

[First Reprint]

ASSEMBLY SUBSTITUTE FOR  
**ASSEMBLY, No. 925**

**STATE OF NEW JERSEY**  
**217th LEGISLATURE**

ADOPTED MAY 26, 2016

**Sponsored by:**

**Assemblywoman VALERIE VAINIERI HUTTLE**

**District 37 (Bergen)**

**Assemblyman GARY S. SCHAER**

**District 36 (Bergen and Passaic)**

**Assemblywoman NANCY J. PINKIN**

**District 18 (Middlesex)**

**Assemblyman CHRIS A. BROWN**

**District 2 (Atlantic)**

**Assemblyman RAJ MUKHERJI**

**District 33 (Hudson)**

**Assemblywoman PAMELA R. LAMPITT**

**District 6 (Burlington and Camden)**

**Assemblyman VINCENT MAZZEO**

**District 2 (Atlantic)**

**Assemblyman JOSEPH A. LAGANA**

**District 38 (Bergen and Passaic)**

**Co-Sponsored by:**

**Assemblymen S.Kean, Johnson, Assemblywomen Muoio, Caride,  
Assemblymen Taliaferro, Diegnan, Assemblywomen Handlin, Jasey,  
Assemblyman Benson, Assemblywoman Chaparro, Assemblymen  
Burzichelli, Zwicker, McKeon, Holley, Gusciora, Peterson, Dancer,  
Bramnick, Eustace, Assemblywoman Schepisi, Assemblyman Wisniewski,  
Assemblywomen Spencer, Jones, Assemblymen Russo, Rumana, Kennedy,  
Assemblywoman N.Munoz, Assemblymen A.M.Bucco, Giblin, DiMaio,  
Assemblywoman Mosquera, Assemblymen Chiaravalloti, Egan and  
Coughlin**

**SYNOPSIS**

Prohibits investment of pension and annuity funds by State in companies that boycott Israel or Israeli businesses.

**CURRENT VERSION OF TEXT**

As amended by the General Assembly on June 16, 2016.

(Sponsorship Updated As Of: 6/28/2016)

1 AN ACT concerning the investment of State pension and annuity  
2 funds in companies that boycott Israel or Israeli businesses and  
3 supplementing P.L.1950, c.270 (C.52:18A-79).  
4

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

7  
8 1. The Legislature finds and declares that:

9 Israel and the United States are allies sharing a common bond  
10 rooted in the values of freedom, democracy, and equal rights.

11 The State of New Jersey is committed to supporting Israel and  
12 maintaining the strong New Jersey-Israel relationship that has  
13 existed since the founding of the Jewish state in 1948, recognizing  
14 that the United States and Israel have mutually benefitted from  
15 being allies, including economic cooperation, which Congress has  
16 determined materially benefits the United States.

17 The State is deeply concerned about the Boycott, Divestment and  
18 Sanctions (BDS) effort to boycott Israeli goods, products, and  
19 businesses which is contrary to federal policy articulated in  
20 numerous laws.

21 The State and Israel have a long history of friendship based on  
22 economic, cultural, intellectual, and political cooperation and  
23 exchange, and the elected representatives of New Jersey recognize  
24 and support Israel's right to exist as a Jewish state.

25 More than \$1.3 billion in goods and services are traded annually  
26 between New Jersey and Israel, and the two trading partners  
27 continue to look for and find new opportunities to enhance  
28 cooperation and initiatives of mutual economic benefit.

29 Boycotts, divestments, and sanctions place economic and  
30 political pressure on business entities, and other organizations and  
31 institutions to influence their behavior against Israel.

32 It is fitting and appropriate that the State of New Jersey reaffirm  
33 its interest in viable trade and exchange with an ally of the United  
34 State and a vibrant economic partner of the State.

35 Economic cooperation and political reconciliation are necessary  
36 for building mutual trust and foundations for a lasting peace in the  
37 Middle East.

38 Both Israelis and Palestinians have the right to live safely and  
39 securely in their homes, free from fear and violence, with mutual  
40 recognition, trade, and normalization of relations as neighbors.

41 The strengthening of New Jersey-Israel cooperation recognizes  
42 the beneficial economic and technological value of that cooperation  
43 including for improving the competitive capabilities in global  
44 markets for both New Jersey and Israel.

**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:

<sup>1</sup>Assembly floor amendments adopted June 16, 2016.

1 Nationality-based boycott actions are often veiled discrimination,  
2 and it is against the public policy of New Jersey to support such  
3 discrimination.

4 Boycotts, such as those against Israel, do not make for effective  
5 business decision making, prevent a business from making the best  
6 use of the resources available to it and should be opposed as an  
7 impairment to the soundness of commercial contracting  
8 performance.

9 It is important to the economic well-being of New Jersey that  
10 persons or entities conducting commercial trade and doing business  
11 in the State do not engage in boycotts of a legitimate and viable  
12 partner with whom New Jersey can enjoy open trade contracting.

