# From Moscow to Minsk: States Crack Down on Russia Following Invasion of Ukraine

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From bans on products to boycotts of events—athletes from Russia cannot now compete in any international competition—global condemnation and action has hit all sectors of Russian society over the invasion of Ukraine. States are also throwing their weight around when it comes to issuing Russian sanctions. Traditionally, foreign policy is under the purview of the Federal government but that does not mean individual states are powerless to influence world events. State legislatures and executives throughout the country have introduced bills and signed orders requiring broad divestment from Russian assets. The actions in response to Russia's invasion of Ukraine is part of a growing trend among states getting involved in foreign affairs. From the response to Apartheid in the 1980s and states joining the Paris Climate Accords despite the Federal government's refusal, Governors and state legislators are increasingly using their power to influence foreign policy. Russia's barbarous invasion of Ukraine has only accelerated this trend.

**Legislative Action**

Since Russia's invasion of Ukraine on February 24, 2022, states have fast-tracked legislation to divest state assets from and terminate state contracts with Russian-owned entities and companies that do business in Russia. This includes selling off Russian securities, terminating procurement contracts with Russian companies and even pulling Russian-made liquor off store shelves (and making a few mistakes; the popular Stolichnaya brand has been pulled in several states – it is Latvian, not Russian). To date, 19 states have introduced legislation divesting state funds from Russian companies, assets, securities, or from companies that do business with corporations based in Russia.

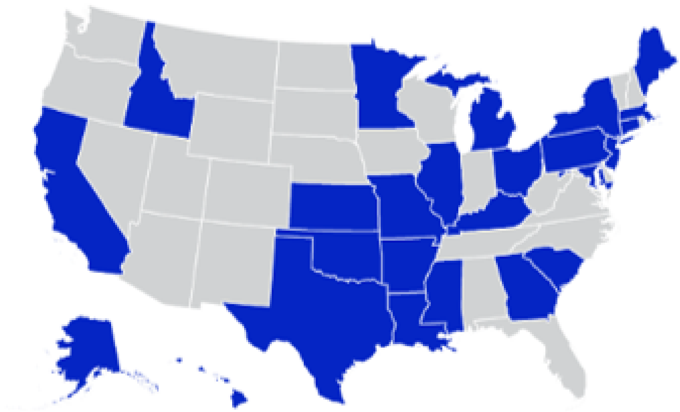
In New Jersey, Governor Phil Murphy (D) has already signed into law SB 1889, which prohibits any state or local government entities engaged from working with companies owned by the Russian or Belarusian Government, companies headquartered in Russia or Belarus, or companies assisting the invasion of Ukraine. Additionally, the law requires the Division of Investment to divest all pensions and annuity funds from companies owned or controlled by the Russian or Belarussian governments or companies engaged in business in or with either of those governments or companies. The New Jersey Department of Pensions and Benefits estimates it has approximately $50 million in Russian-related investments.

The Idaho Legislature is considered HB 728, which requires the Public Employee Retirement System to immediately divest itself from any assets held in the Russian Ruble and investments held in assets controlled by the Russian government. This measure has been sent to Governor Brad Little (R) for his signature.

Majority Leader Mike McGuire (D) of the California Senate has introduced SB 1328, requiring the California Public Employees' Retirement System and California State Teachers' Retirement System to divest from any companies with business operations in Russia or Belarus. These systems are the two largest pension funds in the United States and collectively hold over $1.5 billion in Russian-related assets.

Finally, as Federal legislation targets Russian oil and gas on a macro level, states have also taken matters into their own hands to boycott Russian imports. Pennsylvania SM 36920 and Arkansas HR 1036 urge the Biden administration to reopen the Keystone XL pipeline to reduce dependence on Russian oil and cut rising energy prices. Alaska SJR 24 requests that the U.S. use oil and gas resources currently available in Alaska to replace oil imported from the Russian Federation. Louisiana SB 196 would prohibit the importation of crude oil and petroleum products from Russia into Louisiana.

