Sponsored by:
Senator SHIRLEY K. TURNER
District 15 (Hunterdon and Mercer)

SYNOPSIS
Prohibits certain domestic corporations that reorganize overseas from being awarded State contracts.

CURRENT VERSION OF TEXT
As introduced.
AN ACT prohibiting certain domestic corporations that reorganize overseas from being awarded State contracts and supplementing Title 52 of the Revised Statutes.

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

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

As used in this section, “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 that is incorporated in a foreign country, primarily for the purpose of avoiding United States taxes.

The State Treasurer shall 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 shall 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.

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

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

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

2. This act shall take effect immediately.
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” is defined as 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 that is 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.