

# STATE OF NEW YORK

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8271

2021-2022 Regular Sessions

## IN ASSEMBLY

August 25, 2021

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Introduced by M. of A. WEPRIN -- read once and referred to the Committee on Governmental Employees

AN ACT to amend the retirement and social security law and the state finance law, in relation to limitations on investments of public pension funds and state contracts

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. Section 423 of the retirement and social security law, as  
2 amended by chapter 770 of the laws of 1970, is amended to read as  
3 follows:

4 § 423. Investments. [~~a~~] 1. On and after April first, nineteen  
5 hundred sixty-seven, the comptroller shall invest the available monies  
6 of the common retirement fund in any investments and securities author-  
7 ized by law for each retirement system and shall hold such investments  
8 in his or her name as trustee of such fund, notwithstanding any other  
9 provision of this chapter. Participating interests in such investments  
10 shall be credited to each retirement system in the manner and at the  
11 time specified in [~~paragraph~~] subdivision two of section four hundred  
12 twenty-two of this article.

13 [~~b~~] 2. (a) To assist in the management of the monies of the common  
14 retirement fund, the comptroller shall appoint an investment advisory  
15 committee consisting of not less than seven members who shall serve for  
16 his or her term of office. A vacancy occurring from any cause other than  
17 expiration of term shall be filled by the comptroller for the remainder  
18 of the term. Each member of the committee shall be experienced in the  
19 field of investments and shall have served, or shall be serving, as a  
20 senior officer or member of the board of an insurance company, banking  
21 corporation or other financial or investment organization authorized to  
22 do business in the state of New York. The committee shall advise the  
23 comptroller on investment policies relating to the monies of the common  
24 retirement fund and shall review, from time to time, the investment

EXPLANATION--Matter in italics (underscored) is new; matter in brackets  
[~~-~~] is old law to be omitted.

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1 portfolio of the fund and make such recommendations as may be deemed  
2 necessary.

3 (b) The comptroller shall appoint a separate mortgage advisory commit-  
4 tee, with the advice and consent of the investment advisory committee,  
5 to review proposed mortgage and real estate investments by the common  
6 retirement fund. In making investments, as authorized by law, the comp-  
7 troller shall be guided by policies established by each committee from  
8 time to time; and, in the event the mortgage advisory committee disap-  
9 proves a proposed mortgage or real estate investment, such shall not be  
10 made.

11 (c) No officer or employee of any state department or agency shall be  
12 eligible for membership on either committee. Each committee shall  
13 convene periodically on call of the comptroller, or on call of the  
14 chairman. The members of each committee shall be entitled to reimburse-  
15 ment for their actual and necessary expenses but shall receive no  
16 compensation for their services.

17 3. Notwithstanding any provision of law to the contrary, the comp-  
18 troller shall not directly invest the available monies of the common  
19 retirement fund in any stocks, securities, equities, assets or other  
20 obligations of any corporation or company, or any subsidiary, affiliate  
21 or parent of any corporation or company, engaged in the boycott of Isra-  
22 el, including Iran-restricted companies and Sudan-restricted companies.  
23 The comptroller shall, in accordance with sound investment criteria and  
24 consistent with his or her fiduciary obligations, divest any such  
25 stocks, securities, equities, assets or other obligations in accordance  
26 with section four hundred twenty-three-d of this article.

27 § 2. The retirement and social security law is amended by adding a new  
28 section 423-d to read as follows:

29 § 423-d. Prohibited transactions; companies that boycott Israel, Iran-  
30 restricted companies and Sudan-restricted companies. 1. Definitions.  
31 For the purposes of this section the following terms shall have the  
32 following meanings:

33 a. "boycott Israel" shall mean engaging in actions that are poli-  
34 tically motivated and are intended to penalize, inflict economic harm  
35 on, or otherwise limit commercial relations with the state of Israel or  
36 corporations or companies based in the state of Israel;

37 b. "direct investment" shall mean ownership of an individual stock,  
38 security, equity, asset, or other obligation of a corporation or compa-  
39 ny;

40 c. "exclusion list" shall mean the list created pursuant to paragraph  
41 a of subdivision two of this section;

