

52:18A-89

LEGISLATIVE HISTORY CHECKLIST

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LAWS OF: 2005 **CHAPTER:** 162

NJSA: 52:18A-89 (Prohibits investment of certain public funds in foreign companies doing business in Sudan)

BILL NO: A3482 (Substituted for S2145)

SPONSOR(S): Payne and others

DATE INTRODUCED: November 4, 2004

COMMITTEE: **ASSEMBLY:** State Government; Appropriations
SENATE: State Government; Budget and Appropriations

AMENDED DURING PASSAGE: Yes

DATE OF PASSAGE: **ASSEMBLY:** June 30, 2005

SENATE: June 27, 2005

DATE OF APPROVAL: July 28, 2005

FOLLOWING ARE ATTACHED IF AVAILABLE:

[FINAL TEXT OF BILL](#) (1st reprint enacted)

A3482

[SPONSOR'S STATEMENT:](#) (Begins on page 3 of original bill) [Yes](#)

COMMITTEE STATEMENT: **ASSEMBLY:** Yes [11-22-2004 \(SG\)](#)
[1-10-2005 \(Approp.\)](#)

SENATE: Yes [6-16-2005 \(SG\)](#)
[6-23-2005 \(Bud & App.\)](#)

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL NOTE: Yes [1-25-2005](#)
[7-15-2005](#)

S2145

[SPONSOR'S STATEMENT:](#) (Begins on page 3 of original bill) [Yes](#)

COMMITTEE STATEMENT: **ASSEMBLY:** No

SENATE: Yes [6-16-2005 \(SG\)](#)
[6-23-2005 \(Bud & App.\)](#)

FLOOR AMENDMENT STATEMENT: No

[LEGISLATIVE FISCAL NOTE:](#) [Yes](#)

VETO MESSAGE: No

GOVERNOR'S PRESS RELEASE ON SIGNING:

Yes

FOLLOWING WERE PRINTED:

To check for circulating copies, contact New Jersey State Government Publications at the State Library (609) 278-2640 ext. 103 or

<mailto:refdesk@njstatelib.org>

REPORTS:

No

HEARINGS:

No

NEWSPAPER ARTICLES:

Yes

"New NJ law seeks to pressure Sudanese leaders," 7-29-2005 Asbury Park Press, p.A3

"Jersey takes action against Sudan by divesting \$1 billion," 7-29-2005 Star Ledger, p.43

"New Jersey divests pension funds from companies with ties to Sudan," 7-29-2005 The Press, p.A4

IS 8/23/07

§1 - Note to §2
§§2-4 -
C.52:18A-89.9
to 52:18A-89.11
§5 - Note to §§1-4

P.L. 2005, CHAPTER 162, *approved July 28, 2005*
Assembly, No. 3482 (*First Reprint*)

1 **AN ACT** concerning the investment of certain public funds and
2 supplementing chapter 18A of Title 52 of the New Jersey Statutes.

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 State of New Jersey is deeply concerned over the poor
9 human rights situation in Sudan, calls for stepped-up international
10 efforts to end the crisis in Sudan's Darfur region and concurs with
11 United States policy which has officially declared that genocide is
12 ongoing in the Sudan;

13 b. Despite significant pressure from the United States government,
14 the government of Sudan has not taken all the necessary actions to
15 disassociate itself fully from its ties to terrorism;

16 c. The government of Sudan places severe limitations on the
17 political and religious freedoms of the Sudanese people despite
18 promises of improvement and pledges to end the 20-year civil war
19 between the government and the Sudan People's Liberation
20 Movement/Army;

21 d. The government of Sudan violates the rules of war by
22 deliberately attacking civilians and, since 1983, the war and famine-
23 related effects have led to more than two million deaths and over four
24 million people displaced;

25 e. The government of Sudan continues to engage in arbitrary
26 arrest, prolonged detention, extra-judicial killings, torture and rape of
27 the Sudanese people and apostasy from Islam is punishable by death;

28 f. Severe restrictions are placed on the freedoms of assembly,
29 association, movement, and speech and the government actively
30 censors the press;

31 g. The most sobering violation of human rights in Sudan is the
32 existence of slavery or slavery-like indenture and the pro-government
33 militia continues to engage in abduction and slavery with impunity;

34 h. The 2002 Machakos Protocol, signed by both sides in the civil
35 war in Sudan, has recognized that "Sudan is a multi-cultural, multi-
36 racial, multi-ethnic, multi-religious, and multi-lingual country," and
37 that there "shall be freedom of belief, worship and conscience for

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

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Senate SSG committee amendments adopted June 16, 2005.

