

Administrative:

New Jersey: New Law Prohibits Government Dealings with Businesses Associated with Russia or Belarus

S. 1889 (P.L.2022, c.3.), signed by gov. 3/9/22. Effective immediately, recently enacted New Jersey legislation prohibits certain state and local government dealings with some businesses associated with the Governments of Russia or Belarus. Under the signed bill, a person (which may include a corporation or an individual, for example) that engages in defined prohibited activity with the Governments of Russia or Belarus is to be placed on a list by the New Jersey Department of the Treasury (*i.e.*, “the List”) and generally will *not* be permitted to engage in certain listed activities, including:

URL: <https://www.njleg.state.nj.us/bill-search/2022/S1889>

- Contracting with State of New Jersey agencies for the provision of goods or services or the purchase of bonds or other obligations,
- Receiving an economic development subsidy from the New Jersey Economic Development Authority,
- Being awarded a New Jersey municipal property tax abatement, or making or entering into a New Jersey payment in-lieu of property tax agreement,
- Applying for or receiving a tax clearance certificate from the New Jersey Division of Taxation,
- Filing or renewing a New Jersey Public Works Contractor Registration with the New Jersey Department of Labor and Workforce Development, or
- Being certified as an urban renewal entity for purposes of New Jersey’s “Long Term Tax Exemption Law,” or designated as a redeveloper by a public agency for purposes of New Jersey’s “Local Redevelopment and Housing Law.”

Under the bill, “engaged in prohibited activities in Russia or Belarus” means:

- Companies in which the Government of Russia or Belarus has any direct equity share;
- Having any business operations commencing after the effective date of this legislation that involve contracts with or the provision of goods or services to the Government of Russia or Belarus;
- Being headquartered in Russia or having its principal place of business in Russia or Belarus, or
- Supporting, assisting or facilitating the Government of Russia or Belarus in their campaigns to invade the sovereign country of Ukraine, either through in-kind support or for profit.

Furthermore, the legislation generally prohibits the State of New Jersey from investing certain pension or annuity funds directly in a company owned or controlled by the Governments of Russia or Belarus and requires the divestment of any such investments currently held within two years. The bill also generally prohibits the State of New Jersey and its subdivisions from banking with, having or holding stock, debt, or other equity investments of, or maintaining insurance coverage through a policy issued by a financial institution that is included on the List. The provisions in this state legislation will expire upon revocation of the federal sanctions contained in the President’s Executive Order 14024 (April 15, 2021). Please contact us with any questions.

URL: <https://home.treasury.gov/system/files/126/14024.pdf>

— Norm Lobins (Cleveland)
Managing Director
Deloitte Tax LLP
nlobins@deloitte.com

Irene Manos (Stamford)
Principal
Deloitte Tax LLP
imanos@deloitte.com

Ted Kuch (New York)
Principal
Deloitte Tax LLP
tekuch@deloitte.com

Stephanie Csan (Parsippany)
Managing Director
Deloitte Tax LLP
scsan@deloitte.com

Gina Giordano (Parsippany)
Senior Manager
Deloitte Tax LLP
gingiordano@deloitte.com

This document contains general information only and Deloitte is not, by means of this document, rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. This document is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your business. Before making any decision or taking any action that may affect your business, you should consult a qualified professional advisor. Deloitte shall not be responsible for any loss sustained by any person who relies on this document.

About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities (collectively, the “Deloitte organization”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.