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**NEWSPAPER ARTICLES:** No

P.L. 2018, CHAPTER 57, *approved July 3, 2018*  
Senate, No. 396 (*First Reprint*)

1 AN ACT forbidding members of the State Investment Council from  
2 voting on transactions concerning investment with which a  
3 member has certain financial or familial conflicts and requiring  
4 removal for violations thereof, and supplementing Title 52 of the  
5 Revised Statutes.

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

9  
10 1. a. Notwithstanding the provision of any law, rule or  
11 regulation to the contrary, a member of the State Investment  
12 Council shall not vote on transactions before the State Investment  
13 Council for approval or otherwise, if the transaction involves an  
14 investment for which any one of the following conflicts of interests  
15 exist:

16 the member of the State Investment Council is or was employed  
17 by the entity in which the investment is made or which offers the  
18 investment,

19 the spouse of the member of the State Investment Council is or  
20 was employed by the entity in which the investment is made or  
21 which offers the investment,

22 the member of the State Investment Council has a direct  
23 investment exceeding <sup>1</sup>~~[\$1,000]~~ \$5,000<sup>1</sup> in the entity in which the  
24 investment is made or which offers the investment, or

25 the spouse of the member of the State Investment Council has a  
26 direct investment exceeding <sup>1</sup>~~[\$1,000]~~ \$5,000<sup>1</sup> in the entity in  
27 which the investment is made or which offers the investment.

28 b. If a member of the State Investment Council violates the  
29 requirements of subsection a. of this section, the member shall be  
30 removed from the State Investment Council by the chairman of the  
31 State Investment Council or, if it is the chairman who is to be  
32 removed, by the remaining members of the State Investment  
33 Council, but only for cause, and upon notice of the grounds of the  
34 violation, and an opportunity of the member to be heard thereon at a  
35 public hearing of the State Investment Council. If a removal is  
36 executed pursuant to this subsection, the State Investment Council  
37 shall immediately report the removal to the Governor and, in  
38 accordance with section 2 of P.L.1991, c.164 (C.52:14-19.1), the  
39 Legislature.

**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.

Matter enclosed in superscript numerals has been adopted as follows:

<sup>1</sup>Senate SSG committee amendments adopted February 26, 2018.

1 c. This section shall not be construed to relieve members of the  
2 State Investment Council from a recusal otherwise required in  
3 accordance with law, rule, or regulation. This section shall not be  
4 construed to relieve members of the State Investment Council from  
5 the requirement imposed pursuant to the first sentence of subsection  
6 b. of section 5 of P.L.1950, c.270 (C.52:18A-83).

7 d. The State Investment Council shall, in accordance with the  
8 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et  
9 seq.), adopt rules and regulations to effectuate the purposes of this  
10 section, including but not limited to the procedure for executing a  
11 removal pursuant to subsection b. of this section.

12 e. As used in this section:

13 "Direct investment" means the ownership or control of an  
14 investment by an individual that occurs directly, rather than through  
15 an investment vehicle, including but not limited to a mutual fund,  
16 closed-end fund or unit investment trust.

17 "Employed" means to work for compensation, whether as an  
18 agent, employee, independent contractor or other designation.

19 "Entity" means an assignee, association, company, corporation,  
20 estate, fiduciary, individual, joint stock company, limited  
21 partnership, partnership, receiver, referee, S corporation, society,  
22 sole proprietorship, trust, trustee, and any other legal entity.

23 "Spouse" means a husband, wife or civil union partner.

24 "Investment" means "investments" as that term is defined  
25 pursuant to subsection c. of section 11 of P.L.1950, c.270  
26 (C.52:18A-89).

27

28 2. This act shall take effect immediately and apply to votes of  
29 the State Investment Council occurring on or after the date of  
30 enactment.

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35 \_\_\_\_\_  
36 Forbids members of the State Investment Council from voting on  
37 transactions concerning investment with which a member has  
38 certain financial or familial conflicts and requires removal for  
violations thereof.

# SENATE, No. 396

## STATE OF NEW JERSEY 218th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2018 SESSION

**Sponsored by:**

**Senator JOSEPH PENNACCHIO**

**District 26 (Essex, Morris and Passaic)**

**Senator KRISTIN M. CORRADO**

**District 40 (Bergen, Essex, Morris and Passaic)**

**SYNOPSIS**

Forbids members of the State Investment Council from voting on transactions concerning investment with which a member has certain financial or familial conflicts and requires removal for violations thereof.

**CURRENT VERSION OF TEXT**

Introduced Pending Technical Review by Legislative Counsel.



