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LAW

[First Reprint]

SENATE, No. 1605

STATE OF NEW JERSEY

213th LEGISLATURE

INTRODUCED APRIL 7, 2008

Sponsored by:

Senator RICHARD J. CODEY

District 27 (Essex)

Assemblyman JOHN F. MCKEON

District 27 (Essex)

Assemblyman UPENDRA J. CHIVUKULA

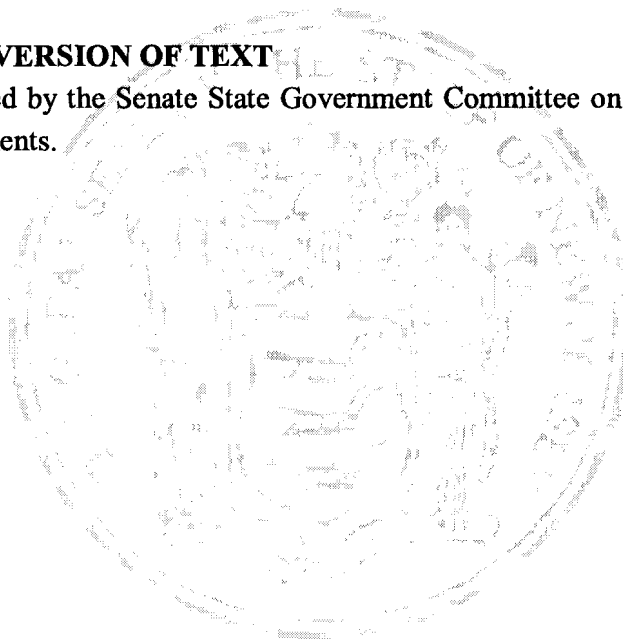
District 17 (Middlesex and Somerset)

SYNOPSIS

Permits board of trustees of school district pension fund in counties of the first class to invest 10% of funds in capital stocks or other securities issued by companies of foreign countries.

CURRENT VERSION OF TEXT

As reported by the Senate State Government Committee on May 19, 2008, with amendments.



(Sponsorship Updated As Of: 12/16/2008)

S1605 [1R] CODEY

2

1 AN ACT concerning investment of certain pension fund moneys and
2 amending N.J.S.18A:66-109.

3

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

6

7 1. N.J.S.18A:66-109 is amended to read as follows:

8 18A:66-109. No money shall be paid out of the pension fund
9 except by the treasurer of the corporation upon warrants signed by
10 the chairperson of the board of trustees and countersigned by the
11 secretary thereof. No warrant shall be drawn except by the order of
12 the board upon a yea and nay vote recorded in the minutes of the
13 board.

14 The board of trustees may deposit the moneys of the fund in any
15 bank or trust company which is a member of the Federal Reserve
16 System, and may invest those moneys in bonds secured by
17 mortgages, or in mortgages guaranteed or insured by agencies or
18 instrumentalities of the United States of America, provided that
19 those mortgages are legal investments for savings banks in this
20 State. The board of trustees may invest and reinvest the moneys in
21 other evidences of indebtedness, or capital stock or other securities,
22 at least 90 percent of which shall be issued by [any company]
23 companies incorporated within the United States or within the
24 Dominion of Canada, and in the bonds and other evidences of
25 indebtedness of the United States of America, any state, city,
26 county, school district or of the instrumentality of any state or of the
27 United States of America. ¹The board of trustees shall not invest
28 any money in a foreign company that has an equity tie to the
29 government of a country or its instrumentalities that the State,
30 through the Division of Investment in the Department of the
31 Treasury or its successor, is prohibited from investing in pursuant to
32 P.L.2005, c.162 (C.52:18A-89.9 et seq.), P.L.2007, c.250
33 (C.52:18A-89.12) or any similar subsequent act.¹ All income,
34 interest or dividends paid or agreed to be paid on account of any
35 loan or deposit shall constitute a part of the fund.

36 (cf: P.L.2005, c.328, s.3)

37

38 2. This act shall take effect immediately.

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:

¹**Senate SSG committee amendments adopted May 19, 2008.**

S1605 CODEY

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15 bank or trust company which is a member of the Federal Reserve
16 System, and may invest those moneys in bonds secured by
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32 2. This act shall take effect immediately.

