ASSEMBLY, No. 4665

STATE OF NEW JERSEY

216th LEGISLATURE

INTRODUCED JUNE 29, 2015

Sponsored by:
Assemblywoman VALERIE VAINIERI HUTTLE
District 37 (Bergen)
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District 36 (Bergen and Passaic)

Co-Sponsored by:
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SYNOPSIS

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

CURRENT VERSION OF TEXT

As introduced.

(Sponsorship Updated As Of: 12/4/2015)

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

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

1. The Legislature finds and declares that:

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

The State of New Jersey is committed to supporting Israel and maintaining the strong New Jersey-Israel relationship that has existed since the founding of the Jewish state in 1948, recognizing that United States and Israel have mutually benefitted from being allies.

The State is deeply concerned about the Boycott, Divestment and Sanctions (BDS) effort to boycott Israeli goods, products, and businesses and ultimately to delegitimize Israel.

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

"Boycott Divestment Sanctions" (BDS) refers to the encouragement of boycotts, divestments and sanctions that place economic and political pressure on business entities, and other organizations and institutions to influence their behavior against Israel.

Calls for boycott, divestment and sanctions against Israel have been made in New Jersey and other communities nationwide on university campuses to academic and professional associations, church movements, the cultural sector, and in other contexts.

Calls for academic boycotts against Israeli academic institutions have been condemned by many of our nation's largest academic associations, over 250 university presidents, and many leading scholars as a violation of the bedrock principle of academic freedom.

Punitive economic measures targeting Israel do not contribute to the economic cooperation and political reconciliation between Israelis and Palestinians, both of which are necessary for building mutual trust and foundations for a lasting peace in the Middle East.

Both Israelis and Palestinians have the right to live in their own safe and secure states, free from fear and violence, with mutual recognition, trade, and normalization.

The BDS effort, according to proponents, seeks to advance human rights. However, the actual goal is a thinly disguised attempt to demonize Israel. While atrocities against human rights are carried out in other countries, the BDS effort seeks to portray

Israel, the only true democracy in the Middle East, in a one-sided and false manner as a repressive country with no regard for such rights.

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

2. a. Notwithstanding any provision of law to the contrary, no assets of any pension or annuity fund under the jurisdiction of the Division of Investment in the Department of the Treasury, or its successor, shall be invested in any company that boycotts the goods, products or businesses of Israel. This prohibition shall not apply to the activities of any company providing humanitarian aid to the Palestinian people through either a governmental or non-governmental organization.

b. The State Investment Council and the Director of the Division of Investment shall take appropriate action to sell, redeem, divest, or withdraw any investment held in violation of subsection a. of this section. This section shall not be construed to require the premature or otherwise imprudent sale, redemption, divestment, or withdrawal of an investment, but such sale, redemption, divestment or withdrawal shall be completed not later than 18 months following the effective date of this act, P.L. , c. (C.) (pending before the Legislature as this bill).

c. Within 60 days after the effective date of this act, the Director of the Division of Investment shall file with the Legislature, pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), a report of all investments held as of the effective date that are in violation of subsection a. of this section. One year thereafter, and every subsequent year on the anniversary of the effective date of P.L. , c. (C.) (pending before the Legislature as this bill), the director shall report on all investments sold, redeemed, divested, or withdrawn in compliance with subsection b. of this section. The report shall provide a description of the progress that the division has made since the previous report and since the effective date of this act in implementing subsection b. of this section.

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

e. As used in P.L. , c. (C.) (pending before the Legislature as this bill), "humanitarian aid" means the provision of

goods and services intended to relieve human suffering or to promote general welfare and health; "Boycott Divestment Sanctions" (BDS) refers to the encouragement of boycotts, divestments and sanctions that place economic and political pressure on states, business entities, and other organizations and institutions to influence their behavior against Israel; "boycott" means engaging in actions that are politically motivated and are intended to penalize, inflict economic harm on, or otherwise limit commercial relations with another state or nation; "divestment" means to sell, redeem, or withdraw all holdings of a company from the investment portfolio of another company or of a governmental entity; and "sanctions" means the attempts by national governments, multilateral organizations and other international bodies or their subdivisions to limit or ban trade or other relations with a state or nation.

3. This act shall take effect immediately.

STATEMENT

This bill prohibits the investment of New Jersey public employee retirement funds in any company that boycotts, divests, or sanctions Israel or Israeli businesses.

The bill does not apply to the activities of any company providing humanitarian aid to the Palestinian people through either a governmental or non-governmental organization.

The bill requires the State Investment Council and the Director of the Division of Investment to take appropriate action to divest any investment held in violation of the prohibition. Progress reports by the division regarding these divestments are required by this bill.

Illinois's legislature recently passed similar legislation restricting investment of its pension fund in companies that boycott Israel.