42 d. "indirect investment" shall mean all securities of a corporation or  
43 company which are held in an account or fund managed by one or more  
44 persons not employed by the employees' retirement system, in which such  
45 retirement system owns shares or interests together with other investors  
46 not subject to the provisions of this section;

47 e. "Iran-restricted company" shall mean a corporation or company: (i)  
48 engaged in business operations involving contracts with, or the  
49 provision of supplies or services to, the government of Iran; (ii) in  
50 which the government of Iran has any direct or indirect equity share; or  
51 (iii) involved in a project or consortium commissioned by the government  
52 of Iran; and:

53 (1) more than ten percent of revenue produced in or assets located in  
54 Iran involve oil-related activities or mineral-extraction activities;

55 (2) less than seventy-five percent of revenue produced in or assets  
56 located in Iran involve contracts with, or provisions of oil-related or

1 mineral-extraction products or services to, the government of Iran, or a  
2 project or consortium created exclusively by such government; and

3 (3) such company, project or consortium invests twenty million dollars  
4 or more in any one year period, that directly or significantly contrib-  
5 utes to the enhancement of Iran's ability to develop petroleum  
6 resources.

7 f. "Sudan-restricted company" shall mean a corporation or company: (i)  
8 engaged in business operations involving contracts with, or the  
9 provision of supplies or services to, the government of Sudan; (ii) in  
10 which the government of Sudan has any direct or indirect equity share;  
11 (iii) involved in a project or consortium commissioned by the government  
12 of Sudan; (iv) wholly or partially managed or controlled by the govern-  
13 ment of Sudan; (v) identified by the federal office of foreign assets  
14 control as sponsoring terrorist activities in Sudan; and (vi) that is  
15 established or organized under the laws of Sudan or whose principal  
16 place of business is in Sudan.

17 2. Exclusion list. a. Within six months of the effective date of this  
18 section, the comptroller shall create an exclusion list of all Iran-res-  
19 tricted companies, Sudan-restricted companies and companies that boycott  
20 Israel in which stocks, securities, equities, assets or other obli-  
21 gations the common retirement fund has any moneys or assets directly  
22 invested.

23 b. Upon completion, such exclusion list shall be made publicly avail-  
24 able and a copy shall be sent to the governor, the temporary president  
25 of the senate and the speaker of the assembly.

26 c. The comptroller shall submit notification to any corporation or  
27 company that has been included in the exclusion list, informing them of  
28 their inclusion, as well as the requirements of subdivisions three and  
29 five of this section.

30 d. No later than one year after the completion of the exclusion list,  
31 and no less frequently than quarterly thereafter, the comptroller shall  
32 update the exclusion list to remove any corporation or company that is  
33 no longer an Iran-restricted company, Sudan-restricted company or a  
34 company that boycotts Israel and shall add any corporation or company  
35 necessary to comply with paragraph a of this subdivision, with the  
36 exception of such corporations or companies removed from the exclusion  
37 list pursuant to paragraph b of subdivision four of this section.

38 3. Removal from the exclusion list. a. At any time following the  
39 publication of the exclusion list, any corporation or company included  
40 in such exclusion list may submit to the comptroller a request for  
41 removal on the basis of clear and convincing evidence that they are not  
42 currently an Iran-restricted company, Sudan-restricted company or a  
43 company that boycotts Israel, as such terms are defined in subdivision  
44 one of this section.

45 b. Upon satisfaction that a corporation or company has met the  
46 requirements of paragraph a of this subdivision, the comptroller shall  
47 remove such corporation or company from the exclusion list and shall  
48 provide a written explanation for such removal to the governor, the  
49 temporary president of the senate and the speaker of the assembly.

50 4. Determination of divestment. a. Within one year from the completion  
51 of the exclusion list the comptroller shall, in accordance with sound  
52 investment criteria and consistent with his or her fiduciary obli-  
53 gations, determine whether divestment from any corporation or company on  
54 the exclusion list pursuant to subdivision five of this section complies  
55 with his or her fiduciary obligations.

b. If the comptroller determines that divestment from any corporation or company on the exclusion list does not comply with his or her fiduciary obligations, that corporation or company shall be removed from the exclusion list.

c. Subject to the comptroller's discretion, but no later than three years from the effective date of this section, and every three years thereafter, any corporations or companies removed from the exclusion list pursuant to paragraph b of this subdivision shall be returned to the exclusion list, subject to a new determination issued at that time pursuant to paragraph a of this subdivision.

