ASSEMBLY, No. 2856

STATE OF NEW JERSEY

219th LEGISLATURE

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Sponsored by:
Assemblyman GARY S. SCHAER
District 36 (Bergen and Passaic)

SYNOPSIS

Prioritizes investment of State administered pension funds in in-state infrastructure project investments over comparable out-of-state infrastructure project investments.

CURRENT VERSION OF TEXT

As introduced.

AN ACT concerning the investment of State administered pension funds in infrastructure 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. a. Notwithstanding any provision of law to the contrary, the Director of the Division of Investment in the Department of the Treasury shall, subject to and consistent with the director's fiduciary duties and the standard for prudent investment set forth in section 11 of P.L.1950, c.270 (C.52:18A-89), prioritize the investment or reinvestment of the assets of any pension or annuity fund under the jurisdiction of the division in an in-state infrastructure project over a comparable out-of-state project.

b. As used in this section:

"Infrastructure" means real assets and tangible physical systems within, but not limited to, the following sectors: utilities and telecommunications; energy; transportation; airports; environmental; technological; and educational infrastructure.

2. This act shall take effect immediately.

STATEMENT

This bill requires the Director of the Division of Investment in the Department of Treasury to prioritize the investment or reinvestment of the assets of any pension or annuity fund under the jurisdiction of the division in an in-state infrastructure project over a comparable out-of-state project.

The condition of infrastructure in the US, including New Jersey, is deteriorating. While the US is facing major challenges in maintaining investments in infrastructure across the country, some states are investing pension funds in in-state infrastructure projects.

In 2014, the California Public Employees' Retirement System invested $107 million in seven California-based infrastructure projects, which supported 1,300 jobs in California. California prioritizes these in-state investments only if the investment is a prudent investment.

Currently in New Jersey, the Director of the Division of Investment is authorized to invest State administered pension funds in infrastructure. With this bill, if the State is to invest in infrastructure, the State would prioritize in-state infrastructure projects instead of investing those funds in comparable out-of-state projects.

The bill provides an opportunity for the State to not only receive a comparable return on its investments in in-state infrastructure, but would improve the condition of State infrastructure in doing so.