

SENATE, No. 3044

STATE OF NEW JERSEY 216th LEGISLATURE

INTRODUCED JUNE 25, 2015

Sponsored by:

Senator JAMES BEACH

District 6 (Burlington and Camden)

Senator LORETTA WEINBERG

District 37 (Bergen)

Co-Sponsored by:

Senators Whelan, Gordon, Greenstein, T.Kean, Van Drew and Vitale

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: 9/25/2015)

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

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

8
9 1. The Legislature finds and declares that:

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

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

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

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

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

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

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

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

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

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

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

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

7
8 2. a. Notwithstanding any provision of law to the contrary, no
9 assets of any pension or annuity fund under the jurisdiction of the
10 Division of Investment in the Department of the Treasury, or its
11 successor, shall be invested in any company that boycotts the
12 goods, products or businesses of Israel. This prohibition shall not
13 apply to the activities of any company providing humanitarian aid
14 to the Palestinian people through either a governmental or non-
15 governmental organization.

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

25 c. Within 60 days after the effective date of this act, the
26 Director of the Division of Investment shall file with the
27 Legislature, pursuant to section 2 of P.L.1991, c.164 (C.52:14-
28 19.1), a report of all investments held as of the effective date that
29 are in violation of subsection a. of this section. One year thereafter,
30 and every subsequent year on the anniversary of the effective date
31 of P.L. , c. (C.) (pending before the Legislature as this
32 bill), the director shall report on all investments sold, redeemed,
33 divested, or withdrawn in compliance with subsection b. of this
34 section. The report shall provide a description of the progress that
35 the division has made since the previous report and since the
36 effective date of this act in implementing subsection b. of this
37 section.

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

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

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

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17 3. This act shall take effect immediately.

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STATEMENT

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

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

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

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