

SECOND REGULAR SESSION

HOUSE BILL NO. 2143

102ND GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE SEITZ.

4835H.02I

DANA RADEMAN MILLER, Chief Clerk

AN ACT

To amend chapter 1, RSMo, by adding thereto one new section relating to divestment from foreign adversaries.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Chapter 1, RSMo, is amended by adding thereto one new section, to be known as section 1.2020, to read as follows:

1.2020. 1. This section shall be known and may be cited as the "Foreign Adversary Divestment Act".

2. As used in this section, the following terms shall mean:

(1) "Company", any sole proprietorship, organization, association, corporation, partnership, joint venture, limited partnership, limited liability partnership, limited liability company, or other entity or business association, including wholly owned subsidiaries, majority-owned subsidiaries, parent companies, or affiliates of those entities or business associations, that exists for the purpose of making profit;

(2) "Divestment", the sale, forfeit, or otherwise contractual end of any current or planned investments;

(3) "Domicile", either the country in which a company is registered, where the company's affairs are primarily completed, or where the majority of ownership is held;

(4) "Foreign adversary", the People's Republic of China, the Russian Federation, the Islamic Republic of Iran, the Democratic People's Republic of Korea, the Republic of Cuba, the Venezuelan regime of Nicolás Maduro, the Syrian Arab Republic, or any other entity designated by the governor in consultation with the attorney general;

EXPLANATION — Matter enclosed in bold-faced brackets ~~thus~~ in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

18 (5) "Official government capacity", any role, elected or appointed, in a
19 government or its subsidiaries;

20 (6) "State-managed fund", any short- or long-term investment structure that is
21 state managed, state run, state controlled, or otherwise overseen by the state of
22 Missouri, a state agency, or any political subdivision of this state, including any agency
23 controlled by such political subdivision, over or in which the state or political
24 subdivision has primary discretion or vested interest. "State-managed fund" shall
25 include, but not be limited to:

26 (a) Public pension funds, public retirement funds, or other state-sponsored funds
27 that are sponsored, maintained, or contributed to or required to be contributed to by the
28 state of Missouri or any of its political subdivisions;

29 (b) City, county, or other local or municipal entity investment funds, reserve
30 funds, or other political subdivision-controlled investment structures; and

31 (c) University or college endowments, trusts, or other structure that constitutes,
32 wholly or in part, a public institution of higher education's investable assets;

33 (7) "State-owned enterprise", any company owned or controlled, in whole or in
34 part, by a government or by individuals acting in official governmental capacities in any
35 form.

36 3. (1) All state-managed funds shall be prohibited from holding investments in
37 any foreign adversary, state-owned enterprise of a foreign adversary, company
38 domiciled within a foreign adversary, or a company owned or controlled by a foreign
39 adversary, state-owned enterprise of a foreign adversary, company domiciled within a
40 foreign adversary, or other entity within a foreign adversary.

41 (2) All state-managed funds are prohibited from investing or depositing public
42 funds in any bank that is domiciled or has its principal place of business within a foreign
43 adversary.

44 4. (1) All state-managed funds are required to immediately, in good faith, begin
45 divestment of any holdings prohibited in subsection 3 of this section, with total
46 divestment achieved two years after the effective date of this section.

47 (2) For purposes of this section, "total divestment" shall mean reducing the
48 value of prohibited investments to no more than five-hundredths of a percent of the
49 market value of all assets under management by a state-managed fund.

50 5. No later than six months after the effective date of this section, the state
51 treasurer shall identify all companies that are state-owned enterprises of, are domiciled
52 within, whose primary affairs are conducted within, or whose majority ownership is
53 held within a foreign adversary and include those companies in a list of restricted

54 **companies to be distributed to each state-managed fund. In compiling the list, the state**
55 **treasurer shall, at a minimum:**

56 **(1) Review and rely on publicly available information regarding companies that**
57 **are state-owned enterprises of, are domiciled within, whose primary affairs are**
58 **conducted within, or whose majority ownership share is held within a foreign adversary,**
59 **including information provided by nonprofit organizations, research firms, and**
60 **government entities;**

61 **(2) Contact asset managers and fund managers contracted by a state-managed**
62 **fund that invests in companies and in funds that are state-owned enterprises of, are**
63 **domiciled within, whose primary affairs are conducted within, or whose majority**
64 **ownership share is held within a foreign adversary;**

65 **(3) Contact other institutional investors that have divested from or engaged with**
66 **companies that are state-owned enterprises of, are domiciled within, whose primary**
67 **affairs are conducted within, or whose majority ownership share is held within a foreign**
68 **adversary; and**

69 **(4) Retain an independent research firm to identify companies that are directly**
70 **or indirectly investment holdings of a state or local fund that are state-owned**
71 **enterprises of, are domiciled within, whose primary affairs are conducted within, or**
72 **whose majority ownership share is held within a foreign adversary.**

73 **6. Nothing in this section shall be construed to inhibit, conflict, impede, or**
74 **otherwise interfere with any required financial safeguards, fiduciary requirements, or**
75 **other sound investment criteria to which any state-managed fund is subject.**

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