1 AN ACT forbidding members of the State Investment Council from  
2 voting on transactions concerning investment with which a  
3 member has certain financial or familial conflicts and requiring  
4 removal for violations thereof, supplementing Title 52 of the  
5 Revised Statutes.

6

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

9

10 1. a. Notwithstanding the provision of any law, rule or  
11 regulation to the contrary, a member of the State Investment  
12 Council shall not vote on transactions before the State Investment  
13 Council for approval or otherwise, if the transaction involves an  
14 investment for which any one of the following conflicts of interests  
15 exist:

16 the member of the State Investment Council is or was employed  
17 by the entity in which the investment is made or which offers the  
18 investment,

19 the spouse of the member of the State Investment Council is or  
20 was employed by the entity in which the investment is made or  
21 which offers the investment,

22 the member of the State Investment Council has a direct  
23 investment exceeding \$1,000 in the entity in which the investment  
24 is made or which offers the investment, or

25 the spouse of the member of the State Investment Council has a  
26 direct investment exceeding \$1,000 in the entity in which the  
27 investment is made or which offers the investment.

28 b. If a member of the State Investment Council violates the  
29 requirements of subsection a. of this section, the member shall be  
30 removed from the State Investment Council by the chairman of the  
31 State Investment Council or, if it is the chairman who is to be  
32 removed, by the remaining members of the State Investment  
33 Council, but only for cause, and upon notice of the grounds of the  
34 violation, and an opportunity of the member to be heard thereon at a  
35 public hearing of the State Investment Council. If a removal is  
36 executed pursuant to this subsection, the State Investment Council  
37 shall immediately report the removal to the Governor and, in  
38 accordance with section 2 of P.L.1991, c.164 (C.52:14-19.1), the  
39 Legislature.

40 c. This section shall not be construed to relieve members of the  
41 State Investment Council from a recusal otherwise required in  
42 accordance with law, rule, or regulation. This section shall not be  
43 construed to relieve members of the State Investment Council from  
44 the requirement imposed pursuant to the first sentence of subsection  
45 b. of section 5 of P.L.1950, c.270 (C.52:18A-83).

46 d. The State Investment Council shall, in accordance with the  
47 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et  
48 seq.), adopt rules and regulations to effectuate the purposes of this

1 section, including but not limited to procedure for executing a  
2 removal pursuant to subsection b. of this section.

3 e. As used in this section:

4 “Direct investment” means the ownership or control of an  
5 investment by an individual that occurs directly, rather than through  
6 an investment vehicle, including but not limited to a mutual fund,  
7 closed-end fund or unit investment trust.

8 “Employed” means to work for compensation, whether as an  
9 agent, employee, independent contractor or other designation.

10 “Entity” means an assignee, association, company, corporation,  
11 estate, fiduciary, individual, joint stock company, limited  
12 partnership, partnership, receiver, referee, S corporation, society,  
13 sole proprietorship, trust, trustee, and any other legal entity.

14 “Spouse” means a husband, wife or civil union partner.

15 “Investment” means “investments” as that term is defined  
16 pursuant to subsection c. of section 11 of P.L.1950, c.270  
17 (C.52:18A-89).

18

19 2. This act shall take effect immediately and apply to votes of  
20 the State Investment Council occurring on or after the date of  
21 enactment.

22

23

#### STATEMENT

24

25 This bill prohibits members of the State Investment Council from  
26 voting on transactions concerning investment with which a member  
27 has certain financial or familial conflicts. The bill also requires a  
28 member to be removed from the council for votes cast in violation  
29 of its provisions.

30 The bill prohibits a member of the council from voting if any of  
31 the following four specific conflicts exist: (1) the member has been  
32 employed by the entity in which the investment is made or which  
33 offers the investment; (2) the spouse of the member has been  
34 employed by such entity; (3) the member has a direct investment  
35 exceeding \$1,000 in such entity; or (4) the spouse of the member  
36 has a direct investment exceeding \$1,000 in such entity. The bill  
37 requires the State Investment Council to remove any member from  
38 its membership, after a hearing, that votes when precluded from  
39 doing so by the aforementioned restrictions. The bill also provides  
40 the council with rulemaking authority to implement this bill,  
41 including the requirement that the council promulgate procedure for  
42 executing removals for violation of this bill’s vote restrictions.

43 This bill also denotes that it shall not be construed to relieve  
44 members of the council from their duty to refrain from participating  
45 in a vote, which may otherwise be provided by law. Additionally,  
46 the bill specifies that its voting requirements do not relieve  
47 members of the council from the existing requirement that no  
48 member shall benefit directly or indirectly from any transaction  
49 made by the Director of the Division of Investment.