1 followers of all religions or beliefs or customs and no one shall be
2 discriminated against on such grounds" once a peace agreement is
3 signed; and

4 i. It is in the best interest of this State that a statutory prohibition
5 be enacted to prohibit the investment of public employee retirement
6 funds in ¹foreign¹ companies doing business in Sudan given the poor
7 human rights situation in Sudan and the lack of signs of improvement.
8

9 2. Notwithstanding any provision of law to the contrary, no assets
10 of any pension or annuity fund under the jurisdiction of the Division
11 of Investment in the Department of the Treasury, or its successor, shall
12 be invested in any ¹[bank or financial institution which directly or
13 through a subsidiary has outstanding loans to or financial activities in
14 Sudan or its instrumentalities and no such assets shall be invested in
15 the stocks, securities or other obligations of any company which
16 directly or through a subsidiary is engaged in business in or with
17 Sudan or its instrumentalities] foreign company with an equity tie to
18 government of Sudan or its instrumentalities and is engaged in
19 business in or with the same. The provisions of this section shall not
20 apply to the activities of any foreign company providing humanitarian
21 aid to the Sudanese people through either a governmental or non-
22 governmental organization.

23 As used in this section, "equity tie" means manufacturing or mining
24 plants, employees or advisors, facilities or an investment, fiduciary,
25 monetary or physical presence of any kind; and "humanitarian aid"
26 means the provision of goods and services intended to relieve human
27 suffering or to promote the general welfare, health, and religious and
28 spiritual activities¹.
29

30 3. The State Investment Council and the Director of the Division
31 of Investment shall ¹, after reviewing the recommendations of, and
32 consulting with, an independent research firm that specializes in global
33 security risk for portfolio determinations selected by the Treasurer,¹
34 take appropriate action to sell, redeem, divest or withdraw any
35 investment held in violation of the provision of this act. This act shall
36 not be construed to require the premature or otherwise imprudent sale,
37 redemption, divestment or withdrawal of an investment, but such sale,
38 redemption, divestment or withdrawal shall be completed not later
39 than three years following the effective date of this act.
40

41 4. Within 60 days after the effective date of this act, the Director
42 of the Division of Investment shall file with the Legislature a report of
43 all investments held as of the effective date of this act which are in
44 violation of the provisions of this act. Every year thereafter, the
45 director shall report on all investments sold, redeemed, divested or
46 withdrawn in compliance with this act.

1 Each report after the initial report shall provide: a description of
2 the progress which the division has made since the previous report and
3 since the enactment of this act in implementing the provisions of
4 section 2 of this act.

5

6 5. This act shall take effect on the first day of the month after
7 enactment.

8

9

10

11

12 Prohibits investment of certain public funds in foreign companies doing
13 business in Sudan.

ASSEMBLY, No. 3482

STATE OF NEW JERSEY 211th LEGISLATURE

INTRODUCED NOVEMBER 4, 2004

Sponsored by:

Assemblyman WILLIAM D. PAYNE

District 29 (Essex and Union)

Assemblyman CRAIG A. STANLEY

District 28 (Essex)

Assemblyman JOHN F. MCKEON

District 27 (Essex)

Assemblyman NEIL M. COHEN

District 20 (Union)

Co-Sponsored by:

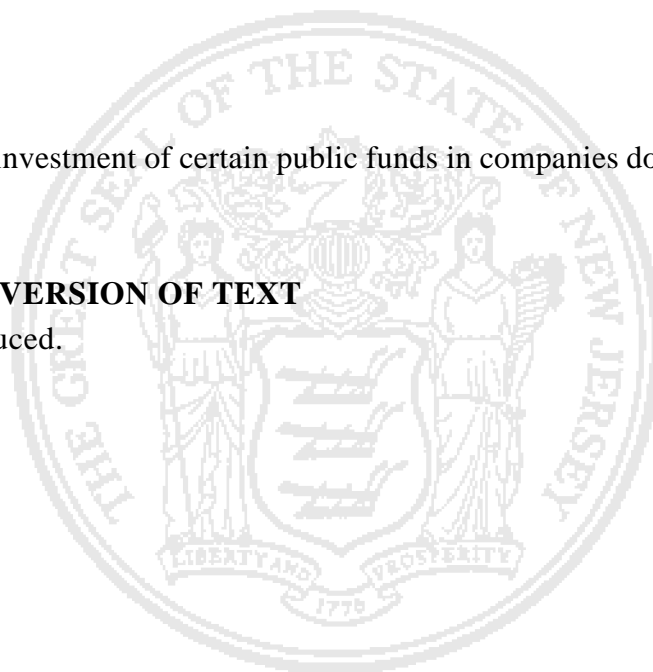
**Assemblymen Hackett, Steele, Azzolina, Carroll, Gordon, Assemblywomen
Watson Coleman, Weinberg, Assemblymen Johnson, Chivukula, Conaway
and Connors**

SYNOPSIS

Prohibits investment of certain public funds in companies doing business in Sudan.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 1/25/2005)

1 AN ACT concerning the investment of certain public funds and
2 supplementing chapter 18A of Title 52 of the New Jersey Statutes.

