

SENATE, No. 1347

STATE OF NEW JERSEY
219th LEGISLATURE

INTRODUCED FEBRUARY 10, 2020

Sponsored by:

Senator SHIRLEY K. TURNER

District 15 (Hunterdon and Mercer)

SYNOPSIS

Prohibits award of State contracts and development subsidies to inverted domestic corporations.

CURRENT VERSION OF TEXT

As introduced.



1 **AN ACT** prohibiting the award of State contracts and development
2 subsidies to inverted domestic corporations, supplementing Title
3 52 of the Revised Statutes and amending P.L.2007, c.200.

4
5 **BE IT ENACTED** *by the Senate and General Assembly of the State*
6 *of New Jersey:*

7
8 1. (New section) As used in this section, “inverted domestic
9 corporation” means a company that has been determined to be an
10 inverted corporation by the Internal Revenue Service pursuant to
11 section 7874 of the federal Internal Revenue Code (26 U.S.C.
12 s.7874).

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

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

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

29
30 2. Section 4 of P.L.2007, c.200 (C.52:39-4) is amended to read
31 as follows:

32 4. a. Each applicant for a development subsidy shall submit to
33 the granting body an application for the development subsidy on a
34 form prepared by the State Treasurer. The information required on
35 the application, or in supplements accompanying the application,
36 shall include the following:

37 (1) An application tracking number provided by the granting
38 body;

39 (2) The names, street and mailing addresses, and phone
40 numbers of the chief officer of the granting body, the chief officer
41 of the applicant's corporate parent and the applicant, and the street
42 address and three-digit North American Industry Classification
43 System number of the project site;

44 (3) The start date and the end date, if any, of the development
45 subsidy;

**EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is
not enacted and is intended to be omitted in the law.**

Matter underlined thus is new matter.

- 1 (4) A list of all development subsidies that the applicant is
2 requesting or receiving, the name of any other granting body from
3 which development subsidies are sought or obtained, the value of
4 each development subsidy and the aggregate value of all
5 development subsidies requested or received from all sources;
- 6 (5) A signed certification by the chief officer of the recipient
7 corporation that the application is accurate and meets the
8 requirements of **【this act】** P.L.2007, c.200 (C.52:39-1 et seq.);
- 9 (6) The total number of individuals employed by the applicant at
10 the project site on the date of the application, the anticipated
11 number of jobs that will be retained as a result of the development
12 subsidy and the number of new jobs to be created by the applicant
13 at the project site if the development subsidy is granted, broken
14 down by full-time, part-time, and temporary jobs;
- 15 (7) The average annual wage and benefit rates of current
16 employees and the anticipated average annual wage and benefit
17 rates of new employees;
- 18 (8) The number of current employees provided health benefits,
19 and the number of new employees anticipated to be provided health
20 benefits;
- 21 (9) How many of the current employees and how many of the
22 anticipated new employees are represented by a collective
23 bargaining unit;
- 24 (10) The average total number of individuals employed in New
25 Jersey during the calendar year preceding the submission of the
26 application by the applicant's corporate parent and all subsidiaries
27 thereof, broken down by full-time, part-time, and temporary jobs;
- 28 (11) A statement as to whether the development subsidy may
29 reduce employment at any other site controlled by the applicant or
30 its corporate parent, inside the State, resulting from automation,
31 merger, acquisition, corporate restructuring, or other business
32 activity;
- 33 (12) A statement as to whether or not the project involves the
34 relocation of work from another address and if so, the number of
35 jobs to be relocated and the address from which they are to be
36 relocated; **【and】**
- 37 (13) Any other information deemed useful or necessary by the
38 State Treasurer for the implementation of **【this act】** P.L.2007, c.200
39 (C.52:39-1 et seq.); and
- 40 (14) A standing certificate attesting to the legal status of the
41 applicant.
- 42 b. Any granting body, other than the State Treasurer approving
43 the application, shall send a copy to the State Treasurer not more
44 than 15 business days after approval. If the application is not
45 approved, the granting body shall retain the application.
- 46 c. A granting body shall not approve an application for a
47 development subsidy if the applicant or its corporate parent became
48 an inverted domestic corporation prior to its application.

1 d. A recipient corporation shall submit to the granting body a
2 standing certificate attesting to the legal status of the recipient
3 corporation one year after receiving a development subsidy and
4 annually throughout the term of the development subsidy.

5 e. If a recipient corporation of a development subsidy becomes
6 an inverted domestic corporation during the term of a development
7 subsidy, the recipient corporation shall pay back the total value of
8 the development subsidy.

9 f. As used in this section, “inverted domestic corporation”
10 means a company that has been determined to be an inverted
11 corporation by the Internal Revenue Service pursuant to section
12 7874 of the federal Internal Revenue Code (26 U.S.C. s.7874).
13 (cf: P.L.2007, c.200, s.4)

14
15 3. This act shall take effect immediately, but section 2 shall
16 remain inoperative for 60 days following the date of enactment.

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19 STATEMENT

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21 This bill prohibits the awarding of any contract that is paid with
22 or out of State funds, or the funds of any independent authority, to
23 an “inverted domestic corporation.”

24 The bill also prohibits a public entity of the State from granting
25 a development subsidy to an inverted domestic corporation. The
26 bill defines “inverted domestic corporation” as a company that has
27 been determined to be an inverted corporation pursuant to section
28 7874 of the federal Internal Revenue Code.

29 The bill would not apply if application thereof violates any
30 federal law or prevents the receipt of federal funds by the State or a
31 State independent authority. The State Treasurer is directed to
32 promulgate rules and regulations to implement the bill’s provisions.

33 The bill requires the recipient of a State development subsidy to
34 submit to the public granting body, annually during the term of the
35 development subsidy, a standing certificate attesting to the legal
36 status of the recipient corporation operating in this State.

37 The bill requires a subsidy recipient to pay back the total value
38 of the development subsidy if it becomes an inverted domestic
39 corporation during the term of the subsidy.