

CHAPTER 250

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:

The State of New Jersey is deeply concerned about the situation in the Islamic Republic of Iran. President Mahmoud Ahmadinejad, the President of Iran, has added greatly to the instability of the Middle East by making statements that Israel should be “wiped off the map” and asserting that the Holocaust was a “myth.” Iran has done little to promote international cooperation and everything to fan the flames of divisiveness and crisis. Thus, global tension concerning the Middle East is fuelled to dangerous heights by the rhetoric and actions of Iran.

Iran has been committed to the destruction of Israel since the installation of theocratic rule by Ayatollah Ruhollah Khomeini in 1979 and has been cited repeatedly as one of the world’s most dangerous sponsors of international terrorism. President Ahmadinejad has also sparked international concern and controversy by refusing to stop Iran’s enrichment of nuclear materials—possibly for use in atomic weapons—and refusing to allow the United Nations to check Iran’s claim that it seeks to use nuclear power only to generate electricity.

President Ahmadinejad’s comments regarding Israel together with his determination to promote Iran’s nuclear program leads observers to conclude that the country’s resources are directed towards the destruction of Israel by atomic weapons. This State must take action to respond to these calls for the destruction of Israel and threats to world peace and stability. Therefore, it is in the best interest of this State that a statutory prohibition be enacted to prohibit the investment of public employee retirements funds in foreign companies doing business in Iran.

C.52:18A-89.12 Pension or annuity, investment in foreign companies having equity ties to Iran; prohibited.

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 foreign company that has an equity tie to the government of Iran or its instrumentalities and is engaged in business operations with entities in the defense sector or nuclear sector of Iran, or engaged in business operations with entities involved in the natural gas or petroleum sectors of Iran, in or with that government and its instrumentalities. This prohibition shall not apply to the activities of any foreign company providing humanitarian aid to the Iranian people through either a governmental or non-governmental organization.

As used in this section, “equity tie” means manufacturing or mining plants, employees or advisors, facilities, or an investment, fiduciary, monetary or physical presence of any kind, including an ownership stake in one or more subsidiary or joint venture with one or more companies in the country; “humanitarian aid” means the provision of goods and services intended to relieve human suffering or to promote general welfare and health; “defense sector” means every industry or company, be it private or owned in whole or in part by the government of Iran or its instrumentalities, that is involved in the purchase, sale, manufacturing, testing or deployment of military supplies and weapons, including every company that provides military advisors and non-military personnel or that sells strategic information or services to companies that purchase, sell, manufacture, test or deploy military

supplies and weapons, or the government of Iran or its instrumentalities; “nuclear sector” means every industry or company, be it private or owned in whole or in part by the government of Iran or its instrumentalities, that is involved in the purchase, sale, development, testing or deployment of nuclear technology of any kind or that provides advisors, researchers, scientists or technicians who are involved in the purchase, sale, development, testing or deployment of nuclear technology of any kind; and “natural gas or petroleum sectors” means those industries and companies that have as their business the owning rights to oil blocks, exporting, extracting, producing, refining, processing, exploring for, transporting, selling or trading of oil or natural gas, constructing, maintaining or operating a pipeline, refinery or other infrastructure and facilitating such activities, including supplies or services in support of such activities.

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 P.L.2007, c.250 (C.52:18A-89.12).

c. Within 60 days after the effective date of P.L.2007, c.250 (C.52:18A-89.12), 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 P.L.2007, c.250 (C.52:18A-89.12) in implementing subsection b. of this section.

d. Notwithstanding the other provisions of this section to the contrary, this act shall be of no effect if:

(1) the Congress or the President of the United States, affirmatively and unambiguously, declares by means including, but not limited to, legislation, executive order, or written certification from the President to Congress that the government of Iran has ceased to acquire or develop weapons of mass destruction and, to support international terrorism; or

(2) the United States revokes all sanctions imposed against the government of Iran.

e. 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.

Approved January 4, 2008.