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 State of New Jersey is deeply concerned over the poor
9 human rights situation in Sudan, calls for stepped-up international
10 efforts to end the crisis in Sudan's Darfur region and concurs with
11 United States policy which has officially declared that genocide is
12 ongoing in the Sudan;

13 b. Despite significant pressure from the United States government,
14 the government of Sudan has not taken all the necessary actions to
15 disassociate itself fully from its ties to terrorism;

16 c. The government of Sudan places severe limitations on the
17 political and religious freedoms of the Sudanese people despite
18 promises of improvement and pledges to end the 20-year civil war
19 between the government and the Sudan People's Liberation
20 Movement/Army;

21 d. The government of Sudan violates the rules of war by
22 deliberately attacking civilians and, since 1983, the war and famine-
23 related effects have led to more than two million deaths and over four
24 million people displaced;

25 e. The government of Sudan continues to engage in arbitrary
26 arrest, prolonged detention, extra-judicial killings, torture and rape of
27 the Sudanese people and apostasy from Islam is punishable by death;

28 f. Severe restrictions are placed on the freedoms of assembly,
29 association, movement, and speech and the government actively
30 censors the press;

31 g. The most sobering violation of human rights in Sudan is the
32 existence of slavery or slavery-like indenture and the pro-government
33 militia continues to engage in abduction and slavery with impunity;

34 h. The 2002 Machakos Protocol, signed by both sides in the civil
35 war in Sudan, has recognized that "Sudan is a multi-cultural, multi-
36 racial, multi-ethnic, multi-religious, and multi-lingual country," and
37 that there "shall be freedom of belief, worship and conscience for
38 followers of all religions or beliefs or customs and no one shall be
39 discriminated against on such grounds" once a peace agreement is
40 signed; and

41 i. It is in the best interest of this State that a statutory prohibition
42 be enacted to prohibit the investment of public employee retirement
43 funds in companies doing business in Sudan given the poor human
44 rights situation in Sudan and the lack of signs of improvement.

45

46 2. Notwithstanding any provision of law to the contrary, no assets

1 of any pension or annuity fund under the jurisdiction of the Division
2 of Investment in the Department of the Treasury, or its successor, shall
3 be invested in any bank or financial institution which directly or
4 through a subsidiary has outstanding loans to or financial activities in
5 Sudan or its instrumentalities and no such assets shall be invested in
6 the stocks, securities or other obligations of any company which
7 directly or through a subsidiary is engaged in business in or with
8 Sudan or its instrumentalities.

9
10 3. The State Investment Council and the Director of the Division
11 of Investment shall take appropriate action to sell, redeem, divest or
12 withdraw any investment held in violation of the provision of this act.
13 This act shall not be construed to require the premature or otherwise
14 imprudent sale, redemption, divestment or withdrawal of an
15 investment, but such sale, redemption, divestment or withdrawal shall
16 be completed not later than three years following the effective date of
17 this act.

18
19 4. Within 60 days after the effective date of this act, the Director
20 of the Division of Investment shall file with the Legislature a report of
21 all investments held as of the effective date of this act which are in
22 violation of the provisions of this act. Every year thereafter, the
23 director shall report on all investments sold, redeemed, divested or
24 withdrawn in compliance with this act.

25 Each report after the initial report shall provide: a description of
26 the progress which the division has made since the previous report and
27 since the enactment of this act in implementing the provisions of
28 section 2 of this act.

29
30 5. This act shall take effect on the first day of the month after
31 enactment.

32
33
34 STATEMENT

35
36 This bill requires the Division of Investment in the Department of
37 the Treasury to divest State-administered pension fund investments
38 from companies, banks and financial institutions that have ties to, or
39 activities in, Sudan or its instrumentalities.

40 This Legislature and the State are deeply concerned over the poor
41 human rights situation in Sudan. This House concurs with official
42 United States policy that has declared that genocide is ongoing in the
43 Sudan and calls for stepped-up international efforts to end the crisis.

44 The government of Sudan is an authoritarian regime that took
45 power in 1989. A large number of human rights abuses perpetrated by
46 the government have been catalogued by the United States Department

1 of State. These human rights abuses include severe restrictions on the
2 freedoms of assembly, association, movement, and speech. There is
3 active censorship of the press. The ruling military junta engages in
4 arbitrary arrest, prolonged detention, extra-judicial killings, torture
5 and rape. It has routinely violated its pledges to end the 20-year civil
6 war; a war that has taken the lives of more than two million people and
7 displaced four million others.

