

# HOUSE RESEARCH

## Bill Summary

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### Overview

Specifies conditions under which the State Board of Investment must divest securities in companies with specified types of business operations relating to Sudan or in companies that are complicit in the Darfur genocide.

#### Section

##### **1 Investment in Sudan.**

**Subd. 1. Definitions.** Defines terms used in this section. Among the terms defined is "scrutinized company", which means a company with certain types of business operations connected with Sudan, or a company that is complicit in the Darfur genocide, or a company that supplies military equipment in Sudan, under certain circumstances.

**Subd. 2. Identification of companies.** Requires the State Board of Investment (SBI) to make its best efforts to identify "scrutinized companies" in which the SBI has holdings or could have holdings in the future. Specifies steps the SBI must take in furtherance of these efforts.

**Subd. 3. Engagement of scrutinized companies.** Specifies procedures the SBI must follow to contact "scrutinized companies" in which the SBI has holdings, and to notify companies of possible SBI divestment. Provides for removing a company from the "scrutinized companies" list if the company ceases the business operations that made the company a scrutinized company.

## Section

**Subd. 4. Divestment.** Provides that if, after 90 days following the SBI's first engagement with a company under subdivision 3, the company continues to have scrutinized business operations, the SBI must divest public traded securities of the company. At least 50 percent of assets must be divested within nine months, and 100 percent must be removed within 15 months after the company's most recent appearance on the scrutinized companies list.

**Subd. 5. Prohibition on acquisition of certain securities.** Prohibits the SBI from acquiring securities of scrutinized companies, except as provided.

**Subd. 6. Exemption.** Provides that if the federal government affirmatively excludes a company from federal sanctions relating to Sudan, the company is exempt from divestment and investment requirements of subdivisions 4 and 5.

**Subd. 7. Excluded securities.** Provides that subdivisions 4 and 5 do not apply to indirect holdings in actively managed investment funds, but requires SBI to submit letters requesting fund managers to consider removing companies with scrutinized business activities from the funds.

**Subd. 8. Reporting.** Requires the SBI to report to legislative committees.

**Subd. 9. Expiration.** Provides that this section expires when the Congress or President declares that Darfur genocide has been halted for at least 12 months, the United States has revoked sanctions against the government of Sudan, Congress or the President declares that the government of Sudan has honored commitments to cease certain attacks, or Congress or the President declares that mandatory divestment interferes with conduct of United States foreign policy.

**Subd. 10. Other legal obligations.** Exempts the SBI from obligations that conflict with this section.

**Subd. 11. Reinvestment in certain companies with scrutinized business operations.** Allows the SBI to cease divesting or to reinvest if clear and convincing evidence shows that the value for all assets under SBI management is equal to or less than 99.5 percent of the hypothetical value of SBI assets without any divestment. Requires reporting in advance of reinvestment.