



General Assembly

January Session, 2011

Raised Bill No. 881

LCO No. 2728

02728 _____ GAE

Referred to Committee on Government Administration and Elections

Introduced by:
(GAE)

AN ACT CONCERNING THE POWERS OF THE STATE TREASURER AND DIVESTMENT OF STATE FUNDS INVESTED IN COMPANIES DOING BUSINESS IN IRAN.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2011*) In addition to the powers
2 granted to the Treasurer by any provision of the general statutes and
3 any public or special act, the Treasurer may appoint, as the Treasurer
4 determines is necessary, investment personnel to carry out the
5 provisions of chapter 32 of the general statutes. Such investment
6 personnel shall serve at the pleasure of the Treasurer.

7 Sec. 2. Subsection (a) of section 3-13a of the general statutes is
8 repealed and the following is substituted in lieu thereof (*Effective*
9 *October 1, 2011*):

10 (a) The Treasurer, [shall,] with the advice and consent of the
11 Investment Advisory Council, shall appoint a chief investment officer
12 and may appoint a deputy chief investment officer to assist the chief
13 investment officer, for the Connecticut retirement pension and trust

14 funds, who shall serve at the pleasure of the Treasurer and whose
15 compensation shall be determined by the Treasurer within [a] salary
16 [range] ranges established by the Treasurer in consultation with the
17 Investment Advisory Council. The provisions of section 4-40 shall not
18 apply to the compensation of said [officer. Said] officers. The chief
19 investment officer shall be sworn to the faithful discharge of duties
20 under law [. Said officer] and shall, under the direction of the
21 Treasurer and subject to the provisions of sections 3-13 to 3-13d,
22 inclusive, and 3-31b, advise the Treasurer on investing the trust funds
23 of the state. Said officer shall also perform such other duties as the
24 Treasurer may direct. In addition to said [officer] officers, the
25 Treasurer may [, with the advice and consent of the Investment
26 Advisory Council, appoint a deputy chief investment officer, whose
27 compensation shall be determined by the Treasurer within salary
28 ranges established by the Treasurer in consultation with the
29 Investment Advisory Council and that shall not be subject to the
30 provisions of section 4-40,] appoint principal investment officers,
31 investment officers and other personnel to assist said chief investment
32 officer, which officers and other personnel shall serve at the pleasure of
33 the Treasurer.

34 Sec. 3. Section 3-13g of the general statutes is repealed and the
35 following is substituted in lieu thereof (*Effective from passage*):

36 (a) For the purposes of this section:

37 (1) "Company" means any corporation, utility, partnership, joint
38 venture, franchisor, franchisee, trust, entity investment vehicle,
39 financial institution or other entity or business association, including
40 all wholly-owned subsidiaries, majority-owned subsidiaries, parent
41 companies or affiliates of such entities or business associations that
42 exist for the purpose of making profit;

43 (2) "Doing business in Iran" means engaging in commerce in any
44 form in Iran, including maintaining equipment, facilities, personnel or
45 other apparatus of business or commerce in Iran, including, but not

46 limited to, the lease or ownership of real or personal property in Iran
47 or engaging in any business activity with the government of Iran;

48 (3) "Invest" means the commitment of funds or other assets to a
49 company, including, but not limited to, the ownership or control of a
50 share or interest in the company, and the ownership or control of a
51 bond or other debt instrument by the company;

52 (4) "Iran" means the Islamic Republic of Iran, including its
53 government and any of its agencies, instrumentalities or political
54 subdivisions;

55 (5) "Mineral extraction activities" include activities such as
56 exploring, extracting, processing, transporting, or wholesale selling or
57 trading of elemental minerals or associated metal alloys or oxides
58 (ore), including gold, copper, chromium, chromite, diamonds, iron,
59 silver, tungsten, uranium and zinc, as well as facilitating such
60 activities, including providing supplies or services in support of such
61 activities;

62 (6) "Oil-related activities" include, but are not limited to, activities
63 such as (A) owning rights to oil blocks, (B) exporting, extracting,
64 producing, refining, processing, exploring for, transporting, selling or
65 trading of oil, (C) constructing, maintaining or operating a pipeline,
66 refinery or other oil field infrastructure, and (D) facilitating such
67 activities, including providing supplies and services in support of such
68 activities, but does not include the selling of retail gasoline and related
69 consumer products; and

70 (7) "Petroleum resources" means petroleum, petroleum byproducts
71 and natural gas.