8 Perhaps the most sobering violation of human rights in Sudan is the
9 existence of slavery. The pro-government militia continues to engage
10 in abduction and slavery with impunity. The Machakos Protocol,
11 signed by both sides in the civil war in Sudan, has recognized Sudan
12 to be a multi-cultural, multi-religious country and represents the
13 commitment to improve human rights once a peace agreement is
14 concluded.

15 For these reasons, it is in the best interest of this State to prohibit
16 the investment of public employee retirement funds in companies doing
17 business in Sudan.

ASSEMBLY STATE GOVERNMENT COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3482

STATE OF NEW JERSEY

DATED: NOVEMBER 22, 2004

The Assembly State Government Committee reports favorably Assembly, No. 3482.

This bill prohibits the investment of New Jersey public employee retirement funds in companies doing business in Sudan because of that country's failure to prevent genocide and its human rights abuses that include severe restrictions on the freedoms of assembly, association, movement, and speech. The bill also requires the Division of Investment in the Department of the Treasury to divest State-administered pension fund investments from companies, banks and financial institutions that have ties to, or activities in, Sudan or its instrumentalities.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3482

STATE OF NEW JERSEY

DATED: JANUARY 10, 2005

The Assembly Appropriations Committee reports favorably Assembly Bill No. 3482.

Assembly Bill No. 3482 prohibits the investment of New Jersey public employee retirement funds in companies doing business in Sudan because of that country's failure to prevent genocide and its human rights abuses that include severe restrictions on the freedoms of assembly, association, movement, and speech. The bill also requires the Division of Investment in the Department of the Treasury to divest State-administered pension fund investments from companies, banks and financial institutions that have ties to, or activities in, Sudan or its instrumentalities.

FISCAL IMPACT:

The Division of Investment in the Department of the Treasury cannot determine the fiscal impact of this legislation due to a lack of sufficient data.

The Office of Legislative Services concurs with this and notes that the bill provides a three year period to sell, redeem, divest or withdraw any investment to avoid imprudent actions.

SENATE STATE GOVERNMENT COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3482

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 16, 2005

The Senate State Government Committee reports favorably and with committee amendments Assembly Bill No. 3482.

As amended, this bill prohibits the investment of New Jersey public employee retirement funds in any foreign company with an equity tie to the government of Sudan or its instrumentalities because of that country's failure to prevent genocide and its human rights abuses that include severe restrictions on the freedoms of assembly, association, movement and speech. The bill does not apply to the activities of any foreign company providing humanitarian aid to the Sudanese people through either a governmental or non-governmental organization. The bill provides that the State Investment Council and the Director of the Division of Investment must take appropriate action to divest any investments held in violation of the bill after reviewing the recommendations of, and consulting with, an independent research firm that specializes in global security risk for portfolio determinations selected by the Treasurer.

The committee amended the bill to: 1) limit the bill to any foreign company with an equity tie to the government of Sudan or its instrumentalities; 2) exempt from the bill's requirements the activities of any foreign company providing humanitarian aid to the Sudanese people through either a governmental or non-governmental organization; and 3) provide that the State Investment Council and the Director of the Division of Investment must take appropriate action to divest any investments held in violation of the bill after reviewing the recommendations of, and consulting with, an independent research firm that specializes in global security risk for portfolio determinations selected by the Treasurer.

As amended, this bill is identical to Senate, No. 2145(1R).

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 3482

STATE OF NEW JERSEY

DATED: JUNE 23, 2005

The Senate Budget and Appropriations Committee reports favorably Assembly Bill No. 3482 (1R).

This bill prohibits the investment of New Jersey public employee retirement funds in any foreign company with an equity tie to the government of Sudan or its instrumentalities because of that country's failure to prevent genocide and its human rights abuses that include severe restrictions on the freedoms of assembly, association, movement and speech. The bill does not apply to the activities of any foreign company providing humanitarian aid to the Sudanese people through either a governmental or non-governmental organization. The bill provides that the State Investment Council and the Director of the Division of Investment must take appropriate action to divest any investments held in violation of the bill after reviewing the recommendations of, and consulting with, an independent research firm that specializes in global security risk for portfolio determinations selected by the Treasurer.

As reported, this bill is identical to Senate, No. 2145 (1R), as also reported by the committee.

FISCAL IMPACT:

In the Fiscal Note for the bill as introduced, the Division of Investment in the Department of the Treasury stated that it cannot determine the fiscal impact of this legislation due to a lack of sufficient data.

The Office of Legislative Services concurs with this and notes that the bill provides a three year period to sell, redeem, divest or withdraw any investment to avoid imprudent actions.

