

ASSEMBLY, No. 3624

STATE OF NEW JERSEY 216th LEGISLATURE

INTRODUCED SEPTEMBER 15, 2014

Sponsored by:

Assemblyman TROY SINGLETON

District 7 (Burlington)

Assemblyman GARY S. SCHAER

District 36 (Bergen and Passaic)

Assemblyman JOSEPH A. LAGANA

District 38 (Bergen and Passaic)

Co-Sponsored by:

Assemblyman DeAngelo and Assemblywoman Oliver

SYNOPSIS

Prohibits awarding of State contracts to certain domestic corporations that reorganize overseas in order to avoid United States taxes.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 10/3/2014)

1 AN ACT prohibiting the awarding of State contracts to certain
2 domestic corporations that reorganize overseas and
3 supplementing Title 52 of the Revised Statutes.

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

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8 1. As used in this section, “inverted domestic corporation”
9 means a corporation incorporated or previously incorporated in the
10 United States that becomes or has become incorporated in a foreign
11 country or that becomes or has become a subsidiary of a corporation
12 incorporated in a foreign country, primarily for the purpose of
13 avoiding United States taxes.

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 The State Treasurer shall be responsible for determining, on
23 behalf of the State or any independent State authority, whether a
24 corporation seeking a contract or subcontract is an inverted
25 domestic corporation. In making this determination, the State
26 Treasurer shall consider whether the change in corporate
27 organization has substantially reduced the corporation’s federal tax
28 liability, whether the corporation has the majority of its business
29 operations in the United States, whether a majority of the
30 corporation’s assets are located in the United States, whether the
31 corporation is at least half owned by United States shareholders,
32 and such other factors as the State Treasurer shall deem appropriate.

33 A corporation that has been barred from performing federal
34 contracts because it has been determined to be an inverted domestic
35 corporation under federal law shall automatically be deemed to be
36 an inverted domestic corporation for the purposes of this section.

37 The provisions of this section shall not apply if application
38 thereof would violate any provision of federal law or prevent the
39 receipt of federal funds by the State or a State independent
40 authority.

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

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46 2. This act shall take effect immediately.

STATEMENT

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This bill prohibits the awarding of any contract that is paid with or out of State funds, or the funds of any independent authority, to an “inverted domestic corporation.” Under the bill, an “inverted domestic corporation” means a corporation incorporated or previously incorporated in the United States that becomes or has become incorporated in a foreign country or that becomes or has become a subsidiary of a corporation incorporated in a foreign country, primarily for the purpose of avoiding United States taxes. The State Treasurer will be responsible for determining, on behalf of the State or any independent State authority, whether a corporation seeking a contract or subcontract is an inverted domestic corporation. In making this determination, the State Treasurer will consider whether the change in corporate organization has substantially reduced the corporation’s federal tax liability, whether the corporation has the majority of its business operations in the United States, whether a majority of the corporation’s assets are located in the United States, whether the corporation is at least half owned by United States shareholders, and such other factors as the State Treasurer shall deem appropriate.

The bill provides that a corporation that has been barred from performing federal contracts because it has been determined to be an inverted domestic corporation under federal law will be an inverted domestic corporation for the purposes of the bill.

The bill’s provisions would not apply if application thereof violates any federal law or prevents the receipt of federal funds by the State or a State independent authority. The State Treasurer is directed to promulgate rules and regulations to implement the bill’s provisions.