33

34

35 SPONSORS STATEMENT

36

37 The purpose of this bill is to allow the board of trustees of a
38 school district pension fund in counties of the first class to invest up
39 to 10% of its funds in capital stocks or other securities issued by
40 companies of foreign governments.

41 Under existing law, these pension fund moneys may be deposited
42 in banks or trust companies that are members of the Federal
43 Reserve System, and may be invested in bonds secured by certain
44 mortgages, and in other evidences of indebtedness or capital stocks
45 or other securities issued by United States or Canadian companies

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.

S1605 CODEY

3

1 or by the United States government or any state or local government
2 unit.

3 This bill would permit such board of trustees to take advantage
4 of favorable investment opportunities outside the United States for
5 the benefit of the pension fund, by permitting that up to 10% of
6 pension funds be invested in capital stocks or other securities issued
7 by companies of foreign governments.

8 The provisions of this bill would apply only to the school district
9 pension fund of Essex county, currently the only county of the first
10 class operating a pension fund pursuant to N.J.S.18A:66-94 et seq.
11 in New Jersey.

ASSEMBLY HOUSING AND LOCAL GOVERNMENT
COMMITTEE

STATEMENT TO

[First Reprint]
SENATE, No. 1605

STATE OF NEW JERSEY

DATED: DECEMBER 8, 2008

The Assembly Housing and Local Government Committee reports favorably Senate Bill No. 1605.

This bill allows the board of trustees of a school district pension fund in counties of the first class to invest up to 10% of its funds in capital stocks or other securities issued by companies of foreign governments. This bill would apply only to the school district pension fund of Essex county, which currently is the only county of the first class operating a pension fund pursuant to N.J.S.18A:66-94 et seq. in New Jersey.

Under existing law, these pension fund moneys may be deposited in banks or trust companies that are members of the Federal Reserve System, and may be invested in bonds secured by certain mortgages, and in other evidences of indebtedness or capital stocks or other securities issued by United States or Canadian companies or by the United States government or any state or local government unit.

This bill permits such board of trustees to take advantage of favorable investment opportunities outside the United States for the benefit of the pension fund, by permitting that up to 10% of pension funds be invested in capital stocks or other securities issued by companies of foreign governments. However, the bill provides that the board would be prohibited from investing any money in a foreign company that has an equity tie to the governments of Sudan or Iran.

This bill is identical to A-2783, also released from committee this day.

SENATE STATE GOVERNMENT COMMITTEE

STATEMENT TO

SENATE, No. 1605

with committee amendments

STATE OF NEW JERSEY

DATED: MAY 19, 2008

The Senate State Government Committee reports favorably and with committee amendments Senate, No. 1605.

The purpose of this bill is to allow the board of trustees of a school district pension fund in counties of the first class to invest up to 10% of its funds in capital stocks or other securities issued by companies of foreign governments. The bill would apply only to the school district pension fund of Essex county, which currently is the only county of the first class operating a pension fund pursuant to N.J.S.18A:66-94 et seq. in New Jersey.

Under existing law, these pension fund moneys may be deposited in banks or trust companies that are members of the Federal Reserve System, and may be invested in bonds secured by certain mortgages, and in other evidences of indebtedness or capital stocks or other securities issued by United States or Canadian companies or by the United States government or any state or local government unit.

This bill would permit such board of trustees to take advantage of investment opportunities outside the United States for the benefit of the pension fund, by permitting that up to 10% of pension funds be invested in capital stocks or other securities issued by companies of foreign governments. As amended, the bill provides that the board would be prohibited from investing any money in a foreign company that has an equity tie to the government of a country or its instrumentalities that the State, through the Division of Investment in the Department of the Treasury or its successor, is prohibited from investing in pursuant to N.J.S.A.52:18A-89.9 et seq., which prohibits investments in companies with an equity tie to the government of Sudan, N.J.S.A.52:18A-89.12 et seq., which prohibits investment in any company with an equity tie to the government of Iran, or any similar subsequent act.