FISCAL NOTE
ASSEMBLY, No. 3482
STATE OF NEW JERSEY
211th LEGISLATURE

DATED: JANUARY 25, 2005

SUMMARY

Synopsis: Prohibits investment of certain public funds in companies doing business in Sudan.

Type of Impact: Indeterminate, State-administered pension funds.

Agencies Affected: Department of the Treasury, Division of Pensions and Benefits.

Executive Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
State Cost	Indeterminate	Indeterminate	Indeterminate

- ! The Office of Legislative Services (OLS) **concurs** with the Executive estimate.
- ! The Division of Investment in the Department of the Treasury cannot determine the fiscal impact of this legislation.
- ! Prohibits the investment of State-administered public employee retirement funds in any company doing business in Sudan.

BILL DESCRIPTION

Assembly Bill No. 3482 of 2004 requires the Division of Investment in the Department of the Treasury to divest State-administered pension fund investments from companies, banks and financial institution that have ties to, or activities in, Sudan or its instrumentalities.

FISCAL ANALYSIS

EXECUTIVE BRANCH

The Division of Investment in the Department of the Treasury cannot determine the fiscal impact of this legislation due to a lack of sufficient data.

OFFICE OF LEGISLATIVE SERVICES

The OLS concurs with the Executive estimate. The OLS notes that the bill provides a three year period to sell, redeem, divest or withdraw any investment to avoid imprudent actions.

Section: *State Government*

Analyst: *James F. Vari*
Senior Fiscal Analyst

Approved: *David J. Rosen*
Legislative Budget and Finance Officer

This fiscal note has been prepared pursuant to P.L.1980, c.67.

FISCAL NOTE
[First Reprint]
ASSEMBLY, No. 3482
STATE OF NEW JERSEY
211th LEGISLATURE

DATED: JULY 15, 2005

SUMMARY

Synopsis: Prohibits investment of certain public funds in companies doing business in Sudan.

Type of Impact: Indeterminate, State-administered pension funds.

Agencies Affected: Department of the Treasury, Division of Pensions and Benefits.

Executive Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
State Cost	Indeterminate	Indeterminate	Indeterminate

- ! The Office of Legislative Services (OLS) **concurs** with the Executive estimate.
- ! The Division of Investment in the Department of the Treasury cannot determine the fiscal impact of this legislation.
- ! Prohibits the investment of State-administered public employee retirement funds in any foreign company doing business in Sudan.

BILL DESCRIPTION

Assembly Bill No. 3482 (1R) of 2004 requires the Division of Investment in the Department of the Treasury to divest State-administered pension fund investments from foreign companies that have ties to, or activities in, Sudan or its instrumentalities. The bill authorizes the State Treasurer to select an independent research firm that specializes in global security risk for portfolio determinations to make recommendations to the Division of Investment.

FISCAL ANALYSIS

EXECUTIVE BRANCH

The Division of Investment in the Department of the Treasury cannot determine the fiscal impact of this legislation due to a lack of sufficient data.

OFFICE OF LEGISLATIVE SERVICES

The OLS concurs with the Executive estimate. The OLS notes that the bill provides a three year period to sell, redeem, divest or withdraw any investment to avoid imprudent actions.

Section: *State Government*

Analyst: *James F. Vari*
Senior Fiscal Analyst

Approved: *David J. Rosen*
Legislative Budget and Finance Officer

This fiscal note has been prepared pursuant to P.L.1980, c.67.

SENATE, No. 2145

STATE OF NEW JERSEY 211th LEGISLATURE

INTRODUCED DECEMBER 13, 2004

Sponsored by:

Senator THOMAS H. KEAN, JR.

District 21 (Essex, Morris, Somerset and Union)

Senator NIA H. GILL

District 34 (Essex and Passaic)

Co-Sponsored by:

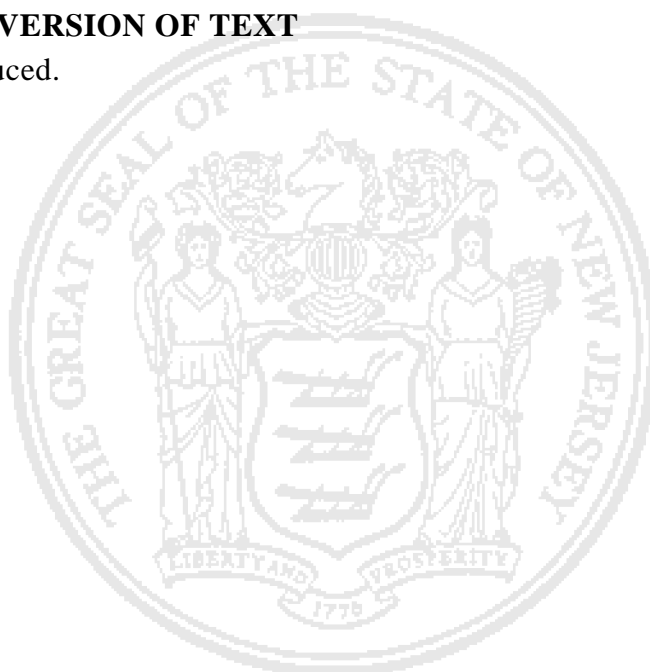
Senator Buono

SYNOPSIS

Prohibits investment of certain public funds in companies doing business in Sudan.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 5/6/2005)

1 AN ACT concerning the investment of certain public funds and
2 supplementing chapter 18A of Title 52 of the New Jersey Statutes.

