ASSEMBLY, No. 3974

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED MAY 4, 2020

Sponsored by:
Assemblyman CHRISTOPHER P. DEPHILLIPS
District 40 (Bergen, Essex, Morris and Passaic)

Co-Sponsored by:
Assemblymen Simonsen and McClellan

SYNOPSIS

Prohibits investment by State of pension and annuity funds in Chinese pharmaceutical companies.

CURRENT VERSION OF TEXT

As introduced.

(Sponsorship Updated As Of: 5/5/2021)

AN ACT concerning the investment by the State of pension and annuity funds and supplementing P.L.1950, c.270.

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

1. The Legislature finds and declares that:

a. The COVID-19 pandemic has caused unprecedented levels of harm to the world, claiming over 200,000 lives to date.

b. In addition to the public health concerns, COVID-19 has effectively shut down the global economy and cost millions of Americans their jobs and small businesses.

c. The risks of COVID-19 were hidden from foreign nations by the Chinese government, increasing the risk and toll of the pandemic worldwide.

d. Chinese companies should not be rewarded with additional investment from State and national resources while they control a large proportion of pharmaceutical manufacturing.

e. The state should reinvest in New Jersey-based pharmaceutical manufacturing to improve health and economic resources.

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 Chinese pharmaceutical company, or any company that has an equity tie or engaged in business operations with any Chinese pharmaceutical company.

As used in this section:

"Chinese pharmaceutical company" means any company which has its principal place of business in the Peoples Republic of China, and is at least 51 percent owned and controlled by a citizen of the Peoples Republic of China, a civilian-run enterprise, or the state government of the Peoples Republic of China.

"Civilian-run enterprise" means a type of Chinese pharmaceutical company or enterprise to describe a non-state-owned enterprise that is at least 51 percent owned and controlled by a group of citizens of the Peoples Republic of China.

"Equity tie" means employees or advisors, facilities, or investments, fiduciaries, monetary or physical presence of any kind, including an ownership stake in one or more subsidiary or joint venture with one or more Chinese pharmaceutical companies.

b. The State Investment Council and the Director of the Division of Investment, after reviewing the recommendations of and consulting with an independent research firm that specializes in global security risk for portfolio determinations selected by the State Treasurer, 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 three years following the effective date of this act, P.L. , 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. Every year thereafter, the director shall report on all investments sold, redeemed, divested or withdrawn in compliance with subsection b. of this section.

Each report after the initial report shall provide a description of the progress that the division has made since the previous report and since the enactment of this act in implementing subsection b. of this section.

d. State Investment Council members, 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 of any nature whatsoever that these State Investment Council members, and State officers and employees, shall or may at any time sustain by reason of any decision to restrict, reduce or eliminate investments pursuant to this act.

3. This act shall take effect immediately.

STATEMENT

The COVID-19 pandemic has caused widespread harm, claiming over 200,000 lives to date. The pandemic has also shut down the economies of the world, leading to massive closures of small businesses and loss of employment. In the United States alone, over 20 million Americans have filed for unemployment since the pandemic reached our shores.

The risks of COVID-19 were hidden from foreign nations by the Chinese government, increasing the risk and toll of the pandemic worldwide. Chinese companies should not be rewarded with additional investment from State and national resources while they control a large proportion of pharmaceutical manufacturing. The state should reinvest in New Jersey-based pharmaceutical manufacturing to improve health and economic resources.

This bill prohibits investment in any Chinese pharmaceutical company and any company that has an equity tie or is engaged in business operations with a Chinese pharmaceutical company. The State Investment Council will work with an independent research firm to track any current investments in Chinese pharmaceutical companies and take appropriate action to end the investment. The Division of Investment will submit an annual report to highlight the progress in fulfilling the requirements of the bill. The bill also protects the State Investment Council, employees of the Division of Investment, and other State officers and employees from legal action that may arise due to the provisions of this bill.