13 Therefore, it is in the best interest of this State that a statutory  
14 prohibition be enacted to prohibit the investment of public  
15 employee retirement funds in companies boycotting Israel.

16

17 2. a. Notwithstanding any provision of law to the contrary, no  
18 assets of any pension or annuity fund under the jurisdiction of the  
19 Division of Investment in the Department of the Treasury, or its  
20 successor, shall be invested in any company that boycotts the  
21 goods, products, or businesses of Israel, boycotts those doing  
22 business with Israel, or boycotts companies operating in Israel or  
23 Israeli-controlled territory. This section shall not apply to those  
24 boycotts organized by foreign governments pursuant to 50 U.S.C.  
25 s.4607(c). The activities of any company solely providing  
26 humanitarian aid to the Palestinian people through either a  
27 governmental or non-governmental organization shall not render the  
28 company subject to the provisions of this act, P.L. \_\_\_\_\_,  
29 c. \_\_\_\_\_ (C. \_\_\_\_\_)(pending before the Legislature as this bill)  
30 unless it is also engaging in the prohibited boycotts or otherwise  
31 discriminating against goods, products, or businesses of Israel, or  
32 entities operating in Israel or Israeli-controlled territory.

33 b. The State Investment Council and the Director of the  
34 Division of Investment shall take appropriate action to sell, redeem,  
35 divest, or withdraw any investment held in violation of subsection  
36 a. of this section. This section shall not be construed to require the  
37 premature or otherwise imprudent sale, redemption, divestment, or  
38 withdrawal <sup>1</sup>[or] of<sup>1</sup> an investment, but such sale, redemption,  
39 divestment, or withdrawal shall be completed not later than <sup>1</sup>[18]  
40 24<sup>1</sup> months following the effective date of this act.

41 c. Within <sup>1</sup>[60] 120<sup>1</sup> days after the effective date of this act,  
42 the Director of the Division of Investment shall file with the  
43 Legislature, pursuant to section 2 of P.L.1991, c.164 (C.52:14-  
44 19.1), a report of all investments held as of the effective date that  
45 are in violation of subsection a. of this section. The State  
46 Investment Council and the Director of the Division of Investment  
47 shall use its best efforts to identify all companies that boycott Israel  
48 and these efforts shall include, but are not limited <sup>1</sup>to<sup>1</sup>, the

1 following, as appropriate in the judgment of the State Investment  
2 Council and the Director of the Division of Investment:

3 (1) reviewing and relying on publicly available information  
4 regarding companies that boycott Israel, including information  
5 provided by non-profit organizations, research firms, and  
6 government entities;

7 (2) contacting other institutional investors that have divested  
8 from companies that boycott Israel; and

9 (3) retaining an independent research firm to identify companies  
10 that boycott Israel.

11 One year thereafter, and every subsequent year on the  
12 anniversary of the effective date of this act, the director shall report  
13 on all investments sold, redeemed, divested, or withdrawn in  
14 compliance with subsection b. of this section. The report shall  
15 provide a description of the progress that the division has made  
16 since the previous report and since the effective date of this act in  
17 implementing subsection b. of this section.

18 d. The members of the State Investment Council, jointly and  
19 individually, and State officers and employees involved therewith,  
20 shall be indemnified and held harmless by the State of New Jersey  
21 from all claims, demands, suits, actions, damages, judgments, costs,  
22 charges, and expenses, including court costs and attorney's fees,  
23 and against all liability, losses, and damages that these council  
24 members, and State officers and employees, may sustain by reason  
25 of any decision to restrict, reduce, or eliminate investments  
26 pursuant to this act.

27 e. As used in this act, "humanitarian aid" means the provision  
28 of goods and services intended to relieve human suffering or to  
29 promote general welfare and health; "Boycott, Divestment, and  
30 Sanctions" (BDS) refers to the encouragement of boycotts,  
31 divestments and sanctions that place economic and political  
32 pressure on states, business entities, and other organizations and  
33 institutions to influence their behavior against Israel; "boycott"  
34 means engaging in actions that are <sup>1</sup>[politically motivated and are]<sup>1</sup>  
35 intended to penalize, inflict economic harm on, or otherwise limit  
36 commercial relations with another state or nation; "divestment"  
37 means to sell <sup>1,1</sup>redeem, or withdraw all holdings of a company  
38 from the investment portfolio of another company or of a  
39 governmental entity; and "sanctions" means the attempts by  
40 national governments, multilateral organizations and other  
41 international bodies or their subdivisions to limit or ban trade or  
42 other relations with a state or nation.

43 f. The provisions of this act are severable. If any phrase,  
44 clause, sentence, provision or section is declared to be invalid or  
45 preempted by federal law or regulation, the validity of the  
46 remainder of this act shall not be affected thereby.

47

48 <sup>1</sup>[4.] 3.<sup>1</sup> This act shall take effect immediately.