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 State of New Jersey is deeply concerned over the poor
9 human rights situation in Sudan, calls for stepped-up international
10 efforts to end the crisis in Sudan's Darfur region and concurs with
11 United States policy which has officially declared that genocide is
12 ongoing in the Sudan;

13 b. Despite significant pressure from the United States government,
14 the government of Sudan has not taken all the necessary actions to
15 disassociate itself fully from its ties to terrorism;

16 c. The government of Sudan places severe limitations on the
17 political and religious freedoms of the Sudanese people despite
18 promises of improvement and pledges to end the 20-year civil war
19 between the government and the Sudan People's Liberation
20 Movement/Army;

21 d. The government of Sudan violates the rules of war by
22 deliberately attacking civilians and, since 1983, the war and famine-
23 related effects have led to more than two million deaths and over four
24 million people displaced;

25 e. The government of Sudan continues to engage in arbitrary
26 arrest, prolonged detention, extra-judicial killings, torture and rape of
27 the Sudanese people and apostasy from Islam is punishable by death;

28 f. Severe restrictions are placed on the freedoms of assembly,
29 association, movement, and speech and the government actively
30 censors the press;

31 g. The most sobering violation of human rights in Sudan is the
32 existence of slavery or slavery-like indenture and the pro-government
33 militia continues to engage in abduction and slavery with impunity;

34 h. The 2002 Machakos Protocol, signed by both sides in the civil
35 war in Sudan, has recognized that "Sudan is a multi-cultural, multi-
36 racial, multi-ethnic, multi-religious, and multi-lingual country," and
37 that there "shall be freedom of belief, worship and conscience for
38 followers of all religions or beliefs or customs and no one shall be
39 discriminated against on such grounds" once a peace agreement is
40 signed; and

41 i. It is in the best interest of this State that a statutory prohibition
42 be enacted to prohibit the investment of public employee retirement
43 funds in companies doing business in Sudan given the poor human
44 rights situation in Sudan and the lack of signs of improvement.

45
46 2. Notwithstanding any provision of law to the contrary, no assets

1 of any pension or annuity fund under the jurisdiction of the Division
2 of Investment in the Department of the Treasury, or its successor, shall
3 be invested in any bank or financial institution which directly or
4 through a subsidiary has outstanding loans to or financial activities in
5 Sudan or its instrumentalities and no such assets shall be invested in
6 the stocks, securities or other obligations of any company which
7 directly or through a subsidiary is engaged in business in or with
8 Sudan or its instrumentalities.

9
10 3. The State Investment Council and the Director of the Division
11 of Investment shall take appropriate action to sell, redeem, divest or
12 withdraw any investment held in violation of the provision of this act.
13 This act shall not be construed to require the premature or otherwise
14 imprudent sale, redemption, divestment or withdrawal of an
15 investment, but such sale, redemption, divestment or withdrawal shall
16 be completed not later than three years following the effective date of
17 this act.

18
19 4. Within 60 days after the effective date of this act, the Director
20 of the Division of Investment shall file with the Legislature a report of
21 all investments held as of the effective date of this act which are in
22 violation of the provisions of this act. Every year thereafter, the
23 director shall report on all investments sold, redeemed, divested or
24 withdrawn in compliance with this act.

25 Each report after the initial report shall provide: a description of
26 the progress which the division has made since the previous report and
27 since the enactment of this act in implementing the provisions of
28 section 2 of this act.

29
30 5. This act shall take effect on the first day of the month after
31 enactment.

32
33
34 STATEMENT

35
36 This bill requires the Division of Investment in the Department of
37 the Treasury to divest State-administered pension fund investments
38 from companies, banks and financial institutions that have ties to, or
39 activities in, Sudan or its instrumentalities.

40 This Legislature and the State are deeply concerned over the poor
41 human rights situation in Sudan. This House concurs with official
42 United States policy that has declared that genocide is ongoing in the
43 Sudan and calls for stepped-up international efforts to end the crisis.

