

House Bill 4110

Sponsored by Representatives GREENLICK, HOYLE, WEIDNER; Representatives BERGER, HICKS, HUNT, KENNEMER, KRIEGER, MATTHEWS, PARRISH, SHEEHAN, J SMITH, WAND, WHISNANT, WINGARD, WITT, Senators BOQUIST, BURDICK (Presession filed.)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Directs Oregon Investment Council and State Treasurer to try to ensure that moneys in Public Employees Retirement Fund are not invested in companies with interest in energy sector of Iran. Directs State Treasurer to adopt engagement policy with private investment fund managers and to encourage managers to end investments with companies with interest in energy sector of Iran.

Requires notices to fund managers, companies and Oregon Investment Council. Specifies contents of notices.

Applies subject to specified fiduciary standards.

Declares emergency, effective on passage.

A BILL FOR AN ACT

Relating to investment in companies doing business in Iran; and declaring an emergency.

Be It Enacted by the People of the State of Oregon:

SECTION 1. Sections 2 to 6 of this 2012 Act are added to and made a part of ORS 293.701 to 293.820.

SECTION 2. As used in sections 2 to 6 of this 2012 Act:

(1) "Company" means any sole proprietorship, organization, firm, association, corporation, utility, partnership, venture, public franchise, franchisor or franchisee, or its wholly owned subsidiary, that exists for profit-making purposes or otherwise to secure economic advantage.

(2) "Fund of funds" means investment funds that function by secondary investment in a portfolio of other investments, including investment funds.

(3) "Index funds" means pooled investments that are passively managed with an intent to match or track the performance of a market index.

(4)(a) "Invest" means to commit funds or other assets to a company. "Invest" includes making a loan or other extension of credit to a company, or owning or controlling a share or interest in a company or a bond or other debt instrument issued by a company.

(b) "Investment" means the commitment of funds or other assets to a company for an interest in the company. "Investment" includes the ownership or control of a share or interest in a company or of a bond or other debt instrument issued by a company.

(5) "Iran" means the Islamic Republic of Iran.

(6) "Scrutinized company" means any company that currently has made an investment in the energy sector of Iran as described in section 202(c)(1) of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (P.L. 111-195), as further determined by the United States Department of State.

SECTION 3. (1) The Oregon Investment Council and the State Treasurer, in the State Treasurer's role as investment officer for the council, shall act reasonably and in a manner

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 consistent with fiduciary standards, including the provisions of ORS 293.721 and 293.726, to
 2 try to ensure that managers who are engaged by the council or the State Treasurer for the
 3 active management of investment funds consisting of the Public Employees Retirement Fund
 4 referred to in ORS 238.660, through the purchase and sale of publicly traded equities, are not
 5 investing in publicly traded equities of any scrutinized company.

6 (2) Subsection (1) of this section does not apply to investments indirectly made through
 7 index funds, fund of funds or privately placed investments.

8 **SECTION 4.** (1) Consistent with fiduciary standards, including the provisions of ORS
 9 293.721 and 293.726, the State Treasurer shall adopt a statement of policy that describes a
 10 process of engagement with managers who:

11 (a) Are engaged by the Oregon Investment Council or the State Treasurer for the active
 12 management of investment funds consisting of the Public Employees Retirement Fund re-
 13 ferred to in ORS 238.660 through the purchase and sale of publicly traded equities; and

14 (b) Have invested such funds in scrutinized companies.

15 (2) The policy required under subsection (1) of this section must require the State
 16 Treasurer, to the extent practicable, to identify and send a written notice to the managers
 17 described in subsection (1) of this section. The notice shall encourage the managers, con-
 18 sistent with fiduciary standards, including the provisions of ORS 293.721 and 293.726, to:

19 (a) Notify scrutinized companies with which the managers have made investments of the
 20 State Treasurer's policy adopted pursuant to subsection (1) of this section; and

21 (b) Not later than 90 days giving the notice, end investments in the scrutinized companies
 22 and avoid future investments in the scrutinized companies, as long as the managers may do
 23 so without monetary loss through reasonable, prudent and productive investments in com-
 24 panies generating returns that are comparable to the returns generated by the scrutinized
 25 companies.

26 (3) A notice given by a manager to a scrutinized company under subsection (2) of this
 27 section shall advise the scrutinized company that the scrutinized company may comment in
 28 writing to the State Treasurer to dispute the identification of the company as a scrutinized
 29 company.

30 (4) If the State Treasurer determines that a company given notice under subsection (3)
 31 of this section is not a scrutinized company, the State Treasurer shall notify the relevant
 32 manager of the determination.

33 (5) The State Treasurer shall advise the Oregon Investment Council if a manager to
 34 whom the notice was given under subsection (2) of this section has not informed the State
 35 Treasurer within 180 days after the date the notice was given that the manager has ended
 36 the manager's investment in scrutinized companies or plans to divest from the manager's
 37 investment in scrutinized companies.

38 **SECTION 5.** On or before March 15 of each year, the State Treasurer shall make avail-
 39 able on the State Treasurer's website a summary of actions taken during the previous year
 40 in accordance with sections 2 to 6 of this 2012 Act. The summary shall include a list of
 41 identified scrutinized companies.

42 **SECTION 6.** (1) Section 4 (2) to (5) and 5 of this 2012 Act apply only if the Legislative
 43 Assembly appropriates sufficient moneys to the State Treasurer, other than moneys de-
 44 scribed in ORS 293.718, to administer section 4 (2) to (5) and 5 of this 2012 Act.

45 (2) Any costs incurred by the State Treasurer in administering sections 2 to 6 of this 2012

1 Act may not be paid from investment funds.

2 **SECTION 7.** The State Treasurer shall first make available on the State Treasurer's
3 website the information required under section 5 of this 2012 Act not later than September
4 1, 2013.

5 **SECTION 8.** Sections 1 to 7 of this 2012 Act become operative on January 1, 2013.

6 **SECTION 9.** This 2012 Act being necessary for the immediate preservation of the public
7 peace, health and safety, an emergency is declared to exist, and this 2012 Act takes effect
8 on its passage.

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