

30 **49-11-306**, as enacted by Laws of Utah 2009, Chapter 54

31

32 *Be it enacted by the Legislature of the state of Utah:*

33 Section 1. Section **49-11-306** is amended to read:

34 **49-11-306. Definitions -- Scrutinized companies investment report -- Content --**
35 **Reporting -- Exceptions.**

36 (1) As used in this section:

37 (a) "Active business operations" means all business operations that are not inactive
38 business operations.

39 (b) (i) "Business operations" means investing, with actual knowledge on or after
40 August 5, 1996, in Iran's petroleum sector which investment directly and significantly
41 contributes to the enhancement of Iran's ability to develop the petroleum resources of Iran.

42 (ii) "Business operations" does not include the retail sale of gasoline and related
43 consumer products.

44 (c) "Company" means any foreign sole proprietorship, organization, association,
45 corporation, partnership, joint venture, limited partnership, limited liability partnership, limited
46 liability company, or any other foreign entity or business association, including all
47 wholly-owned subsidiaries, majority-owned subsidiaries or parent companies or affiliates of
48 these entities or business associations, that exists for the purpose of making a profit.

49 (d) (i) "Direct holdings" means all publicly traded equity securities of a company that
50 are held directly by the public fund or in an account or fund in which the public fund owns all
51 shares or interests.

52 (ii) "Direct holdings" does not include publicly traded equity securities of a company
53 held as part of a passive indexing investment strategy.

54 (e) "Inactive business operations" means the continued holding or renewal of rights to
55 property previously operated for the purpose of generating revenues but not presently deployed
56 for that purpose.

57 (f) "Iran" means the Islamic Republic of Iran.

58 (g) "Petroleum resources" means petroleum or natural gas.

59 (h) "Public fund" means the Utah State Retirement Investment Fund created under
60 Section 49-11-301.

61 (i) "Scrutinized business operations" means any active business operations that:

62 (i) are subject to or liable for sanctions under Public Law 104-172, the Iran Sanctions
63 Act of 1996, as amended; and

64 (ii) involve the maintenance of:

65 (A) the company's existing assets or investments in Iran; or

66 (B) the deployment of new investments to Iran that meet or exceed the threshold
67 referred to in Public Law 104-172, the Iran Sanctions Act of 1996, as amended.

68 (j) "Scrutinized company" means any company engaging in scrutinized business
69 operations.

70 (2) (a) The Utah State Retirement Office shall identify those scrutinized companies in
71 which the public fund has direct holdings. In making the determination, the board shall review
72 and rely on publicly available information regarding companies with business operations in
73 Iran, including information provided by nonprofit organizations, research firms, international
74 organizations, and government entities.

75 (b) The office shall assemble a list of all identified scrutinized companies.

76 (c) The office shall update the list, on an annual basis, with information provided and
77 received from those entities listed in Subsection (2)(a).

78 (3) The office shall prepare an annual report of public fund investments in scrutinized
79 companies.

80 (4) The report shall include amounts and other data and statistics designed to explain
81 the past and current extent to which public fund investments in scrutinized companies:

82 (a) are present[-]; and

83 (b) are being prevented under Subsection (6).

84 (5) The report shall be provided to the governor, the board, the president of the Senate,
85 the speaker of the House of Representatives, and to each member and staff of the Retirement

86 and Independent Entities Committee created under Section 63E-1-201.

87 (6) Beginning July 1, 2011, using the most current list assembled under Subsection (2),
88 the office shall prevent the investment of public funds direct holdings in a scrutinized
89 company:

90 (a) for public funds managed within the office, by not investing in direct holdings in a
91 scrutinized company; and

92 (b) for public funds managed by contract by a professional investment manager:

93 (i) for existing contracts, by requesting that no more direct holdings be acquired in a
94 scrutinized company; and

95 (ii) for future contracts, by stipulating in the contract that no new direct holdings be
96 acquired in a scrutinized company.

97 [~~6~~] (7) The provisions of this section do not apply to:

98 (a) money invested in a defined contribution plan as defined under Section 49-11-102;

99 or

100 (b) investments in a company that is primarily engaged in:

101 (i) supplying goods or services intended to relieve human suffering in Iran; or

102 (ii) promoting health, education, religious, welfare, or journalistic activities in Iran.

103 Section 2. **Effective date.**

104 This bill takes effect on July 1, 2011.