44 The government of Sudan is an authoritarian regime that took
45 power in 1989. A large number of human rights abuses perpetrated by
46 the government have been catalogued by the United States Department

1 of State. These human rights abuses include severe restrictions on the
2 freedoms of assembly, association, movement, and speech. There is
3 active censorship of the press. The ruling military junta engages in
4 arbitrary arrest, prolonged detention, extra-judicial killings, torture
5 and rape. It has routinely violated its pledges to end the 20-year civil
6 war; a war that has taken the lives of more than two million people and
7 displaced four million others.

8 Perhaps the most sobering violation of human rights in Sudan is the
9 existence of slavery. The pro-government militia continues to engage
10 in abduction and slavery with impunity. The Machakos Protocol,
11 signed by both sides in the civil war in Sudan, has recognized Sudan
12 to be a multi-cultural, multi-religious country and represents the
13 commitment to improve human rights once a peace agreement is
14 concluded.

15 For these reasons, it is in the best interest of this State to prohibit
16 the investment of public employee retirement funds in companies doing
17 business in Sudan.

SENATE STATE GOVERNMENT COMMITTEE

STATEMENT TO

SENATE, No. 2145

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 16, 2005

The Senate State Government Committee reports favorably and with committee amendments Senate, No. 2145.

As amended, this bill prohibits the investment of New Jersey public employee retirement funds in any foreign company with an equity tie to the government of Sudan or its instrumentalities because of that country's failure to prevent genocide and its human rights abuses that include severe restrictions on the freedoms of assembly, association, movement and speech. The bill does not apply to the activities of any foreign company providing humanitarian aid to the Sudanese people through either a governmental or non-governmental organization. The bill provides that the State Investment Council and the Director of the Division of Investment must take appropriate action to divest any investments held in violation of the bill after reviewing the recommendations of, and consulting with, an independent research firm that specializes in global security risk for portfolio determinations selected by the Treasurer.

The committee amended the bill to: 1) limit the bill to any foreign company with an equity tie to the government of Sudan or its instrumentalities; 2) exempt from the bill's requirements the activities of any foreign company providing humanitarian aid to the Sudanese people through either a governmental or non-governmental organization; and 3) provide that the State Investment Council and the Director of the Division of Investment must take appropriate action to divest any investments held in violation of the bill after reviewing the recommendations of, and consulting with, an independent research firm that specializes in global security risk for portfolio determinations selected by the Treasurer.

As amended, this bill is identical to Assembly, No. 3482(1R).

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

SENATE, No. 2145

STATE OF NEW JERSEY

DATED: JUNE 23, 2005

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 2145 (1R).

This bill prohibits the investment of New Jersey public employee retirement funds in any foreign company with an equity tie to the government of Sudan or its instrumentalities because of that country's failure to prevent genocide and its human rights abuses that include severe restrictions on the freedoms of assembly, association, movement and speech. The bill does not apply to the activities of any foreign company providing humanitarian aid to the Sudanese people through either a governmental or non-governmental organization. The bill provides that the State Investment Council and the Director of the Division of Investment must take appropriate action to divest any investments held in violation of the bill after reviewing the recommendations of, and consulting with, an independent research firm that specializes in global security risk for portfolio determinations selected by the Treasurer.

As reported, this bill is identical to Senate Assembly, No. 3482 (1R), as also reported by the committee.

FISCAL IMPACT:

In the Fiscal Note for the identical Assembly bill as introduced, the Division of Investment in the Department of the Treasury stated that it cannot determine the fiscal impact of this legislation due to a lack of sufficient data.

The Office of Legislative Services concurs with this and notes that the bill provides a three year period to sell, redeem, divest or withdraw any investment to avoid imprudent actions.

FISCAL NOTE
[First Reprint]
SENATE, No. 2145
STATE OF NEW JERSEY
211th LEGISLATURE

DATED: JULY 8, 2005

SUMMARY

Synopsis: Prohibits investment of certain public funds in companies doing business in Sudan.

Type of Impact: Indeterminate, State-administered pension funds.

Agencies Affected: Department of the Treasury, Division of Pensions and Benefits.

Executive Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
State Cost	Indeterminate	Indeterminate	Indeterminate

- ! The Office of Legislative Services **concurs** with the Executive estimate.
- ! The Division of Investment in the Department of the Treasury cannot determine the fiscal impact of this legislation.
- ! Prohibits the investment of State-administered public employee retirement funds in any foreign company doing business in Sudan.

BILL DESCRIPTION

Senate Bill No. 2145 (1R) of 2004 requires the Division of Investment in the Department of the Treasury to divest State-administered pension fund investments from foreign companies that have ties to, or activities in, Sudan or its instrumentalities. The bill authorizes the State Treasurer to select an independent research firm that specializes in global security risk for portfolio determinations to make recommendations to the Division of Investment.

