

By Senator Ring

32-1356-07

1 A bill to be entitled
2 An act relating to economic sanctions regarding
3 Iran; providing definitions; prohibiting the
4 investment of assets of any pension or annuity
5 fund under the jurisdiction of the State Board
6 of Administration in any company that has an
7 equity tie to or is engaged in business with
8 Iran's energy sector; providing that such
9 prohibition does not apply to the activities of
10 any company providing humanitarian aid to the
11 people of Iran through certain organizations;
12 requiring the board to consult with an
13 independent research firm that specializes in
14 global security risk; requiring the board to
15 sell, redeem, divest, or withdraw any
16 investments in any company subject to the
17 investment prohibition before a specified
18 deadline; requiring the board to file reports
19 containing certain information prior to
20 specified deadlines; providing an effective
21 date.

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23 WHEREAS, Iran is a leading sponsor of international
24 terrorism, and

25 WHEREAS, United Nations Security Council Resolution
26 1737 imposes sanctions on Iran for its failure to suspend its
27 uranium-enrichment activities, and

28 WHEREAS, foreign entities have invested in Iran's
29 energy sector despite Iran's support of international
30 terrorism and clandestine nuclear program, affording Iran a
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1 free pass while many United States entities have unknowingly
2 invested in those same foreign entities, and

3 WHEREAS, all United States and foreign entities that
4 have invested more than \$20 million in Iran's energy sector
5 since August 5, 1996, are subject to sanctions under United
6 States law pursuant to the Iran Libya Sanctions Act of 1996,
7 and

8 WHEREAS, investors from Florida can have considerable
9 influence over the commercial decisions of the foreign
10 entities in which they invest, and

11 WHEREAS, support for terrorism and the acquisition of
12 weapons of mass destruction represent a grave threat to the
13 security of the United States and to the residents of the
14 State of Florida, and

15 WHEREAS, the State of Florida is deeply concerned about
16 investments in publicly traded companies that have business
17 activities in and ties to Iran's energy sector as a global
18 security and financial risk to the shareholders, and

19 WHEREAS, the Securities and Exchange Commission
20 determined that companies having business operations in
21 terrorist-sponsoring states are exposed to a special risk
22 category known as "global security risk," which is the risk to
23 stock value and corporate reputation stemming from the
24 intersection of a publicly traded company's international
25 business activities and security-related concerns, such as
26 terrorism and weapons proliferation, and

27 WHEREAS, by investing in publicly traded companies
28 having ties to Iran's energy sector, the Florida State Board
29 of Administration is putting the pensions of its current and
30 former public employees at risk, and

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1 WHEREAS, to protect Florida's public assets, it is in
2 the best interest of the state to enact a statutory
3 prohibition regarding the investment of public employee
4 retirement funds in companies doing business in or with Iran's
5 energy sector, NOW, THEREFORE,

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7 Be It Enacted by the Legislature of the State of Florida:

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9 Section 1. Prohibited investments.--

10 (1) DEFINITIONS.--As used in this section, the term:

11 (a) "Company" means any entity having business ties of
12 any nature, scope, and type affecting commerce, including, but
13 not limited to, a government, government agency, corporation,
14 firm, subsidiary, financial institution, provider of financial
15 services, joint venture, trade association, or affiliate.

16 (b) "Equity tie" means facilities, plants, employees,
17 or advisors, or an investment, fiduciary, monetary, or
18 physical presence of any kind.

19 (c) "Humanitarian aid" means the provision of goods
20 and services intended to relieve human suffering due to
21 natural disasters, war, or civil unrest.

22 (2) PROHIBITION OF INVESTMENT.--

23 (a) Notwithstanding any provision of law to the
24 contrary, assets of any pension or annuity fund under the
25 jurisdiction of the executive director or the Board of
26 Trustees of the State Board of Administration may not be
27 invested in any company that has an equity tie to or is
28 engaged in business with Iran's energy sector.

29 (b) This prohibition does not apply to the activities
30 of any company providing humanitarian aid to the people of
31 Iran through a governmental or nongovernmental organization.

1 (3) EXECUTION AND REPORTING.--

2 (a) The executive director and Board of Trustees of
3 the State Board of Administration, after reviewing the
4 recommendations of and consulting with an independent research
5 firm that specializes in global security risk, shall take
6 appropriate action to sell, redeem, divest, or withdraw any
7 investments held in violation of this act. Such sale,
8 redemption, divestment, or withdrawal must be completed no
9 later than 1 year following the effective date of this act.

10 (b) Within 60 days after the effective date of this
11 act, the executive director of the State Board of
12 Administration shall file with the President of the Senate and
13 the Speaker of the House of Representatives a report of all
14 investments held as of the effective date which are in
15 violation of this act. One year after the effective date of
16 this act, the executive director shall file with the President
17 of the Senate and the Speaker of the House of Representatives
18 a report verifying the completion of all sales, redemptions,
19 divestments, or withdrawals of such investments in compliance
20 with this act.

21 Section 2. This act shall take effect upon becoming a
22 law.

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SENATE SUMMARY

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Prohibits the investment of assets of any pension or annuity fund under the jurisdiction of the State Board of Administration in any company that has an equity tie to or is engaged in business with Iran's energy sector. Provides that such prohibition does not apply to the activities of any company providing humanitarian aid to the people of Iran through certain organizations. Requires the board to consult with an independent research firm that specializes in global security risk. Requires the board to sell, redeem, divest, or withdraw any investments in any company subject to the investment prohibition before a specified deadline. Requires the board to file reports containing certain information prior to specified deadlines.