HB-241 and SB-131 Iran Divestment Bill

Should Alaska join other states in divesting from Iran?

Iran is a “State Sponsor of Terrorism”

- Iran has been listed by the State Department since 1984
- “Iran’s financial, material, and logistic support for terrorist and militant groups throughout the Middle East and Central Asia had a direct impact on international efforts to promote peace, threatened economic stability in the Gulf, and undermined the growth of democracy.”
    - Country Reports on Terrorism, 2010

Major Terrorist Groups Iran Supports

- Hamas
  - Weapons, Training, Funding
- Hezbollah
  - Training, Re-arming
- Taliban
  - Training, Weapons

Iran is under International Sanctions

- “Sanctions have been imposed on **Iran** because of its **sponsorship of terrorism**, its refusal to comply with IAEA regulations regarding its **nuclear program**, and its **human rights violations**.”
  - US State Department, Country Profile

Despite this, some Companies still Invest in Iran

- Iran produces around 3.6 million barrels of oil per day
- Iran uses their oil profits to cause harm
  - Illegally expanding nuclear program
  - Worldwide sponsor of terrorist organizations
  - Human rights violations
  - Diametrically opposed to democracy

Iran Divestment Bill Weakens Iran

- Iran benefits from international corporations
- Without outside help, the regime would have fewer resources
- Divestment weakens the Iranian regime's agenda
  - Slows down Iran's nuclear program
  - Weakens Iran's ability to export terror
  - Puts pressure on the regime for political change

How the Divestment Bill Works

- The Department of Revenue would compile a list of companies who have invested an aggregate of $20 million or more in Iranian oil and gas development
- Companies who are found to have invested this amount in Iranian oil and gas development have 90 days to either cure or explain the investment
- If a company fails to do so, the Department of Revenue will ask the State’s fund managers to liquidate assets of that company within 90 days
- Compiled lists for other States already exist

Why are States Divesting Now?

- US Congress passed a bill in 2010 to encourage States to divest from Iran
  - Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010
- The bill provides greater cover for state and local governments to divest from Iran
- Federal legislation alone cannot solve the problem

States that have Already Divested

- Arizona, **California**, District of Columbia, **Florida**, **Georgia**, Illinois, Indiana, Iowa, Maryland, Massachusetts, Michigan, **Minnesota**, **Nevada**, New Jersey, Pennsylvania, South Dakota have laws on the books
- **Colorado**, Mississippi, **New York**, Ohio, **Texas**, **Washington** have Iranian Divestment policies in place

FAQs: Would we Hurt Investment on the North Slope?

- **<u>No</u>**
- There would be no changes to Alaska’s oil and gas incentives on the North Slope for any company
- The Texas teachers fund and the public employees fund have divested from Iran since 2008
  - There has been no dent in the Texas oil and gas industry

FAQs: Would any North Slope Operators be Affected?

- There would be **no change** in the way the State of Alaska deals with operations on the North Slope
- **No North Slope operator** is on the Congressional Research Service's list of companies that **should be considered for divestment**
  - The same is true for a number of other states, including Minnesota, as is highlighted by a recent Legislative Research Report

FAQs: Which Companies Would be Affected?

- **<u>No US companies will be affected</u>**
- According to a recent Legislative Research Report, about a tenth of one percent of the State's investment accounts would likely be considered for divestment under the current legislation
- They are all companies from overseas, based in countries like China, Russia, India, Malaysia, and Thailand
- The total Market Value as of September 30, 2011 is just under $79 million

FAQs: What is the Fiscal Note?

- There should be **zero fiscal notes**
- A similar divestment bill from 2009 (HB-92) had two zero fiscal notes, since the bill could be carried out “through existing personal services and custodial resources.”