

[First Reprint]

ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY, Nos. 3624 and 3681

STATE OF NEW JERSEY
216th LEGISLATURE

ADOPTED OCTOBER 2, 2014

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**Assemblyman DeAngelo, Assemblywoman Oliver, Assemblyman Eustace
and Senator Cruz-Perez**

SYNOPSIS

Prohibits award of State contracts and development subsidies to inverted domestic corporations.

CURRENT VERSION OF TEXT

As reported by the Assembly Appropriations Committee on February 5, 2015, with amendments.

(Sponsorship Updated As Of: 1/8/2016)

1 AN ACT prohibiting the award of State contracts and development
2 subsidies to inverted domestic corporations, supplementing Title
3 52 of the Revised Statutes and amending P.L.2007, c.200.
4

5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:
7

8 1. (New section) As used in this section, “inverted domestic
9 corporation” means a company that has been determined to be an
10 inverted ¹**[**company by the U.S. Department of the Treasury or**]**
11 corporation by¹ the Internal Revenue Service ¹pursuant to
12 subsection (b) of section 7874 of the federal Internal Revenue Code
13 (26 U.S.C. s.7874)¹.

14 An inverted domestic corporation shall be ineligible to be
15 awarded any contract or subcontract for the purchase of goods or
16 services, or any contract or subcontract for the construction or
17 renovation of any public building or facility, that is paid, in whole
18 or in part, with or out of State funds or the funds of any independent
19 State authority. Every corporation seeking to be awarded any such
20 contract or subcontract shall certify in writing that it is not an
21 inverted domestic corporation.

22 ¹**[**A corporation that has been barred from performing federal
23 contracts because it has been determined to be an inverted company
24 under federal law shall automatically be deemed to be an inverted
25 domestic corporation for the purposes of this section.**]**¹

26 The provisions of this section shall not apply if application
27 thereof would violate any provision of federal law or prevent the
28 receipt of federal funds by the State or a State independent
29 authority.

30 The State Treasurer shall promulgate, pursuant to the
31 “Administrative Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et
32 seq.), such rules and regulations as may be necessary to effectuate
33 the purposes of this section.
34

35 2. Section 4 of P.L.2007, c.200 (C.52:39-4) is amended to read
36 as follows:

37 4. a. Each applicant for a development subsidy shall submit to
38 the granting body an application for the development subsidy on a
39 form prepared by the State Treasurer. The information required on
40 the application, or in supplements accompanying the application,
41 shall include the following:

42 (1) An application tracking number provided by the granting
43 body;

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 AAP committee amendments adopted February 5, 2015.

- 1 (2) The names, street and mailing addresses, and phone numbers
2 of the chief officer of the granting body, the chief officer of the
3 applicant's corporate parent and the applicant, and the street address
4 and three-digit North American Industry Classification System
5 number of the project site;
- 6 (3) The start date and the end date, if any, of the development
7 subsidy;
- 8 (4) A list of all development subsidies that the applicant is
9 requesting or receiving, the name of any other granting body from
10 which development subsidies are sought or obtained, the value of
11 each development subsidy and the aggregate value of all
12 development subsidies requested or received from all sources;
- 13 (5) A signed certification by the chief officer of the recipient
14 corporation that the application is accurate and meets the
15 requirements of **[this act]** P.L.2007, c.200 (C.52:39-1 et seq.);
- 16 (6) The total number of individuals employed by the applicant at
17 the project site on the date of the application, the anticipated
18 number of jobs that will be retained as a result of the development
19 subsidy and the number of new jobs to be created by the applicant
20 at the project site if the development subsidy is granted, broken
21 down by full-time, part-time, and temporary jobs;
- 22 (7) The average annual wage and benefit rates of current
23 employees and the anticipated average annual wage and benefit
24 rates of new employees;
- 25 (8) The number of current employees provided health benefits,
26 and the number of new employees anticipated to be provided health
27 benefits;
- 28 (9) How many of the current employees and how many of the
29 anticipated new employees are represented by a collective
30 bargaining unit;
- 31 (10) The average total number of individuals employed in New
32 Jersey during the calendar year preceding the submission of the
33 application by the applicant's corporate parent and all subsidiaries
34 thereof, broken down by full-time, part-time, and temporary jobs;
- 35 (11) A statement as to whether the development subsidy may
36 reduce employment at any other site controlled by the applicant or
37 its corporate parent, inside the State, resulting from automation,
38 merger, acquisition, corporate restructuring, or other business
39 activity;
- 40 (12) A statement as to whether or not the project involves the
41 relocation of work from another address and if so, the number of
42 jobs to be relocated and the address from which they are to be
43 relocated; **[and]**
- 44 (13) Any other information deemed useful or necessary by the
45 State Treasurer for the implementation of **[this act]** P.L.2007, c.200
46 (C.52:39-1 et seq.); and

- 1 (14) A standing certificate attesting to the legal status of the
2 applicant.
- 3 b. Any granting body, other than the State Treasurer approving
4 the application, shall send a copy to the State Treasurer not more
5 than 15 business days after approval. If the application is not
6 approved, the granting body shall retain the application.
- 7 c. A granting body shall not approve an application for a
8 development subsidy if the applicant or its corporate parent became
9 an inverted domestic corporation prior to its application.
- 10 d. A recipient corporation shall submit to the granting body a
11 standing certificate attesting to the legal status of the recipient
12 corporation one year after receiving a development subsidy and
13 annually throughout the term of the development subsidy.
- 14 e. If a recipient corporation of a development subsidy becomes
15 an inverted domestic corporation during the term of a development
16 subsidy, the recipient corporation shall pay back the total value of
17 the development subsidy.
- 18 f. As used in this section, “inverted domestic corporation”
19 means a company that has been determined to be an inverted
20 1[company by the U.S. Department of the Treasury or] corporation
21 by¹ the Internal Revenue Service ¹pursuant to subsection (b) of
22 section 7874 of the federal Internal Revenue Code (26 U.S.C.
23 s.7874)¹.
24 (cf: P.L.2007, c.200, s.4)
- 25
- 26 3. This act shall take effect immediately, but section 2 shall
27 remain inoperative for 60 days following the date of enactment.