

MAR 9 1995

STATE GOVERNMENT

HOUSE FILE 324
BY KREIMAN

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the divestiture of public moneys in
2 investments of companies engaged in the manufacture of tobacco
3 products.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 324

1 Section 1. NEW SECTION. 12D.1 LEGISLATIVE INTENT.

2 The general assembly intends that state funds and funds
3 administered by the state shall not be invested in companies
4 engaged in the manufacture of tobacco products.

5 Sec. 2. NEW SECTION. 12D.2 PROHIBITED INVESTMENTS.

6 1. The treasurer of state shall not invest funds belonging
7 to the state of Iowa or funds from the public safety peace
8 officers' retirement, accident, and disability system in the
9 stocks, securities, or other obligations of a company engaged
10 in the manufacture of tobacco products.

11 2. The state board of regents shall not invest funds
12 belonging to the institutions under the control of the state
13 board of regents in the stocks, securities, or other
14 obligations of a company engaged in the manufacture of tobacco
15 products.

16 3. The department of personnel shall not invest funds from
17 the Iowa public employees' retirement fund in the stocks,
18 securities, or other obligations of a company engaged in the
19 manufacture of tobacco products.

20 4. This section does not prohibit any of the following:

21 a. The purchase of securities issued by the United States
22 government or agreements to purchase or repurchase such
23 securities or securities issued by firms not otherwise
24 prohibited from purchase under this chapter.

25 b. Custodial agreements or accounts used for purchases and
26 sales of securities otherwise acceptable under this chapter.

27 c. The deposit of funds with a paying agent for bonds of
28 the state board of regents issued prior to January 1, 1995.

29 Sec. 3. NEW SECTION. 12D.3 DIVESTITURE.

30 1. The treasurer of state, the state board of regents, and
31 the department of personnel shall make no additional
32 investments of the type prohibited under section 12D.2
33 subsequent to June 30, 1995. The sale of securities and
34 investments held by the treasurer of state, the state board of
35 regents, and the department of personnel on July 1, 1995, that

1 are prohibited under section 12D.2 shall be completed by July
2 1, 2000. Not less than one-fifth of the value of the
3 investments held on July 1, 1995, shall be sold in the fiscal
4 year beginning July 1, 1998.

5 2. As long as funds remain in investments prohibited under
6 section 12D.2, the treasurer of state, the state board of
7 regents, and the department of personnel shall file with the
8 general assembly, on or before January 20 of each year, a
9 report listing all investments administered by the treasurer
10 of state, the state board of regents, and the department of
11 personnel which are prohibited under section 12D.2 and their
12 value as of the preceding December 31.

13 3. For purposes of this chapter, "value" consists of cash,
14 the par value or unpaid balance of all unmatured or unpaid
15 investments requiring the payment of a fixed amount at payment
16 date, and the cost price of all other investments.

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EXPLANATION

18 This bill creates new chapter 12D which provides that the
19 treasurer of state, the state board of regents, and the
20 department of personnel shall not make investments in the
21 stocks, securities, or other obligations of a company engaged
22 in the manufacture of tobacco products. The treasurer of
23 state, the state board of regents, and the department of
24 personnel are required to divest themselves of any investment
25 prohibited under section 12D.2 by no later than July 1, 2000.
26 As long as funds remain in investments prohibited under
27 section 12D.2, the treasurer of state, the state board of
28 regents, and the department of personnel are to file with the
29 general assembly, on or before January 20 of each year, a
30 report listing all investments administered by the treasurer
31 of state, the state board of regents, and the department of
32 personnel which are prohibited under section 12D.2 and their
33 value as of the preceding December 31.

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