COMMITTEE AMENDMENTS

The committee amended the bill to prohibit the board of trustees of a school district pension fund covered by the bill from investing any money in a foreign company that has an equity tie to the government

of a country or its instrumentalities that the State, through the Division of Investment in the Department of the Treasury or its successor, is prohibited from investing in pursuant to N.J.S.A.52:18A-89.9 et seq., which prohibits investments in companies with an equity tie to the government of Sudan, N.J.S.A.52:18A-89.12 et seq., which prohibits investment in any company with an equity tie to the government of Iran, or any similar subsequent act.

A2783 MCKEON, CHIVUKULA

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16 System, and may invest those moneys in bonds secured by
17 mortgages, or in mortgages guaranteed or insured by agencies or
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19 those mortgages are legal investments for savings banks in this
20 State. The board of trustees may invest and reinvest the moneys in
21 other evidences of indebtedness, or capital stock or other securities,
22 at least 90 percent of which shall be issued by [any company]
23 companies incorporated within the United States or within the
24 Dominion of Canada, and in the bonds and other evidences of
25 indebtedness of the United States of America, any state, city,
26 county, school district or of the instrumentality of any state or of the
27 United States of America. The board of trustees shall not invest
28 any money in a foreign company that has an equity tie to the
29 government of a country or its instrumentalities that the State,
30 through the Division of Investment in the Department of the
31 Treasury or its successor, is prohibited from investing in pursuant to
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35 loan or deposit shall constitute a part of the fund.

36 (cf: P.L.2005, c.328, s.3)

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41 *SPONSOR'S* STATEMENT

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44 school district pension fund in counties of the first class to invest up
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1 companies of foreign governments. This bill would apply only to
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3 the only county of the first class operating a pension fund pursuant
4 to N.J.S.18A:66-94 et seq. in New Jersey.

5 Under existing law, these pension fund moneys may be deposited
6 in banks or trust companies that are members of the Federal
7 Reserve System, and may be invested in bonds secured by certain
8 mortgages, and in other evidences of indebtedness or capital stocks
9 or other securities issued by United States or Canadian companies
10 or by the United States government or any state or local government
11 unit.

12 This bill would permit such board of trustees to take advantage
13 of favorable investment opportunities outside the United States for
14 the benefit of the pension fund, by permitting that up to 10% of
15 pension funds be invested in capital stocks or other securities issued
16 by companies of foreign governments. However, the bill provides
17 that the board would be prohibited from investing any money in a
18 foreign company that has an equity tie to the government of a
19 country or its instrumentalities that the State, through the Division
20 of Investment in the Department of the Treasury or its successor, is
21 prohibited from investing in pursuant to N.J.S.A.52:18A-89.9 et
22 seq., which prohibits investments in companies with an equity tie to
23 the government of Sudan, and N.J.S.A.52:18A-89.12, which
24 prohibits investment in any company with an equity tie to the
25 government of Iran, or any similar subsequent act.

ASSEMBLY HOUSING AND LOCAL GOVERNMENT
COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2783

STATE OF NEW JERSEY

DATED: DECEMBER 8, 2008

The Assembly Housing and Local Government Committee reports favorably Assembly Bill No. 2783.

This bill allows the board of trustees of a school district pension fund in counties of the first class to invest up to 10% of its funds in capital stocks or other securities issued by companies of foreign governments. This bill would apply only to the school district pension fund of Essex county, which currently is the only county of the first class operating a pension fund pursuant to N.J.S.18A:66-94 et seq. in New Jersey.

Under existing law, these pension fund moneys may be deposited in banks or trust companies that are members of the Federal Reserve System, and may be invested in bonds secured by certain mortgages, and in other evidences of indebtedness or capital stocks or other securities issued by United States or Canadian companies or by the United States government or any state or local government unit.

This bill permits such board of trustees to take advantage of favorable investment opportunities outside the United States for the benefit of the pension fund, by permitting that up to 10% of pension funds be invested in capital stocks or other securities issued by companies of foreign governments. However, the bill provides that the board would be prohibited from investing any money in a foreign company that has an equity tie to the governments of Sudan or Iran.

This bill is identical to S-1605 (1R), also released from committee this day.