**States Advancing Legislation to Divest from Russia**



**Executive Action**

In addition to state legislatures, Governors, state agencies, and statewide elected officials have taken their own actions in response to Russia's invasion. Officials in 25 states have issued orders to divest any Russian-held investments, examine Russian contracts or investments, or terminate any state contracts with Russian entities. Twelve states have begun the process of reviewing and divesting their state retirement and pension funds from any Russian assets and securities. Additionally, 15 of the 17 alcohol beverage control states have pulled Russian alcohol off their shelves.

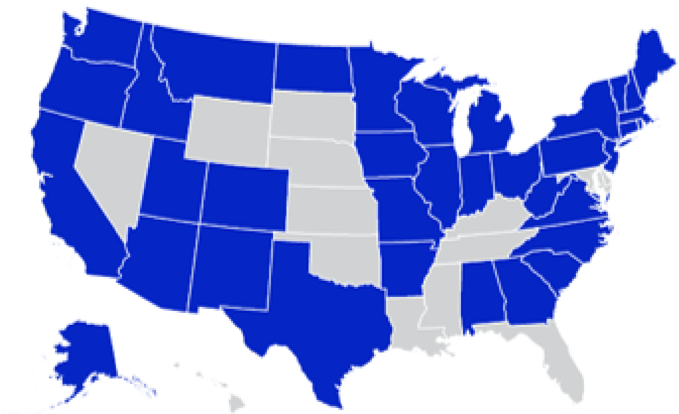
Governor Jay Inslee (D) of Washington issued Executive Order 22-03 ordering the review and divestment of all government investments and contracts with Russian entities and the Russian government. Each executive agency is required to identify any contracts or investments with Russian government agencies, companies owned by the Russian government, or companies sanctioned by the U.S. government. Agencies are prohibited from entering into any new contracts or investments with these groups. It is estimated the Washington State Investment Board holds roughly $100 million in Russian assets currently.

In New York, Governor Kathy Hochul (D) signed Executive Order 14 requiring all public agencies to divest their funds from Russian companies or companies providing assistance to Russia during their invasion of Ukraine. She stated "Russia has chosen to attack democracy and we will stand with Ukraine as we condemn these atrocities. Our state will not permit its own investment activity, whether directly or indirectly, to aid Russia as it commits these human rights violations." The New York State Common Retirement Fund holds roughly $125 million in Russian assets.

Pennsylvania Governor Tom Wolf (D) in a February 27 letter to the Pennsylvania Liquor Control Board, called upon the board to remove all Russian-sourced wine and spirits from the Fine Wine & Good Spirits stores throughout the commonwealth. The Virginia Alcoholic Beverage Authority announced they were doing the same by pulling seven Russian-sourced vodka brands. Similar actions were taken in Alabama, Idaho, Iowa, Maine, Michigan, New Hampshire, North Carolina, Ohio, Oregon, Pennsylvania, South Carolina, Utah, Vermont, and West Virginia.

Finally, Ohio Governor Mike DeWine (R) issued Executive Order 2022-02D requiring the divestment and termination of all state assets and procurements in Russian institutions. Governor DeWine (R) has also urged the state pension fund to sell off any holdings in Russian companies, securities, or assets. He cannot order the state's pension funds from divesting their Russian assets, but they are currently considering how to divest these assets. All five of Ohio's public pension systems hold roughly $210 million in Russian assets.

**Executive and Agency Actions to Divest from Russia**



**Going Forward**

As Russia continues its military occupation of Ukraine, state governments will continue to face pressure to impose further sanctions on the Russian government and Russian entities. In the coming weeks, pension funds will continue to sell off their Russian assets. In instances of future conflicts and social causes, state leaders will likely feel empowered to flex their muscles in an effort to change the behavior of businesses acting contrary to their interests.

**Stateside can keep you up to speed on state action against Russia. Contact us if you need to track this issue.**