

The House Committee on Retirement offers the following substitute to HB 318:

A BILL TO BE ENTITLED
AN ACT

1 To amend Article 7 of Chapter 20 of Title 47 of the Official Code of Georgia Annotated, the
2 "Public Retirement Systems Investment Authority Law," so as to provide that certain foreign
3 corporations shall be deemed to be United States corporations for purposes of investment by
4 public retirement systems; to allow the investment of public retirement system assets in
5 certain real estate trusts; to increase the percentage of the assets of certain public retirement
6 systems that may be invested in foreign corporations; to provide that certain public
7 retirement systems may enter into certain contracts, agreements, and other obligations; to
8 repeal conflicting laws; and for other purposes.

9 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

10 **SECTION 1.**

11 Article 7 of Chapter 20 of Title 47 of the Official Code of Georgia Annotated, the "Public
12 Retirement Systems Investment Authority Law," is amended by revising paragraph (1) of
13 subsection (a) of Code Section 47-20-83, relating to certificated or uncertificated forms of
14 investment and real estate investments, as follows:

15 "(1) Corporations or obligations of corporations organized under the laws of this state or
16 any other state or under the laws of Canada, but only if the corporation has a market
17 capitalization equivalent to \$100 million; provided, however, that except as provided in
18 Code Section 47-20-84, no fund shall invest in corporations or in obligations of
19 corporations organized in a country other than the United States or Canada; provided,
20 further, that such obligation shall be listed as investment grade by a nationally recognized
21 rating agency. For purposes of this paragraph, a corporation organized under the laws of
22 a country other than the United States or Canada shall be deemed to be organized under
23 the laws of this state or another state unless it is a private foreign issuer within the
24 meaning of United States Securities and Exchange Commission Rule 3b-4, 17 C.F.R.
25 Section 240.3b-4, as such appears on July 1, 2007;"

SECTION 2.

Said article is further amended in subsection (a) of said Code Section 47-20-83, by striking "and" at the end of paragraph (20), by replacing the period with "; and" at the end of paragraph (21), and by adding a new paragraph to read as follows:

"(22) Business entities organized under the laws of this state or any other state or under the laws of Canada, but only if the business entity has a minimum market capitalization equivalent to \$100 million and if the business entity has elected to be taxed and continues to qualify as a real estate investment trust under Section 856 through Section 860 of the federal Internal Revenue Code, 26 U.S.C. Section 856 through Section 860; provided, however, that except as provided in Code Section 47-20-84, no fund shall invest in business entities organized in a country other than the United States or Canada."

SECTION 3.

Said article is further amended by revising subsection (b) of Code Section 47-20-84, relating to large retirement systems, as follows:

"(b) A large retirement system may not invest more than ~~10~~ 20 percent of the retirement system assets in corporations or in obligations of corporations organized in a country other than the United States or Canada subject to the provisions of paragraph (1) of subsection (a) of Code Section 47-20-83."

SECTION 4.

Said article is further amended in said Code Section 47-20-84, by adding a new subsection to read as follows:

"(f) A large retirement system may enter into contracts, agreements, and other instruments designed to manage risk exposure."

SECTION 5.

All laws and parts of laws in conflict with this Act are repealed.