72 (b) The State Treasurer shall review the major investment [policies]
73 holdings of the state for [purposes of ensuring that state funds are not
74 invested in any corporation engaged in any form of business in Iran
75 which could be considered to be contrary to the foreign policy or

76 national interests of the United States, particularly in respect to the
77 release of all American hostages held in Iran.] the purpose of
78 determining the extent to which state funds are invested in companies
79 doing business in Iran. Whenever feasible and consistent with the
80 fiduciary duties of the State Treasurer, the State Treasurer shall
81 encourage companies in which state funds are invested and that are
82 doing business in Iran, as identified by the United States Department
83 of Treasury's Office of Foreign Assets Control or the State Treasurer, to
84 act responsibly and not take actions that promote or otherwise enable
85 Iran's development of nuclear weaponry or its support of terrorism.

86 (c) The State Treasurer (1) may divest, decide to not further invest
87 state funds or not enter into any future investment in any company
88 doing business in Iran; and (2) shall divest and not further invest in
89 any security or instrument issued by Iran. In determining whether to
90 divest state funds in accordance with the provisions of subdivision (1)
91 of this subsection, the factors that the Treasurer shall consider shall
92 include, but not be limited to, the following: (A) Revenues paid by
93 such company directly to the government of Iran; (B) whether the
94 company is doing business in Iran that involves contracts with or
95 provision of supplies or services to (i) the government of Iran, (ii)
96 companies in which the government of Iran has any direct or indirect
97 equity share, (iii) consortia or projects commissioned by the
98 government of Iran, or (iv) companies involved in consortia or projects
99 commissioned by the government of Iran where such business
100 involves oil-related activities, mineral extraction activities, investments
101 that directly and significantly contribute to the development of Iran's
102 petroleum resources or any other business activity that has been made
103 the subject of economic sanctions imposed by the United States
104 government; (C) whether the company has demonstrated complicity
105 with an Iranian organization that has been identified as a terrorist
106 organization by the United States government; (D) whether such
107 company knowingly obstructs lawful inquiries into its operations and
108 investments in Iran; (E) whether such company attempts to circumvent
109 any applicable sanctions of the United States; (F) the extent of any

110 humanitarian activities undertaken by such company in Iran; (G)
111 whether such company is authorized by the federal government of the
112 United States to do business in Iran; and (H) any other factor that the
113 Treasurer deems prudent. In the event that the Treasurer determines
114 that divestment of state funds is warranted from a company in which
115 state funds are invested due to such company doing business in Iran,
116 the Treasurer shall give notice to such company that such funds shall
117 be divested from such company for as long as such company does
118 business in Iran.

119 (d) The State Treasurer shall, at least once per fiscal year, provide a
120 report to the Investment Advisory Council on actions taken by the
121 Treasurer pursuant to the provisions of this section.

122 (e) The provisions of this section shall no longer be effective if both
123 of the following occur: (1) Iran is no longer designated by the United
124 States Department of State as a country that is a state sponsor of
125 terrorism due to said department's determination that the country
126 repeatedly provides support for acts of international terrorism; and (2)
127 the President of the United States certifies to the appropriate
128 committee of Congress, pursuant to P.L. 104-172, as amended from
129 time to time, that Iran has ceased its efforts to design, develop,
130 manufacture or acquire a nuclear explosive device or related materials
131 and technology.

