

SENATE, No. 2445

STATE OF NEW JERSEY
219th LEGISLATURE

INTRODUCED MAY 7, 2020

Sponsored by:

Senator MICHAEL L. TESTA, JR.

District 1 (Atlantic, Cape May and Cumberland)

SYNOPSIS

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

CURRENT VERSION OF TEXT

As introduced.



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

3
4 **BE IT ENACTED** *by the Senate and General Assembly of the State*
5 *of New Jersey:*

6
7 1. The Legislature finds and declares that:

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

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

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

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

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

21
22 2. a. Notwithstanding any provision of law to the contrary, no
23 assets of any pension or annuity fund under the jurisdiction of the
24 Division of Investment in the Department of the Treasury, or its
25 successor, shall be invested in any Chinese pharmaceutical company,
26 or any company that has an equity tie or engaged in business
27 operations with any Chinese pharmaceutical company.

28 As used in this section:

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

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

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

42 b. The State Investment Council and the Director of the Division
43 of Investment, after reviewing the recommendations of and
44 consulting with an independent research firm that specializes in
45 global security risk for portfolio determinations selected by the State
46 Treasurer, shall take appropriate action to sell, redeem, divest or
47 withdraw any investment held in violation of subsection a. of this
48 section. This section shall not be construed to require the premature

1 or otherwise imprudent sale, redemption, divestment or withdrawal
2 of an investment, but such sale, redemption, divestment or
3 withdrawal shall be completed not later than three years following
4 the effective date of this act, P.L. , c. (pending before the
5 Legislature as this bill).

6 c. Within 60 days after the effective date of this act, the Director
7 of the Division of Investment shall file with the Legislature, pursuant
8 to section 2 of P.L.1991, c.164 (C.52:14-19.1), a report of all
9 investments held as of the effective date that are in violation of
10 subsection a. of this section. Every year thereafter, the director shall
11 report on all investments sold, redeemed, divested or withdrawn in
12 compliance with subsection b. of this section.

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

17 d. State Investment Council members, jointly and individually,
18 and State officers and employees involved therewith, shall be
19 indemnified and held harmless by the State of New Jersey from all
20 claims, demands, suits, actions, damages, judgments, costs, charges
21 and expenses, including court costs and attorney's fees, and against
22 all liability, losses and damages of any nature whatsoever that these
23 State Investment Council members, and State officers and
24 employees, shall or may at any time sustain by reason of any decision
25 to restrict, reduce or eliminate investments pursuant to this act.

26
27 3. This act shall take effect immediately.
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30 STATEMENT

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32 The COVID-19 pandemic has caused widespread harm, claiming
33 over 200,000 lives to date. The pandemic has also shut down the
34 economies of the world, leading to massive closures of small
35 businesses and loss of employment. In the United States alone, over
36 20 million Americans have filed for unemployment since the
37 pandemic reached our shores.

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

45 This bill prohibits investment in any Chinese pharmaceutical
46 company and any company that has an equity tie or is engaged in
47 business operations with a Chinese pharmaceutical company. The
48 State Investment Council will work with an independent research

1 firm to track any current investments in Chinese pharmaceutical
2 companies and take appropriate action to end the investment. The
3 Division of Investment will submit an annual report to highlight the
4 progress in fulfilling the requirements of the bill. The bill also
5 protects the State Investment Council, employees of the Division of
6 Investment, and other State officers and employees from legal action
7 that may arise due to the provisions of this bill.