



---

**HF 2331** – Public Entity Investments, Israel Boycotting Prohibition (LSB5462HV)  
Analyst: David Reynolds (Phone: 515-281-6934) ([dave.reynolds@legis.iowa.gov](mailto:dave.reynolds@legis.iowa.gov))  
Fiscal Note Version – New

---

**Description**

**House File 2331** prohibits certain entities defined by the bill as public funds from directly investing in companies that are engaged in a boycott of Israel. The entities include: the Treasurer of State, Board of Regents, Iowa Public Employees Retirement System (IPERS), the Municipal Fire and Police Retirement System, the Peace Officer Retirement Fund, and the Judicial Retirement System. The public funds are not prohibited from investing in indirect holdings (i.e., mutual funds, etc.) that include scrutinized companies, but are encouraged to replace such investments with investments that do not include scrutinized companies.

The bill also prohibits a public entity from entering into a contract of \$1,000 or more with a scrutinized company. The bill requires each public fund to file an annual report by October 1 with the General Assembly, and make the report available to the public. The report is to include a list of identified scrutinized companies, a summary of written notices sent, and all investments sold, redeemed, divested, or withdrawn during the prior fiscal year.

**Background**

**House File 2331**, as well as similar legislation in other states, is intended to counter efforts of the Boycott, Divestment, and Sanctions Movement (BDS). The purpose of the BDS Movement is to encourage countries, government entities, and companies to boycott goods manufactured in Israel and by Israeli companies and divest from financial holdings in Israel and Israeli companies. Legislation similar to **HF 2331** has been enacted in South Carolina and Illinois. Similar legislation is currently pending in seven other states.

**Fiscal Impact**

**HF 2331** will not have a fiscal impact on the State General Fund. However, the fiscal impact resulting from future investment activity on the pension funds cannot be determined due to lack of information as to particular companies that may be covered by the legislation.

The cost associated with purchasing research services associated with identifying information on scrutinized companies is estimated to range from \$3,000 to \$10,000 annually. It is assumed that the entities impacted by the requirements of the bill will coordinate for the purchase of these research services to eliminate duplication.

**Sources**

Iowa Treasurer of State  
Iowa Public Employee Retirement System (IPERS)  
Board of Regents  
Municipal Fire and Police Retirement System of Iowa

---

/s/ Holly M. Lyons

February 23, 2016

---

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the LSA upon request.

---