

SENATE BILL 22

K4

8lr0374

(PRE-FILED)

By: **Senator Colburn**

Requested: June 21, 2007

Introduced and read first time: January 9, 2008

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **State Pension and Retirement System – Divesting from Iran**

3 FOR the purpose of prohibiting the Board of Trustees for the State Retirement and
4 Pension System from investing any assets of the State Retirement and Pension
5 System in certain companies; requiring the Board of Trustees to divest certain
6 assets of the State Retirement and Pension System from certain companies by a
7 certain date; requiring the Board of Trustees to submit certain reports by
8 certain dates; defining certain terms; and generally relating to the divestment
9 of assets of the State Retirement and Pension System.

10 BY adding to

11 Article – State Personnel and Pensions

12 Section 21–123.2

13 Annotated Code of Maryland

14 (2004 Replacement Volume and 2007 Supplement)

15 Preamble

16 WHEREAS, Iran is a leading sponsor of international terrorism; and

17 WHEREAS, United Nations Security Council Resolution 1737 imposes
18 sanctions on Iran for its failure to suspend its uranium–enrichment activities; and

19 WHEREAS, Foreign entities have invested in Iran’s energy sector despite Iran’s
20 support of international terrorism and clandestine nuclear program, affording Iran a
21 free pass while many United States entities have unknowingly invested in those same
22 foreign entities; and

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 WHEREAS, All United States and foreign entities that have invested more than
2 \$20,000,000 in Iran's energy sector since August 5, 1996, are subject to sanctions
3 under United States law pursuant to the Iran Libya Sanctions Act of 1996; and

4 WHEREAS, Investors from Maryland can have considerable influence over the
5 commercial decisions of the foreign entities in which they invest; and

6 WHEREAS, Support for terrorism and the acquisition of weapons of mass
7 destruction represent a grave threat to the security of the United States and to the
8 residents of Maryland; and

9 WHEREAS, The Maryland General Assembly is deeply concerned about
10 investments in publicly traded companies that have business activities in and ties to
11 Iran's energy sector as a global security and financial risk to the shareholders; and

12 WHEREAS, The Securities and Exchange Commission determined that
13 companies having business operations in terrorist-sponsoring states are exposed to a
14 special risk category known as "global security risk," which is the risk to stock value
15 and corporate reputation stemming from the intersection of a publicly traded
16 company's international business activities and security-related concerns, such as
17 terrorism and weapons proliferation; and

18 WHEREAS, By investing in publicly traded companies having ties to Iran's
19 energy sector, the Board of Trustees for the State Retirement and Pension System is
20 putting the pensions of its current and former public employees at risk; and

21 WHEREAS, To protect Maryland's public assets, it is in the best interest of the
22 State to enact a statutory prohibition regarding the investment of public employee
23 retirement funds in companies doing business in or with Iran's energy sector; now,
24 therefore,

25 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
26 MARYLAND, That the Laws of Maryland read as follows:

27 **Article - State Personnel and Pensions**

28 **21-123.2.**

29 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE
30 MEANINGS INDICATED.

31 (2) "COMPANY" MEANS ANY CORPORATION, UTILITY,
32 PARTNERSHIP, JOINT VENTURE, FRANCHISOR, FRANCHISEE, TRUST, ENTITY
33 INVESTMENT VEHICLE, FINANCIAL INSTITUTION, OR ITS WHOLLY OWNED
34 SUBSIDIARY.

1 (3) **“DOING BUSINESS IN IRAN”** MEANS MAINTAINING
2 **EQUIPMENT, FACILITIES, PERSONNEL, OR OTHER APPARATUS OF BUSINESS OR**
3 **COMMERCE IN IRAN, INCLUDING OWNERSHIP OF REAL OR PERSONAL**
4 **PROPERTY IN IRAN OR ENGAGING IN ANY BUSINESS ACTIVITY WITH THE**
5 **GOVERNMENT OF IRAN PERTAINING TO IRAN’S PETROLEUM–ENERGY SECTOR.**

6 (4) **“HUMANITARIAN AID”** MEANS THE PROVISION OF GOODS AND
7 **SERVICES INTENDED TO RELIEVE HUMAN SUFFERING DUE TO NATURAL**
8 **DISASTERS, WAR, OR CIVIL UNREST.**

9 (5) **“IRAN”** MEANS THE ISLAMIC REPUBLIC OF IRAN.

10 **(B) (1) THIS SUBSECTION DOES NOT APPLY TO ANY COMPANY**
11 **PROVIDING HUMANITARIAN AID TO THE PEOPLE OF IRAN THROUGH A**
12 **GOVERNMENTAL OR NONGOVERNMENTAL ORGANIZATION.**

13 **(2) THE BOARD OF TRUSTEES MAY NOT INVEST ANY ASSETS OF**
14 **THE SEVERAL SYSTEMS IN ANY COMPANY THAT IS DOING BUSINESS IN IRAN.**

15 **(C) (1) ON OR BEFORE JUNE 30, 2009, THE BOARD OF TRUSTEES**
16 **SHALL TAKE APPROPRIATE ACTION TO SELL, REDEEM, DIVEST, OR WITHDRAW**
17 **ANY ASSETS OF THE SEVERAL SYSTEMS THAT ARE INVESTED IN ANY COMPANY**
18 **THAT IS DOING BUSINESS IN IRAN.**

19 **(2) (I) ON OR BEFORE SEPTEMBER 31, 2008, THE BOARD OF**
20 **TRUSTEES SHALL SUBMIT A REPORT IN ACCORDANCE WITH § 2–1246 OF THE**
21 **STATE GOVERNMENT ARTICLE TO THE SENATE BUDGET AND TAXATION**
22 **COMMITTEE, THE HOUSE APPROPRIATIONS COMMITTEE, AND THE JOINT**
23 **COMMITTEE ON PENSIONS THAT INCLUDES A LIST OF THE ASSETS OF THE**
24 **SEVERAL SYSTEMS THAT ON JULY 1, 2008, ARE INVESTED IN ANY COMPANY**
25 **THAT HAS AN EQUITY TIE TO OR IS ENGAGED IN BUSINESS WITH IRAN’S**
26 **PETROLEUM–ENERGY SECTOR.**

27 **(II) ON OR BEFORE JULY 1, 2009, THE BOARD OF**
28 **TRUSTEES SHALL SUBMIT A REPORT IN ACCORDANCE WITH § 2–1246 OF THE**
29 **STATE GOVERNMENT ARTICLE TO THE SENATE BUDGET AND TAXATION**
30 **COMMITTEE, THE HOUSE APPROPRIATIONS COMMITTEE, AND THE JOINT**
31 **COMMITTEE ON PENSIONS VERIFYING THE COMPLETION OF ALL SALES,**
32 **REDEMPTIONS, DIVESTMENTS, OR WITHDRAWALS OF THE ASSETS OF THE**
33 **SEVERAL SYSTEMS THAT ON JULY 1, 2008, ARE INVESTED IN ANY COMPANY**
34 **THAT HAS AN EQUITY TIE TO OR IS ENGAGED IN BUSINESS WITH IRAN’S**
35 **PETROLEUM–ENERGY SECTOR.**

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
2 July 1, 2008.