Quick Facts about HB-241 and SB-131: Iran Divestment Legislation

<u>HB-241 and SB-131: What would the bills do?</u>

The goal of the proposed legislation is to keep the State of Alaska's investments from supporting the current Iranian regime. The Commissioner of the Department of Revenue would annually receive a list of companies that have invested an aggregate of $20 million or more in Iran's oil and gas fields. If a company is listed, then the State must notify that company that it has 90 days to cure or explain these investments. If after 90 days, the company fails to adequately cure or justify the investments, the State's fund managers (for the Permanent Fund, PERS/TERS, etc.) would be required to liquidate the assets they hold for those companies within 90 days. Mutual funds that include companies that have invested in Iran's oil and gas sector are not subject to the asset liquidation.

<u>What is the harm/why do we need this bill</u>

Iran is listed by the U.S. State Department as a "State Sponsor of Terrorism" and is currently under U.N. sanction "because of [Iran's] sponsorship of terrorism, its refusal to comply with IAEA regulations regarding its nuclear program, and its human rights violations." Passing this legislation would weaken the Iranian regime, making it more difficult for them to export terror, harm U.S. personnel, and illegally pursue the development of nuclear weapons.

<u>Would this hurt development/producers on the North Slope?</u>

This legislation will not hurt oil production on the North Slope for three reasons. First, no company currently producing on the North Slope will likely be subject to divestment according to a recent Legislative Research Report. Second, even if a company is listed, that would not stop us from providing incentives for investment and production on the North Slope. This legislation targets the Iranian regime, not oil companies. Third, one only needs to look at Texas, which has divested its funds from Iran since 2008, to see that our oil and gas production will not be hurt from this legislation.

<u>Will divesting from Iran be costly to the state?</u>

No. We believe that fund managers currently have the tools and personnel needed to buy and sell a small number of stocks if they are asked to do so. 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." A recent Legislative Research Report says that about a tenth of one percent ($79 million) of the State's total assets could be affected by the legislation. This money would not be lost; it would simply be reinvested elsewhere.