

**SENATE CONCURRENT  
RESOLUTION No. 62**

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**STATE OF NEW JERSEY**

**219th LEGISLATURE**

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INTRODUCED FEBRUARY 10, 2020

**Sponsored by:**

**Senator SHIRLEY K. TURNER**

**District 15 (Hunterdon and Mercer)**

**SYNOPSIS**

Urges Congress and President to enact legislation which prohibits awarding federal contracts to inverted domestic corporations.

**CURRENT VERSION OF TEXT**

As introduced.



1   **A CONCURRENT RESOLUTION** urging the United States Congress  
2       and the President to enact legislation which prohibits the  
3       awarding of federal contracts to inverted domestic corporations.  
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5   **WHEREAS**, Pursuant to a rule adopted by the federal government, an  
6       inverted domestic corporation is defined as a corporation that used  
7       to be incorporated in the United States, or used to be a partnership  
8       in the United States, but is now incorporated in a foreign country,  
9       or is a subsidiary whose parent corporation is incorporated in a  
10      foreign country; and

11   **WHEREAS**, Business analysts note that commonly in an inversion, a  
12      U.S. company sets up or buys another company in a country with a  
13      lower corporate tax rate and then calls the new country home,  
14      thereby avoiding the taxes it would otherwise be obligated to pay;  
15      and

16   **WHEREAS**, Critics of the practice note that when a company  
17      undertakes an inversion, it moves its legal address outside of this  
18      country and some of its personnel and office operation from the  
19      United States—where the combined State and local tax rate is close  
20      to 40 percent—to a country such as Ireland where the corporate tax  
21      rate is 12.5 percent; and

22   **WHEREAS**, Although the practice has existed for several decades,  
23      several high-profile companies, including banana distributor  
24      Chiquita Brands International and drug maker AbbVie, have used  
25      the practice and several other companies, including the  
26      pharmaceutical company Myland and the drugstore chain  
27      Walgreens, are reported to have considered undertaking an  
28      inversion; and

29   **WHEREAS**, Former United States Treasury Secretary Jack Lew,  
30      speaking during the Obama administration, called on Congress to  
31      pass legislation to crack down on mergers in which companies use  
32      an inversion, and invoked the need for “economic patriotism” in  
33      reversing a practice that has flourished in recent years; and

34   **WHEREAS**, The Congressional Research Service has found that the  
35      number of corporate inversions has accelerated, with 47 such  
36      mergers in just the last decade, and at the same time the White  
37      House has estimated that the Treasury could lose as much as \$20  
38      billion in taxes over the next decade if more U.S. companies  
39      employ the practice; and

40   **WHEREAS**, It has been noted by business analysts that although the  
41      United States has the highest corporate tax rate of all countries that  
42      are members of the Organization for Economic Co-operation and  
43      Development, most U.S. companies can take advantage of a long  
44      list of tax credits, subsidies, incentives and other programs that  
45      enable them to pay much less than the top tax rates; and

46   **WHEREAS**, Several members of Congress are responding to the  
47      concerns about the detrimental effect on the country of inversions  
48      by sponsoring legislation to impede the practice; and

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1   **WHEREAS**, Legislation currently pending before Congress prohibits  
2       the awarding of contracts by any executive agency, including the  
3       Department of the Defense, to any entity, including a foreign  
4       incorporated entity, that is determined to be an inverted domestic  
5       corporation or any subsidiary of such an entity, unless a waiver is  
6       granted to the entity because of its importance for national security;  
7       and

8   **WHEREAS**, It is fitting and proper for this Legislature to express its  
9       concern over the inversion process and to urge Congress and the  
10      President to enact legislation prohibiting it; now, therefore,

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12      **BE IT RESOLVED** *by the Senate of the State of New Jersey (the*  
13      *General Assembly concurring):*

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15      1. This Legislature urges the United States Congress and the  
16      President to enact legislation which prohibits the awarding of  
17      federal contracts to inverted domestic corporations.

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19      2. Copies of this resolution, as filed with the Secretary of State,  
20      shall be transmitted by Clerk of the General Assembly or the  
21      Secretary of the Senate to the President and Vice President of the  
22      United States, to the President Pro Tempore and to the Majority  
23      Leader and the Minority Leader of the United States Senate, and to  
24      the Speaker and the Majority Leader and the Minority Leader of the  
25      United States House of Representatives, and to every member of  
26      Congress elected from this State.

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STATEMENT

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31      This concurrent resolution urges the United States Congress and  
32      the President to enact legislation which prohibits the awarding of  
33      federal contracts to inverted domestic corporations. Pursuant to a  
34      rule adopted by the federal government, an inverted domestic  
35      corporation is defined as a corporation that used to be incorporated  
36      in the United States, or used to be a partnership in the United States,  
37      but is now incorporated in a foreign country, or is a subsidiary  
38      whose parent corporation is incorporated in a foreign country.