

SENATE, No. 198

STATE OF NEW JERSEY 221st LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2024 SESSION

Sponsored by:

Senator BOB SMITH

District 17 (Middlesex and Somerset)

Co-Sponsored by:

Senators Turner, Diegnan, Ruiz, Vitale, Gopal, Cryan, Stack, Zwicker and Johnson

SYNOPSIS

Prohibits investment by State of pension and annuity funds in, and requires divestment from, 200 largest publicly traded fossil fuel companies.

CURRENT VERSION OF TEXT

As reported by the Senate Environment and Energy Committee with technical review.



1 AN ACT concerning the investment of State pension and annuity
2 funds and supplementing P.L.1950, c.270 (C.52:18A-79 et seq.).

3

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

6

7 1. a. Notwithstanding any provision of law to the contrary, no
8 asset of any pension or annuity fund under the jurisdiction of the
9 Division of Investment in the Department of the Treasury, or its
10 successor, shall be invested in any stock, debt, or other security of any
11 company, or any subsidiary, affiliate, or parent of any company, that is
12 among the 200 largest publicly traded fossil fuel companies, as
13 established by carbon content in the companies' proven oil, gas, and
14 coal reserves.

15 b. The State Investment Council and the Director of the Division
16 of Investment shall, in accordance with sound investment criteria and
17 consistent with their fiduciary obligations, take appropriate action to
18 divest any such stock, debt, or other security, whether owned directly
19 or held through separate accounts or any commingled funds.
20 Divestment pursuant to this section shall be completed no later than 12
21 months after the effective date of this section, with the exception of
22 companies engaged in the mining, extraction, or production of coal,
23 divestment from which shall be completed no later than 24 months
24 after the effective date of this section. This subsection shall not be
25 construed to require the premature or otherwise imprudent sale,
26 redemption, divestment, or withdrawal of an investment.

27 c. (1) The Director of the Division of Investment shall be
28 permitted to cease divesting from companies under subsection a. of
29 this section, reinvest in companies from which it divested under that
30 subsection, or continue to invest in companies from which it has not
31 yet divested, upon clear and convincing evidence showing that as a
32 direct result of such divestment, the total and aggregate value of all
33 assets in the pension and annuity funds under the jurisdiction of the
34 Division of Investment becomes or shall become, within a reasonable
35 period of time, equal to or less than 99.5 percent, or 100 percent less
36 50 basis points, of the hypothetical value of all assets in the pension
37 and annuity funds under the jurisdiction of the Division of Investment
38 assuming no divestment from any company had occurred under
39 subsection a. of this section.

40 (2) Cessation of divestment, reinvestment, or any subsequent
41 ongoing investment authorized by this subsection shall be strictly
42 limited to the minimum steps necessary to avoid the contingency set
43 forth in paragraph (1) of this subsection. For any cessation of
44 divestment, and in advance of such cessation, authorized by this
45 subsection, the director shall provide a written report to the Governor,
46 the Legislature pursuant to section 2 of P.L.1991, c.164 (C.52:14-
47 19.1), and the Attorney General, updated on February 1 of each year as
48 applicable, setting forth the reasons and justification, supported by

1 clear and convincing evidence, for the director's decisions to cease
2 divestment, to reinvest, or to remain invested in a fossil fuel company.

3 d. The council and the director shall facilitate the identification of
4 fossil fuel companies from which the divestment is required under
5 subsection a. of section and submit a report, within 120 days of the
6 effective date of this section and on February 1 of each year thereafter,
7 listing such companies to the Governor, the Legislature pursuant to
8 section 2 of P.L.1991, c.164 (C.52:14-19.1), and the Attorney General.
9 The report submitted on February 1 of each year shall be filed by the
10 director and shall include all investments sold, redeemed, divested, or
11 withdrawn in compliance with this section, and all prohibited
12 investments from which divestment has not occurred under this
13 section. The report shall provide a description of the progress that the
14 division has made since the previous report in implementing
15 subsection a. of this section.

16 e. The members of the State Investment Council, jointly and
17 individually, and State officers and employees involved therewith,
18 shall be indemnified and held harmless by the State of New Jersey
19 from all claims, demands, suits, actions, damages, judgments, costs,
20 charges, and expenses, including court costs and attorney's fees, and
21 against all liability, losses, and damages that these council members,
22 State officers, and State employees may sustain by reason of any
23 decision to restrict, reduce, or eliminate investments pursuant to this
24 section.

25

26 2. This act shall take effect immediately.