

FEB 3 2006
STATE GOVERNMENT

HOUSE FILE 2241

BY PETTENGILL, WESSEL-KROESCHELL,
SWAIM, D. OLSON, BUKTA, D. TAYLOR,
BERRY, DAVITT, T. TAYLOR, JOCHUM,
WINCKLER, LENSING, MILLER,
GASKILL, SCHUELLER, and MURPHY

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

A BILL FOR

1 An Act prohibiting investment of certain public funds in
2 companies doing business in Sudan by the treasurer of state,
3 the Iowa public employees' retirement system, and the state
4 board of regents.

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

6
7
8
9
10
11
12
13
14
15
16
17
18
19
20

HF-2241

1 Section 1. NEW SECTION. 12A.1 LEGISLATIVE FINDINGS AND
2 INTENT.

3 The general assembly is deeply concerned over the human
4 rights situation in Sudan which calls for stepped-up
5 international efforts to end the crisis in Sudan's Darfur
6 region, and concurs with United States policy which has
7 officially declared that genocide is ongoing in the Sudan, and
8 demands that the government of Sudan bring an end to these
9 atrocities. Therefore, the general assembly intends that
10 state funds and funds administered by the state, including
11 public employee retirement funds, shall not be invested in
12 companies doing business in Sudan, given the ongoing genocide
13 in that country, the previous atrocities perpetrated by the
14 government of Sudan, and the abysmal human rights situation in
15 that country.

16 Sec. 2. NEW SECTION. 12A.2 PROHIBITED INVESTMENTS AND
17 DEPOSITS.

18 1. Assets or funds subject to the requirements of this
19 section shall not be invested in the stocks, securities, or
20 other obligations of a company which directly or through a
21 subsidiary is engaged in business in or with Sudan or its
22 instrumentalities.

23 2. Persons subject to this section shall take appropriate
24 action to sell, redeem, divest, or withdraw any investment
25 held in violation of this section. This section shall not be
26 construed to require the premature or otherwise imprudent
27 sale, redemption, divestment, or withdrawal of an investment,
28 but such sale, redemption, divestment, or withdrawal shall be
29 completed by July 1, 2007.

30 3. If it is determined by the treasurer of state that a
31 company, which had previously been considered to have been
32 engaged in business directly or through a subsidiary in or
33 with Sudan or its instrumentalities, has ceased business
34 operations with Sudan or its instrumentalities, then this
35 section shall no longer apply to investments in that company.

1 Sec. 3. NEW SECTION. 12A.3 REPORTS.

2 1. The treasurer of state, the state board of regents, and
3 the Iowa public employees' retirement system shall each file a
4 report with the general assembly by October 1, 2006, of all
5 investments held as of July 1, 2006, which are in violation of
6 this chapter.

7 2. On July 1, 2007, and each July 1 thereafter, the
8 treasurer, state board of regents, and the Iowa public
9 employees' retirement system shall each separately file a
10 report with the general assembly on all investments sold,
11 redeemed, divested, or withdrawn in compliance with this
12 chapter and shall provide, if applicable, a description of the
13 progress made since the previous report.

14 Sec. 4. Section 12.8, unnumbered paragraph 1, Code 2005,
15 is amended to read as follows:

16 The treasurer of state shall invest or deposit, subject to
17 section 12A.2 and as provided by law, any of the public funds
18 not currently needed for operating expenses and shall do so
19 upon receipt of monthly notice from the director of the
20 department of administrative services of the amount not so
21 needed. In the event of loss on redemption or sale of
22 securities invested as prescribed by law, and if the
23 transaction is reported to the executive council, neither the
24 treasurer nor director of the department of administrative
25 services is personally liable but the loss shall be charged
26 against the funds which would have received the profits or
27 interest of the investment and there is appropriated from the
28 funds the amount so required.

29 Sec. 5. Section 97B.4, subsection 5, Code 2005, is amended
30 to read as follows:

31 5. INVESTMENTS. The system, through the chief investment
32 officer, shall invest, subject to section 12A.2 and in
33 accordance with the investment policy and goal statement
34 established by the board, the portion of the retirement fund
35 which, in the judgment of the system, is not needed for

1 current payment of benefits under this chapter subject to the
2 requirements of section 97B.7A.

3 Sec. 6. Section 262.14, unnumbered paragraph 1, Code
4 Supplement 2005, is amended to read as follows:

5 The board may invest funds belonging to the institutions,
6 subject to section 12A.2 and the following regulations:

7 EXPLANATION

8 This bill prohibits the treasurer of state, the state board
9 of regents, and the Iowa public employees' retirement system
10 (IPERS) from investing in the stocks, securities, or other
11 obligations of a company which directly or through a
12 subsidiary is engaged in business in or with Sudan or its
13 instrumentalities. The bill provides that current investments
14 in violation of the bill be sold or divested by July 1, 2007.
15 The bill provides that if the treasurer determines that a
16 company is no longer engaged in business with Sudan, each
17 entity can again invest in that company. The bill further
18 provides that the treasurer, IPERS, and the regents shall each
19 file a report with the general assembly by October 1, 2006,
20 concerning investments held as of July 1, 2006, which are in
21 violation of the bill. Each entity is also required to file
22 an annual report by July 1 of each year, beginning July 1,
23 2007, concerning their compliance with the bill.

24
25
26
27
28
29
30
31
32
33
34
35