

FIRST REGULAR SESSION

# HOUSE BILL NO. 196

103RD GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVE SEITZ.

0307H.011

DANA RADEMAN MILLER, Chief Clerk

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## AN ACT

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

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*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  
2 known as section 1.2020, to read as follows:

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

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

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

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

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

**13 (4) "Foreign adversary", the People's Republic of China, the Russian  
14 Federation, the Islamic Republic of Iran, the Democratic People's Republic of Korea,  
15 the Republic of Cuba, the Venezuelan regime of Nicolás Maduro, the Syrian Arab  
16 Republic, or any other entity designated by the governor in consultation with the  
17 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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