ASSEMBLY STATE AND LOCAL GOVERNMENT  
COMMITTEE

STATEMENT TO

[First Reprint]

**SENATE, No. 396**

**STATE OF NEW JERSEY**

DATED: MAY 10, 2018

The Assembly State and Local Government Committee reports favorably Senate Bill No. 396 (1R).

This bill prohibits a member of the State Investment Council from voting on a transaction concerning an investment with which the member has certain financial or familial conflicts. The bill also requires a member to be removed from the council for a vote cast in violation of its provisions.

The bill prohibits a member of the council from voting if any of the following four specific conflicts exist: (1) the member has been employed by the entity in which the investment is made or which offers the investment; (2) the spouse of the member has been employed by such entity; (3) the member has a direct investment exceeding \$5,000 in such entity; or (4) the spouse of the member has a direct investment exceeding \$5,000 in such entity. The bill requires the State Investment Council to remove any member from its membership, after a hearing, who votes when precluded from doing so by the aforementioned restrictions. The bill also provides the council with rulemaking authority to implement this bill, including the procedure for executing removals for violation of this bill's vote restrictions.

This bill would not be construed to relieve members of the council from their duty to recuse themselves from voting as may otherwise be provided by law, rule, or regulation, or from the existing requirement that no member shall benefit directly or indirectly from any transaction made by the Director of the Division of Investment.

# ASSEMBLY, No. 3840

## STATE OF NEW JERSEY 218th LEGISLATURE

INTRODUCED APRIL 12, 2018

**Sponsored by:**

**Assemblyman JOHN ARMATO**

**District 2 (Atlantic)**

**Assemblyman VINCENT MAZZEO**

**District 2 (Atlantic)**

**Assemblyman ROY FREIMAN**

**District 16 (Hunterdon, Mercer, Middlesex and Somerset)**

**SYNOPSIS**

Forbids members of the State Investment Council from voting on transactions concerning investment with which a member has certain financial or familial conflicts and requires removal for violations thereof.

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 5/25/2018)**

1 AN ACT forbidding members of the State Investment Council from  
2 voting on transactions concerning investment with which a  
3 member has certain financial or familial conflicts and requiring  
4 removal for violations thereof, and supplementing Title 52 of the  
5 Revised Statutes.

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

9  
10 1. a. Notwithstanding the provision of any law, rule or  
11 regulation to the contrary, a member of the State Investment  
12 Council shall not vote on transactions before the State Investment  
13 Council for approval or otherwise, if the transaction involves an  
14 investment for which any one of the following conflicts of interests  
15 exist:

16 the member of the State Investment Council is or was employed  
17 by the entity in which the investment is made or which offers the  
18 investment,

19 the spouse of the member of the State Investment Council is or  
20 was employed by the entity in which the investment is made or  
21 which offers the investment,

22 the member of the State Investment Council has a direct  
23 investment exceeding \$5,000 in the entity in which the investment  
24 is made or which offers the investment, or

25 the spouse of the member of the State Investment Council has a  
26 direct investment exceeding \$5,000 in the entity in which the  
27 investment is made or which offers the investment.

28 b. If a member of the State Investment Council violates the  
29 requirements of subsection a. of this section, the member shall be  
30 removed from the State Investment Council by the chairman of the  
31 State Investment Council or, if it is the chairman who is to be  
32 removed, by the remaining members of the State Investment  
33 Council, but only for cause, and upon notice of the grounds of the  
34 violation, and an opportunity of the member to be heard thereon at a  
35 public hearing of the State Investment Council. If a removal is  
36 executed pursuant to this subsection, the State Investment Council  
37 shall immediately report the removal to the Governor and, in  
38 accordance with section 2 of P.L.1991, c.164 (C.52:14-19.1), the  
39 Legislature.

40 c. This section shall not be construed to relieve members of the  
41 State Investment Council from a recusal otherwise required in  
42 accordance with law, rule, or regulation. This section shall not be  
43 construed to relieve members of the State Investment Council from  
44 the requirement imposed pursuant to the first sentence of subsection  
45 b. of section 5 of P.L.1950, c.270 (C.52:18A-83).

46 d. The State Investment Council shall, in accordance with the  
47 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et  
48 seq.), adopt rules and regulations to effectuate the purposes of this

1 section, including but not limited to the procedure for executing a  
2 removal pursuant to subsection b. of this section.