132 Sec. 4. Subsection (a) of section 3-21e of the general statutes is
133 repealed and the following is substituted in lieu thereof (*Effective from*
134 *passage*):

135 (a) For the purposes of this section and subsection (a) of section 3-
136 37:

137 (1) "Company" means any corporation, utility, partnership, joint
138 venture, franchisor, franchisee, trust, entity investment vehicle,
139 financial institution or [any wholly-owned subsidiary of such
140 corporation] other entity or business association, including all wholly-

141 owned subsidiaries, majority-owned subsidiaries, parent companies or
142 affiliates of such entities or business associations, that exist for the
143 purpose of making profit;

144 (2) "Doing business in Sudan" means engaging in commerce in any
145 form in Sudan, including maintaining equipment, facilities, personnel
146 or other apparatus of business or commerce in Sudan, including, but
147 not limited to, the lease or ownership of real or personal property in
148 Sudan, or engaging in any business activity with the government of
149 Sudan;

150 (3) "Invest" means the commitment of funds or other assets to a
151 company, including, but not limited to, the ownership or control of a
152 share or interest in the company, and the ownership or control of a
153 bond or other debt instrument by the company; and

154 (4) "Sudan" means the Republic of Sudan, including its government,
155 and any of its agencies, instrumentalities or political subdivisions.

156 Sec. 5. Subsection (a) of section 10-183~~l~~ of the general statutes is
157 repealed and the following is substituted in lieu thereof (*Effective from*
158 *passage*):

159 (a) [On and after July 1, 1991, the] The management of the system
160 shall [continue to] be vested in the Teachers' Retirement Board, which
161 shall consist of [twelve] thirteen members, including the Treasurer, the
162 Commissioner of Social Services and the Commissioner of Education,
163 or their designees, who shall be members of the board, ex officio. On or
164 before June 15, 1985, and quadrennially thereafter, the members of the
165 system shall elect from their number, in a manner prescribed by said
166 board, two persons to serve as members of said board for terms of four
167 years beginning July first following such election. Both of such persons
168 shall be active teachers who shall be nominated by the members of the
169 system who are not retired and elected by all the members of the
170 system. On or before July 1, 1991, and quadrennially thereafter, the
171 members of the system shall elect from their number, in a manner

172 prescribed by said board, three persons to serve as members of said
 173 board for terms of four years beginning July first following such
 174 election. Two of such persons shall be retired teachers who shall be
 175 nominated by the retired members of the system and elected by all the
 176 members of the system and one shall be an active teacher who shall be
 177 nominated by the members of the system who are not retired and
 178 elected by all the members of the system. If a vacancy occurs in the
 179 positions filled by the members of the system who are not retired, said
 180 board shall elect a member of the system who is not retired to fill the
 181 unexpired portion of the term. If a vacancy occurs in the positions
 182 filled by the retired members of the system, said board shall elect a
 183 retired member of the system to fill the unexpired portion of the term.
 184 The Governor shall appoint five public members to said board in
 185 accordance with the provisions of section 4-9a. The members of the
 186 board shall serve without compensation, but shall be reimbursed for
 187 any expenditures or loss of salary or wages which they incur through
 188 service on the board. All decisions of the board shall require the
 189 approval of six members of the board or a majority of the members
 190 who are present, whichever is greater.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2011</i>	New section
Sec. 2	<i>October 1, 2011</i>	3-13a(a)
Sec. 3	<i>from passage</i>	3-13g
Sec. 4	<i>from passage</i>	3-21e(a)
Sec. 5	<i>from passage</i>	10-183l(a)

Statement of Purpose:

To give the Treasurer explicit authority to hire investment personnel, to clarify that the consent of the Investment Advisory Council is needed only for the appointments of chief and deputy investment officers, to add the Treasurer as an ex-officio member to the Teachers' Retirement Board, to establish a process for possible divestment of state funds from companies doing business in Iran and to make

conforming changes to the statute concerning divestment of state funds from companies doing business in Sudan.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]