

H-8012

1 Amend House File 2331 as follows:

2 1. Page 5, after line 16 by inserting:

3 <Sec. _____. NEW SECTION. 12K.1 Legislative findings
4 and intent.

5 The general assembly is deeply concerned over
6 the impact of fossil fuels on global climate change.
7 Therefore, the general assembly intends that state
8 funds and funds administered by the state, including
9 public employee retirement funds, should not be
10 invested in fossil fuel companies.

11 Sec. _____. NEW SECTION. 12K.2 Definitions.

12 As used in this chapter, unless the context
13 otherwise requires:

14 1. "*Company*" means any business or business entity
15 that is publicly traded.

16 2. "*Direct holdings*" in a company means all
17 publicly traded securities of that company that are
18 held directly by the public fund in an actively managed
19 account or fund in which the public fund owns all
20 shares or interests.

21 3. "*Indirect holdings*" in a company means all
22 securities of that company that are held in an account
23 or fund managed by one or more persons not employed by
24 the public fund, in which the public fund owns shares
25 or interests together with other investors not subject
26 to the provisions of this chapter. Indirect holdings
27 include but are not limited to mutual funds, fund of
28 funds, index funds, private equity funds, hedge funds,
29 and real estate funds.

30 4. "*Public fund*" means the treasurer of state,
31 the state board of regents, the public safety peace
32 officers' retirement system created in chapter 97A, the
33 Iowa public employees' retirement system created in
34 chapter 97B, the statewide fire and police retirement
35 system created in chapter 411, or the judicial

1 retirement system created in chapter 602.

2 5. "*Scrutinized company*" means any company included
3 on a publicly available list identifying the one
4 hundred largest public coal companies and one hundred
5 largest public oil and gas reserve owners based on the
6 potential carbon dioxide emissions of their reported
7 reserves.

8 Sec. ____ . NEW SECTION. 12K.3 Identification of
9 companies — notice.

10 1. a. By March 1, 2017, the public fund shall
11 make its best efforts to identify or have identified
12 all scrutinized companies in which the public fund has
13 direct or indirect holdings or could possibly have
14 such holdings in the future and shall create and make
15 available to the public a scrutinized companies list
16 for that public fund. The public fund shall review
17 on an annual basis and update, if necessary, the
18 scrutinized companies list.

19 b. In making its best efforts to identify or have
20 identified scrutinized companies, the public fund may
21 review and rely, in the best judgment of the public
22 fund, on publicly available information regarding
23 companies, and including other information that may be
24 provided by nonprofit organizations, research firms,
25 international organizations, and government entities.
26 The public fund may also contact asset managers and
27 institutional investors for the public fund to identify
28 scrutinized companies based upon industry-recognized
29 lists of such companies that the public fund may have
30 indirect holdings in.

31 c. The Iowa public employees' retirement system,
32 acting on behalf of the system and other public funds
33 subject to this section, may develop and issue a
34 request for proposals for third-party services to
35 complete the identification of scrutinized companies

1 and the compilation of a scrutinized companies list.
2 The Iowa public employees' retirement system shall
3 consult with all other public funds on the development
4 of the request for proposals. However, selection of a
5 successful proposal and the final scope of services to
6 be provided shall be determined only by those public
7 funds that have agreed to utilize the third-party
8 services. If more than one public fund decides to
9 utilize the third-party services, the participating
10 public funds shall equally share the costs of such
11 services.

12 2. a. For each company on the scrutinized
13 companies list, the public fund shall send or have sent
14 a written notice informing the company of its status as
15 a scrutinized company and that it may become subject
16 to divestment and restrictions on investment in the
17 company by the public fund. The notice shall offer
18 the company the opportunity to clarify its activities
19 or to cease its activities causing its inclusion on
20 the scrutinized company list. The public fund or its
21 representative shall continue to provide such written
22 notice on an annual basis if the company remains a
23 scrutinized company.

24 b. If, following notice as provided by this
25 section, a scrutinized company ceases activity that
26 designates it as a scrutinized company and submits
27 a written statement to the public fund that it has
28 ceased engaging in activities that designates it as a
29 scrutinized company, the company shall be removed from
30 the scrutinized companies list.

31 Sec. ____ . NEW SECTION. **12K.4 Prohibited**
32 **investments — divestment.**

33 1. The public fund shall not acquire publicly
34 traded securities of a company on the public fund's
35 most recent scrutinized companies list so long as

1 such company remains on the public fund's scrutinized
2 companies list as provided in this chapter.

3 2. *a.* The public fund shall sell, redeem, divest,
4 or withdraw all publicly traded securities of a company
5 on the public fund's list of scrutinized companies,
6 so long as the company remains on that list, within
7 eighteen months following the first written notice
8 sent to the scrutinized company as required by section
9 12K.3.

10 *b.* This subsection shall not be construed to
11 require the premature or otherwise imprudent sale,
12 redemption, divestment, or withdrawal of an investment,
13 but such sale, redemption, divestment, or withdrawal
14 shall be completed as provided by this subsection.

15 3. The requirements of this section shall not
16 apply to indirect holdings of a scrutinized company.
17 The public fund shall, however, submit letters to
18 the managers of such investment funds containing
19 scrutinized companies requesting that they consider
20 removing such companies from the fund or create a
21 similar fund with indirect holdings devoid of such
22 companies. If the manager creates a similar fund
23 with indirect holdings devoid of such companies, the
24 public fund is encouraged to replace all applicable
25 investments with investments in the similar fund
26 consistent with prudent investing standards.

27 Sec. ____ . NEW SECTION. **12K.5 Reports.**

28 1. *Scrutinized companies list.* Each public fund
29 shall, within thirty days after the scrutinized
30 companies list is created or updated as required by
31 section 12K.3, make the list available to the public.

32 2. *Annual report.* On October 1, 2017, and each
33 October 1 thereafter, each public fund shall make
34 available to the public, and file with the general
35 assembly, an annual report covering the prior fiscal

1 year that includes the following:

2 *a.* The scrutinized companies list as of the end of
3 the fiscal year.

4 *b.* A summary of all written notices sent as
5 required by section 12K.3 during the fiscal year.

6 *c.* All investments sold, redeemed, divested, or
7 withdrawn as provided in section 12K.4 during the
8 fiscal year.

9 Sec. ____ . NEW SECTION. 12K.6 Legal obligations —
10 immunity.

11 With respect to actions taken in compliance with
12 this chapter, including all good-faith determinations
13 regarding companies as required by this chapter,
14 the public fund shall be immune from any liability
15 and exempt from any conflicting statutory or common
16 law obligations, including any such obligations
17 in respect to choice of asset managers, investment
18 funds, or investments for the public fund's securities
19 portfolios.>

20 2. Title page, line 2, after <Israel> by inserting
21 <and fossil fuel companies>

22 3. By renumbering as necessary.

KELLEY of Jasper