

HCS HB 977 -- DIVESTMENT OF CERTAIN INVESTMENTS OF PUBLIC EMPLOYEE RETIREMENT SYSTEMS

SPONSOR: Hovis

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Standing Committee on Pensions by a vote of 13 to 1 with 2 voting present. Voted "Do Pass" by the Standing Committee on Rules-Administrative by a vote of 7 to 0 with 1 voting present.

The following is a summary of the House Committee Substitute for HB 977.

As specified in the bill, after August 28, 2025, the public retirement and benefit systems must not knowingly invest in a restricted entity or a restricted investment product, as these terms are defined in the bill, and must divest any investment that the system has on behalf of a fund, defined in the bill..

Before December 1, 2025, and annually on or before December first of each subsequent year, the board is required to make a good faith effort to identify all restricted entities and restricted investment products in which the system holds an investment. The bill sets forth the time period and the percentages of the divestments in a restricted entity or a restricted investment product that the board determines needs to be removed from the fund.

On or before December 31, 2025, and annually on or before December 31st of each subsequent year, the board is required to submit a report to the General Assembly including the information that is specified in the bill.

The bill grants immunity from civil liability to the State and any political subdivision; its officers, agents, and employees; and the board and employees of a system for any act or omission related to the removal of an asset from a fund and indemnifies the system for all losses, costs, and expenses as detailed in the bill. The divestment requirements included in the bill do not apply to private market funds and actively managed investment funds as indicated in the bill.

This bill is the similar to SB 529 (2025) and HB 1869 (2024).

The following is a summary of the public testimony from the committee hearing. The testimony was based on the introduced version of the bill.

PROPONENTS: Supporters say that this bill is necessary as it ensures retirement assets are protected against foreign adversaries and are not invested in entities that compromise our national investments and security. China, along with other entities, are designated as threats by the US government. The companies are used as tools for economic coercion and espionage. The Office of Foreign Assets Control (OFAC) imposes sanctions against foreign entities and individuals. The divestment needs to occur by August 2026, unless there is immediate financial harm where the time period needs to be extended.

Testifying in person for the bill were Representative Hovis; State Armor Action; State Shield; Vivek Malek, State Treasurer's Office; Arnie C. Dienoff.

OPPONENTS: There was no opposition voiced to the committee.

OTHERS: Others testifying on the bill say that the state pension plans adhere to federal law requirements. There are mechanisms in place for compliance in that the custodian has access to portfolios for review against the OFAC list and internal operational staff also monitors the lists.

Testifying in person on the bill were PSRS/PEERS and Missouri State Employees' Retirement System (MOSERS).

Written testimony has been submitted for this bill. The full written testimony and witnesses testifying online can be found under Testimony on the bill page on the House website.