

SECOND REGULAR SESSION

HOUSE BILL NO. 1668

103RD GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE SEITZ.

3888H.01I

JOSEPH ENGLER, 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", any person that is listed on the Specially Designated Nationals and Blocked Persons List published by the Office of Foreign Assets Control of the United States Department of the Treasury;

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

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

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

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

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

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

34 3. (1) All state-managed funds shall be prohibited from holding investments in
35 any foreign adversary, state-owned enterprise of a foreign adversary, company
36 domiciled within a foreign adversary, or a company owned or controlled by a foreign
37 adversary, state-owned enterprise of a foreign adversary, company domiciled within a
38 foreign adversary, or other entity within a foreign adversary.

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

42 4. (1) All state-managed funds are required to immediately, in good faith, begin
43 divestment of any holdings prohibited in subsection 3 of this section, with total
44 divestment achieved two years after the effective date of this section.

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

48 5. No later than six months after the effective date of this section, the state
49 treasurer shall identify all companies that are state-owned enterprises of, are domiciled
50 within, whose primary affairs are conducted within, or whose majority ownership is
51 held within a foreign adversary and include those companies in a list of restricted
52 companies to be distributed to each state-managed fund. In compiling the list, the state
53 treasurer shall, at a minimum:

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

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

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

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

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

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