5. Divestment. Within one year after the effective date of this section, in accordance with sound investment criteria and consistent with his or her fiduciary obligations, the comptroller shall: a. divest the common retirement fund of any stocks, securities, equities, assets, or other obligations of corporations or companies on the exclusion list in which any moneys or assets of the common retirement fund are directly invested;

b. cease new direct investments of any moneys or assets of the common retirement fund in any stocks, securities, or other obligations of any corporation or company that is an Iran-restricted company, Sudan-restricted company or a company that boycotts Israel; and

c. ensure that no moneys or assets of the common retirement fund are indirectly invested unless he or she is satisfied on reasonable grounds that such indirect investment vehicle is unlikely to have in excess of one-half of one percent of its assets, averaged annually, directly or indirectly invested in an Iran-restricted company, Sudan-restricted company or a company that boycotts Israel.

§ 3. The state finance law is amended by adding a new section 139-m to read as follows:

§ 139-m. Disqualification to contract with state; companies that boycott Israel, Iran-restricted companies and Sudan-restricted companies. 1. As used in this section, the following terms shall have the following meanings:

a. "boycott Israel" shall mean engaging in actions that are politically motivated and are intended to penalize, inflict economic harm on, or otherwise limit commercial relations with the state of Israel or corporations or companies based in the state of Israel;

b. "Iran-restricted company" shall mean a corporation or company: (i) engaged in business operations involving contracts with, or the provision of supplies or services to, the government of Iran; (ii) in which the government of Iran has any direct or indirect equity share; or (iii) involved in a project or consortium commissioned by the government of Iran; and:

(1) more than ten percent of revenue produced in or assets located in Iran involve oil-related activities or mineral-extraction activities;

(2) less than seventy-five percent of revenue produced in or assets located in Iran involve contracts with, or provisions of oil-related or mineral-extraction products or services to, the government of Iran, or a project or consortium created exclusively by such government; and

(3) such company, project or consortium invests twenty million dollars or more in any one year period, that directly or significantly contributes to the enhancement of Iran's ability to develop petroleum resources.

c. "Sudan-restricted company" shall mean a corporation or company: (i) engaged in business operations involving contracts with, or the provision of supplies or services to, the government of Sudan; (ii) in

1 which the government of Sudan has any direct or indirect equity share;  
2 (iii) involved in a project or consortium commissioned by the government  
3 of Sudan; (iv) wholly or partially managed or controlled by the govern-  
4 ment of Sudan; (v) identified by the federal office of foreign assets  
5 control as sponsoring terrorist activities in Sudan; and (vi) that is  
6 established or organized under the laws of Sudan or whose principal  
7 place of business is in Sudan.

8 2. Any firm, partnership or corporation that boycotts Israel, is an  
9 Iran-restricted company or is a Sudan-restricted company, shall be  
10 disqualified from thereafter selling to or submitting bids to or receiv-  
11 ing awards from or entering into any contracts with the state or any  
12 public department, agency or official thereof, for goods, work or  
13 services.

14 3. When any firm, partnership or corporation submits a bid to enter  
15 into any contract with the state or any public department, agency or  
16 official thereof, for goods, work or services, the commissioner of taxa-  
17 tion and finance shall, before accepting any bid from such firm, part-  
18 nership or corporation, confirm that such firm, partnership or corpo-  
19 ration is not a company that boycotts Israel, an Iran-restricted company  
20 or a Sudan-restricted company. If the commissioner of taxation and  
21 finance determines that such firm, partnership or corporation is a  
22 company that boycotts Israel, an Iran-restricted company or a Sudan-res-  
23 tricted company, then such company shall be prohibited from entering  
24 into a contract with the state pursuant to subdivision one of this  
25 section.

26 § 4. This act shall take effect immediately.