude that the country’s resources are directed
29 towards the destruction of Israel by atomic weapons. This State
30 must take action to respond to these calls for the destruction of
31 Israel and threats to world peace and stability. Therefore, it is in
32 the best interest of this State that a statutory prohibition be enacted

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Assembly ABU committee amendments adopted June 18, 2007.

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1 to prohibit the investment of public employee retirements funds in
2 foreign companies doing business in Iran.
3
4 2. a. Notwithstanding any provision of law to the contrary, no
5 assets of any pension or annuity fund under the jurisdiction of the
6 Division of Investment in the Department of the Treasury, or its
7 successor, shall be invested in any foreign company that has an
8 equity tie to the government of Iran or its instrumentalities and is
9 engaged in business operations with entities in the defense sector
10 or nuclear sector of Iran, or engaged in business operations with
11 entities involved in the natural gas or petroleum sectors of Iran,¹ in
12 or with that government and its instrumentalities. This prohibition

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1 shall not apply to the activities of any foreign company providing
2 humanitarian aid to the Iranian people through either a
3 governmental or non-governmental organization.

4 As used in this section, "equity tie" means manufacturing or
5 mining plants, employees or advisors, facilities, or an investment,
6 fiduciary, monetary or physical presence of any kind ¹, including an
7 ownership stake in one or more subsidiary or joint venture with one
8 or more companies in the country¹; ¹[and]¹ "humanitarian aid"
9 means the provision of goods and services intended to relieve
10 human suffering or to promote general welfare and health ¹;
11 "defense sector" means every industry or company, be it private or
12 owned in whole or in part by the government of Iran or its
13 instrumentalities, that is involved in the purchase, sale,
14 manufacturing, testing or deployment of military supplies and
15 weapons, including every company that provides military advisors
16 and non-military personnel or that sells strategic information or
17 services to companies that purchase, sell, manufacture, test or
18 deploy military supplies and weapons, or the government of Iran or
19 its instrumentalities; "nuclear sector" means every industry or
20 company, be it private or owned in whole or in part by the
21 government of Iran or its instrumentalities, that is involved in the
22 purchase, sale, development, testing or deployment of nuclear
23 technology of any kind or that provides advisors, researchers,
24 scientists or technicians who are involved in the purchase, sale,
25 development, testing or deployment of nuclear technology of any
26 kind; and "natural gas or petroleum sectors" means those industries
27 and companies that have as their business the owning rights to oil
28 blocks, exporting, extracting, producing, refining, processing,
29 exploring for, transporting, selling or trading of oil or natural gas,
30 constructing, maintaining or operating a pipeline, refinery or other
31 infrastructure and facilitating such activities, including supplies or
32 services in support of such activities¹ .

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1 b. The State Investment Council and the Director of the Division
2 of Investment, after reviewing the recommendations of and
3 consulting with an independent research firm that specializes in
4 global security risk for portfolio determinations selected by the
5 State Treasurer, shall take appropriate action to sell, redeem, divest
6 or withdraw any investment held in violation of subsection a. of this
7 section. This section shall not be construed to require the premature
8 or otherwise imprudent sale, redemption, divestment or withdrawal
9 of an investment, but such sale, redemption, divestment or
10 withdrawal shall be completed not later than three years following
11 the effective date of P.L. , c. (C.) (pending before the
12 Legislature as this bill).

13 c. Within 60 days after the effective date of of P.L. ,
14 c. (C.) (pending before the Legislature as this bill), the
15 Director of the Division of Investment shall file with the
16 Legislature, pursuant to section 2 of P.L.1991, c.164 (C.52:14-
17 19.1), a report of all investments held as of the effective date that
18 are in violation of subsection a. of this section. Every year
19 thereafter, the director shall report on all investments sold,
20 redeemed, divested or withdrawn in compliance with subsection b.
21 of this section.

22 Each report after the initial report shall provide a description of
23 the progress that the division has made since the previous report
24 and since the enactment of P.L. , c. (C.) (pending before the
25 Legislature as this bill) in implementing subsection b. of this
26 section.

27 1d. Notwithstanding the other provisions of this section to the
28 contrary, this act shall be of no effect if:

29 (1) the Congress or the President of the United States,
30 affirmatively and unambiguously, declares by means including, but
31 not limited to, legislation, executive order, or written certification
32 from the President to Congress that the government of Iran has

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1 ceased to acquire or develop weapons of mass destruction and, to
2 support international terrorism; or

3 (2) the United States revokes all sanctions imposed against the
4 government of Iran.

5 e. State Investment Council members, jointly and individually,
6 and State officers and employees involved therewith, shall be
7 indemnified and held harmless by the State of New Jersey from all
8 claims, demands, suits, actions, damages, judgments, costs, charges
9 and expenses, including court costs and attorney's fees, and against
10 all liability, losses and damages of any nature whatsoever that these
11 State Investment Council members, and State officers and
12 employees, shall or may at any time sustain by reason of any
13 decision to restrict, reduce or eliminate investments pursuant to this
14 act.¹

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16 3. This act shall take effect immediately.