3 e. As used in this section:

4 “Direct investment” means the ownership or control of an  
5 investment by an individual that occurs directly, rather than through  
6 an investment vehicle, including but not limited to a mutual fund,  
7 closed-end fund or unit investment trust.

8 “Employed” means to work for compensation, whether as an  
9 agent, employee, independent contractor or other designation.

10 “Entity” means an assignee, association, company, corporation,  
11 estate, fiduciary, individual, joint stock company, limited  
12 partnership, partnership, receiver, referee, S corporation, society,  
13 sole proprietorship, trust, trustee, and any other legal entity.

14 “Spouse” means a husband, wife or civil union partner.

15 “Investment” means “investments” as that term is defined  
16 pursuant to subsection c. of section 11 of P.L.1950, c.270  
17 (C.52:18A-89).

18

19 2. This act shall take effect immediately and apply to votes of  
20 the State Investment Council occurring on or after the date of  
21 enactment.

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#### STATEMENT

25

26 This bill prohibits members of the State Investment Council from  
27 voting on transactions concerning investment with which a member  
28 has certain financial or familial conflicts. The bill also requires a  
29 member to be removed from the council for votes cast in violation  
30 of its provisions.

31 The bill prohibits a member of the council from voting if any of  
32 the following four specific conflicts exist: (1) the member has been  
33 employed by the entity in which the investment is made or which  
34 offers the investment; (2) the spouse of the member has been  
35 employed by such entity; (3) the member has a direct investment  
36 exceeding \$5,000 in such entity; or (4) the spouse of the member  
37 has a direct investment exceeding \$5,000 in such entity. The bill  
38 requires the State Investment Council to remove any member from  
39 its membership, after a hearing, that votes when precluded from  
40 doing so by the aforementioned restrictions. The bill also provides  
41 the council with rulemaking authority to implement this bill,  
42 including the procedure for executing removals for violation of this  
43 bill’s vote restrictions.

44 This bill would not be construed to relieve members of the  
45 council from their duty to recuse themselves from voting as may  
46 otherwise be provided by law, rule, or regulation, or from the  
47 existing requirement that no member shall benefit directly or  
48 indirectly from any transaction made by the Director of the Division  
49 of Investment.

ASSEMBLY STATE AND LOCAL GOVERNMENT  
COMMITTEE

STATEMENT TO

**ASSEMBLY, No. 3840**

**STATE OF NEW JERSEY**

DATED: MAY 10, 2018

The Assembly State and Local Government Committee reports favorably Assembly Bill No. 3840.

This bill prohibits a member of the State Investment Council from voting on a transaction concerning an investment with which the member has certain financial or familial conflicts. The bill also requires a member to be removed from the council for a vote cast in violation of its provisions.

The bill prohibits a member of the council from voting if any of the following four specific conflicts exist: (1) the member has been employed by the entity in which the investment is made or which offers the investment; (2) the spouse of the member has been employed by such entity; (3) the member has a direct investment exceeding \$5,000 in such entity; or (4) the spouse of the member has a direct investment exceeding \$5,000 in such entity. The bill requires the State Investment Council to remove any member from its membership, after a hearing, who votes when precluded from doing so by the aforementioned restrictions. The bill also provides the council with rulemaking authority to implement this bill, including the procedure for executing removals for violation of this bill's vote restrictions.

This bill would not be construed to relieve members of the council from their duty to recuse themselves from voting as may otherwise be provided by law, rule, or regulation, or from the existing requirement that no member shall benefit directly or indirectly from any transaction made by the Director of the Division of Investment.



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# Newark, N.J.

## Governor Phil Murphy Takes Action on Legislation

07/3/2018

**TRENTON** - Governor Phil Murphy today signed the following bills into law:

**S-396/A-3840 (Pennacchio, Corrado/Armato, Mazzeo, Freiman)** - Forbids members of the State Investment Council from voting on transactions concerning investment with which a member has certain financial or familial conflicts and requires removal for violations thereof

**S-879wGR/A-3116 (Sweeney/Burzichelli, Taliaferro, Murphy)** - Amends definition of “existing major hazardous waste facility” in “Major Hazardous Waste Facilities Siting Act”

**S-976wGR/A-1709 (Vitale, Bateman/Vainieri Huttie, Mukherji)** - “Revised State Medical Examiner Act”; establishes Office of the Chief State Medical Examiner in DOH

**S-1207/A-3086 (Sweeney, Oroho/Greenwald)** - Requires State to pay full cost of health care benefits coverage in retirement for SPRS members who retire at mandatory retirement age of 55 with more than 20 but less than 25 years of service

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