FISCAL ANALYSIS

EXECUTIVE BRANCH

The Division of Investment in the Department of the Treasury cannot determine the fiscal impact of this legislation due to a lack of sufficient data.

OFFICE OF LEGISLATIVE SERVICES

The Office of Legislative Services concurs with the Executive estimate. The Office of Legislative Services notes that the bill provides a three year period to sell, redeem, divest or withdraw any investment to avoid imprudent actions.

Section: *State Government*

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This fiscal note has been prepared pursuant to P.L.1980, c.67.

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RELEASE: July 28, 2005

Codey Signs Landmark Sudan Divestiture Legislation

New Jersey Will Be First in Nation to Divest Pension Funds from Sudan

(NEWARK) – Acting Governor Richard J. Codey today signed landmark legislation directing the state Treasury to divest state pension funds from foreign companies doing business with Sudan until the Sudanese government puts an end to the genocide that continues to occur in its country.

“As a civilized society, we have a moral obligation to stop these human rights abuses,” Codey said. “Until they are brought to an end, businesses that partner with Sudan’s terrorist regime will not receive our financial support. We are sending a clear message – our money will not be blood money.”

Codey signed Assembly bill 3482 during a news conference at Essex County College. He was joined by bill sponsors Assemblyman William D. Payne and Sen. Nia Gill along with U.S. Rep. Donald M. Payne, Joe Madison, president of the Divest Sudan Campaign, and Abdelbagy Abushanab, president of the U.S.-based Darfur Rehabilitation Project. Bill sponsors Assemblymen Craig Stanley and Neil M. Cohen along with Sen. Thomas H. Kean, Jr. also attended.

“New Jersey has a duty to mount an ethical and compassionate response to the slaughter, mistreatment and human rights injustices in Sudan,” said Assemblyman Payne (D-Essex, Union). “As people of conscience we owe it to ourselves and to the innocent victims in Darfur to make it clear that this kind of criminal action, this genocide, will not take place on our dime.”

The new law, which takes effect August 1, makes New Jersey the first state to divest from Sudan. Legislation prohibiting Illinois from investing state pension funds in companies that do business with Sudan was signed into law last month, but is not effective until January 2006.

Under the new law, pension funds may not be invested in any foreign company with an equity tie to Sudan. The law does not apply to companies providing humanitarian aid to the Sudanese people. An equity tie means manufacturing or mining plants, employees or advisors, facilities or an investment, fiduciary, monetary or physical presence of any kind. Currently, New Jersey’s pension system has approximately \$1 billion invested in such companies.

“The hard earned money of American citizens should not be used to support a pariah government that is exterminating its own people,” said Congressman Payne (D-Essex, Hudson, Union), who called on other states to pass similar legislation. “I have met with Darfurian refugees who told me about the horrors they have seen and experienced. Time is not on our side and it is vital that we do something to stop one of the worst humanitarian catastrophes of our time.”

Over the past 20 years, at least two million people have died and nearly five million have been displaced as a result of the civil war between the Sudanese government and the Sudan People’s Liberation Movement. The ongoing campaign of genocide waged by the Sudanese government and its allied militias in the country’s western Darfur region has claimed an estimated 400,000 lives and forced more than two million men, women and children into refugee camps.

The militia continues to carry out organized and systemic air-raid strikes and armed raids of villages resulting in the ongoing torture, rape and murder of Darfur’s black African population.

“Today in the Darfur region of the Sudan, children are growing up facing death, torture, and persecution for the simple crime of being born into a culture of war,” said Gill (D-Essex, Passaic). “New Jersey has a moral imperative to stand in opposition to the genocide being committed against the indigenous African people in Darfur. By divesting the state’s pension system of financial interests tied to Sudan, we are sending the message that we will not condone nor enable the systemic elimination of a people based on creed, religion or culture.”

Stanley agreed.

“The significance of this legislation cannot be overstated,” said Stanley (D-Essex). “While it is too late to save the thousands who already have died, it is not too late to save the millions who have been forced from their homes and continue daily to face the Sudanese government’s campaign of terror.”

Cohen said: “Today the people of New Jersey have restored meaning to the cry of 'never again' by backing our words up with action,” said Cohen (D-Union). “The world has known about the genocide in Darfur for more than two years. The time for talk is over.”

Kean (R-Essex, Morris, Somerset, Union) said: “Pension and annuity funds administered by the State of New Jersey should be held to a higher moral standard. New Jersey should not be investing in foreign companies that are profiting from genocide and the suffering of innocent women and children.”

The enactment of the legislation marks the second time in history that the New Jersey legislature voted to ban certain investment of state-administered pension funds. The previous occasion was in the late 1980s when the state divested itself from companies doing business in South Africa because of its Apartheid policies.