

Senate Bill 416

By: Senators Hill of the 32nd, Williams of the 19th, Balfour of the 9th and Unterman of the 45th

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 make findings of fact; to  
3 define certain terms; to prohibit the investment of retirement system assets in certain  
4 companies with certain business interests in certain governments; to provide for a certain  
5 report; to provide for related matters; to repeal conflicting laws; and for other purposes.

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

7 **SECTION 1.**

8 The General Assembly makes the following findings of fact:

9 (1) The Securities and Exchange Commission has determined that companies with  
10 business operations in states known to sponsor terrorist organizations are exposed to a  
11 risk to share value and corporate reputation due to the proximity of the company's  
12 international business activities to such national security concerns as terrorism and  
13 weapons proliferation, and the fact that a foreign company is doing material business  
14 with a country, government, or entity on the Office of Foreign Asset Control's sanctions  
15 list is likely to be significant to a reasonable investor's decision about whether to invest  
16 in that company.

17 (2) Iran tops the U.S. State Department's list of state sponsors of terrorism, and the  
18 United States imposed sanctions on Iran by designating the Islamic Revolutionary Guard  
19 Corps, its al-Quds Force, and three state-owned banks as weapons proliferators and  
20 supporters of terrorism, and the United States renewed the Iran Sanctions Act of 1996 in  
21 2006, and the United Nations Security Council has imposed sanctions on Iran and  
22 encourages nations and institutions not to make grants or loans to Iran except for  
23 humanitarian and developmental purposes.

24 (3) The United States Secretary of State has determined that Sudan is a country whose  
25 government has repeatedly provided support for acts of international terrorism, and, as

1 a result, the United States has restricted assistance, defense exports, defense sales,  
2 financial transactions, and various other transactions with the government of Sudan.

3 (4) The General Assembly is concerned about the possibility that certain large public  
4 retirement fund portfolios could contain investments in publicly traded companies that  
5 have investments in Iran and Sudan, and if so, the funds it oversees could be at financial  
6 risk, and it would be prudent for such public retirement systems to divest from markets  
7 that are vulnerable to embargo, loan restrictions, and sanctions from the United States and  
8 the international community.

9 (5) It is the intent of the General Assembly to repeal statutory prohibitions against  
10 investment in the governments and economies of Iran and Sudan at such time as sanctions  
11 against such countries are lifted by the United States.

## 12 SECTION 2.

13 Article 7 of Chapter 20 of Title 47 of the Official Code of Georgia Annotated, the "Public  
14 Retirement Systems Investment Authority Law," is amended by adding a new Code section  
15 to read as follows:

16 "47-20-87.

17 (a) As used in this Code section, the term:

18 (1) 'Board' means the board of trustees of each large retirement system.

19 (2) 'Business operations' means maintaining, selling, or leasing equipment, facilities,  
20 personnel, or any other apparatus of business or commerce in a proscribed country,  
21 including, without limitation, the ownership or possession of real or personal property  
22 located in such country and the exploration for or extraction of petroleum products.

23 (3) 'Company' means a sole proprietorship, organization, association, corporation,  
24 partnership, venture, or other entity, its subsidiary, or affiliate that exists for  
25 profit-making purposes or to otherwise secure economic advantage. 'Company' also  
26 means a company owned or controlled, either directly or indirectly, by the government  
27 of a proscribed country that is established or organized under the laws of or has its  
28 principal place of business in such country.

29 (4) 'Invest' or 'investment' means the purchase, ownership, or control of stock of a  
30 company, association, or corporation, the capital stock of a mutual water company or  
31 corporation, bonds issued by a proscribed country, corporate bonds or other debt  
32 instruments issued by a company, or the commitment of funds or other assets to a  
33 company, including a loan or extension of credit to that company.

34 (5) 'Large retirement system' means a large retirement system as such term is defined in  
35 subsection (a) of Code Section 47-20-84.

36 (6) 'Military equipment' means weapons, arms, or military defense supplies.

- 1 (7) 'Proscribed country' means the Islamic Republic of Iran and the Republic of the  
2 Sudan.
- 3 (8) 'Public employee retirement funds' means the assets of any large retirement system.
- 4 (9) 'Substantial investment' means an investment in excess of \$20 million made on or  
5 after August 5, 1996.
- 6 (b) No board shall invest public employee retirement funds in a company with business  
7 operations in a proscribed country.
- 8 (c) No board shall invest public employee retirement funds in a company that supplies  
9 military equipment within the borders of a proscribed country. If a company provides  
10 equipment within the borders of a proscribed country that may be readily used for military  
11 purposes, including, but not limited to, radar systems and military-grade transport vehicles,  
12 there shall also be a strong presumption against investing in that company unless that  
13 company implements safeguards to prevent the use of that equipment for military purposes.
- 14 (d) No board shall invest public employee retirement funds in a company that has made  
15 a substantial investment in energy, telecommunication, petroleum, or chemical industries  
16 within the borders of a proscribed country. If a company is involved in any activities  
17 which may facilitate any energy, transportation, petroleum, or chemical industries within  
18 the borders of a proscribed country, there shall also be a strong presumption against  
19 investing in that company unless that company implements safeguards to prevent the use  
20 of that equipment for such purposes.
- 21 (e) On or before January 1, 2010, and every year thereafter, each board shall file a report  
22 with the General Assembly providing a list of investments the board has in companies with  
23 business operations in a proscribed country, including, but not limited to, the issuer, by  
24 name, of the stock, bonds, securities, and other evidence of indebtedness.
- 25 (f) If a board voluntarily sells or transfers all of its investments in a company with business  
26 operations in a proscribed country, this Code section shall not apply except that each board  
27 shall report to the General Assembly any such investments that are not sold or transferred.
- 28 (g) Nothing in this Code section shall prohibit the investment in a company whose sole  
29 enterprise with a proscribed country is related to food or beverage or the provision of  
30 humanitarian aid."

### 31 SECTION 3.

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