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THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1085 Session of 2007

INTRODUCED BY SHAPIRO, DeWEESE, BASTIAN, BELFANTI, BENNINGHOFF, BOYD, CALTAGIRONE, COHEN, CONKLIN, COX, CURRY, CUTLER, DeLUCA, DePASQUALE, D. EVANS, FABRIZIO, FLECK, FRANKEL, FREEMAN, GALLOWAY, GIBBONS, HENNESSEY, HERSHEY, HESS, KAUFFMAN, KENNEY, KING, KORTZ, KULA, LEACH, LENTZ, MAHONEY, MANDERINO, MANN, METCALFE, MICOZZIE, MUNDY, MURT, MYERS, NAILOR, M. O'BRIEN, O'NEILL, PARKER, PETRI, PETRONE, RAPP, READSHAW, REED, REICHLEY, ROHRER, SCHRODER, SHIMKUS, McILVAINE SMITH, M. SMITH, SOLOBAY, STEIL, R. STEVENSON, STURLA, SURRA, R. TAYLOR, TRUE, VEREB, WALKO, WANSACZ, WATSON, YOUNGBLOOD AND YUDICHAK, APRIL 16, 2007

REFERRED TO COMMITTEE ON STATE GOVERNMENT, APRIL 16, 2007

AN ACT

Amending Title 71 (State Government) of the Pennsylvania Consolidated Statutes, prohibiting investments in countries identified as sponsors of terrorism.

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:

Section 1. Title 71 of the Pennsylvania Consolidated Statutes is amended by adding a section to read:

<u>§ 5942. Terrorism-related investments.</u>

<u>(a) Findings and policy statement.--The General Assembly finds that foreign terrorists and those organizations and countries that shelter, harbor and support them pose a grave threat to the security and well-being of all the citizens and institutions of this Commonwealth, including specifically the members of the system. As such, it is imperative that the assets</u>

of the fund be prudently managed and invested, as more particularly set forth in subsections (b), (d) and (e), to ensure that foreign terrorists and those organizations and countries that shelter, harbor and support them derive no benefit from the investments.

(b) Prohibited investments.--On and after the effective date of this section, the board shall not invest in the stocks, securities or other obligations of any entity engaged in business with a state sponsor of terror. In the event the board becomes aware that it has invested in violation of this subsection, the board shall immediately move to divest itself of the investment in a prudent manner.

(c) Humanitarian aid exception.--The board shall permit investments in an entity:

(1) that engages in the provision of goods and services that relieve human suffering or promote health or religious, spiritual, educational, humanitarian or journalistic activities; or

(2) that conducts commercial transactions in any country identified as a state sponsor of terror pursuant to a permit or license issued by the United States Government or the United Nations and is exempt from divestment and exclusion.

(d) Portfolio review.--Within 90 days of the effective date of this section and at least annually thereafter, the board shall complete a comprehensive review of its investments to determine compliance with the requirements of subsection (b). The board shall provide the General Assembly with a copy of the comprehensive review annually. In the event the board becomes aware that is has invested in violation of this section, then the board shall immediately move to divest itself of the

investment in a prudent manner.

(e) Investment managers.--All existing and future investment managers retained by the board on or after the effective date of this section who invest in the name of the system shall be notified by the board of their obligation to conduct their investment activities on behalf of the board in a manner designed to comply with the requirements of subsection (b).

(f) Definitions.--As used in this section, the following words and phrases shall have the meanings given to them in this subsection:

"Entity." A corporation, partnership, limited liability company, business trust, other association, government entity, other than the United States of America and the states that comprise it, estate, trust, foundation or natural person.

"State sponsor of terror." The term includes:

(1) a country identified by the Office of Foreign Assets Control in the United States Department of the Treasury as sponsoring terrorist activities; or

(2) a country designated by the United States Department of State as having repeatedly provided support for acts of international terrorism.

Section 2. This act shall take effect in 60 days.