

SENATE, NO. 2383

AN ACT RELATIVE TO THE DIVESTMENT OF STATE ASSETS FROM NATIONS THAT SPONSOR TERRORISM

*Be it enacted by the Senate and House of Representatives in General Court assembled,
And by the authority of the same, as follows:*

1 SECTION 1. Chapter 10 of the General Laws, as appearing in the 2004 official edition, is hereby
2 amended by inserting after section 5C the following new section:-

3 “Section 5D. (a) The state treasurer shall not knowingly permit, whenever feasible, the investment of
4 any of the funds of the commonwealth, including but not limited to all pension and annuity funds, in
5 the stock, securities or other obligations of any corporation, which directly, or through a subsidiary,
6 engage in business with, or with any instrumentality of, any state designated by the United States
7 Department of State as a state sponsor of terrorism under the provisions of 22 U.S.C. 2371, 22 U.S.C.
8 2780, or 50 U.S.C. app. 2405(j), or any other applicable federal law, except for those corporations
9 specified in paragraph (b) of this section.

10 (b) The prohibitions contained in paragraph (a) shall not apply to any corporation that is primarily
11 engaged in supplying goods or services intended to relieve human suffering, a corporation that
12 promotes public health, education, journalistic, religious, or welfare activities, or a United States

13 corporation authorized by the federal government to have businesses operations within the designated
14 countries.

15 (c) The state treasurer shall make every reasonable effort to sell, redeem, divest or withdraw any
16 investment currently held in violation of the provisions of paragraph (a) of this section within one year
17 from the passage of this act.

18 (d) The state treasurer shall annually issue a report, not later than January 30 each year, listing all
19 corporations which the Commonwealth has divested funds from, under the provisions of paragraph (c)
20 of this section, during the previous calendar year. The state treasurer shall also list any and all
21 corporations known to the treasurer which directly, or through a subsidiary, engage in business with,
22 or with any instrumentality of, any country designated by the United States Department of State as a
23 state sponsor of terrorism under the provisions of 22 U.S.C. 2371, 22 U.S.C 278, or 50 U.S.C. app.
24 2405(j) or any other applicable federal law. The treasurer may utilize all information available to
25 make such determinations.

26 SECTION 2. Notwithstanding any special or general law to the contrary, no contributory retirement
27 system operating under the terms of section 1 to 28, inclusive, of chapter 32, including those operating
28 under the terms of section 19 of chapter 34B, shall permit the investment of any funds in the stock,
29 securities or other obligations in any corporation listed by the state treasurer under the provisions of
30 paragraph (c) of section 1 of this act. Moreover, within one year of a corporation being listed on said
31 report any aforementioned contributory retirement system shall make every reasonable effort to sell,
32 redeem, divest or withdraw any investment currently held in such a corporation.

33 SECTION 3. The State Treasurer may continue any existing or and make new investments in any
34 corporation prohibited from investment under the provisions of section 1 of this act; if, by a majority
35 vote of investment advisory council, said council moves to exempt any such designated country. Such

36 exemption must be made prior to April 1 in any given year and shall be applicable until March 31 of
37 the following year.

38 SECTION 4. Nothing in this act shall alter or diminish existing fiduciary or statutory obligations and
39 other terms, conditions, and limitations on the investment of retirement system assets for the exclusive
40 interest and benefit of participants and beneficiaries of a retirement system.