

CS FOR HOUSE BILL NO. 396(STA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-SECOND LEGISLATURE - SECOND SESSION

BY THE HOUSE STATE AFFAIRS COMMITTEE

Offered: 4/27/22

Referred: Finance

Sponsor(s): HOUSE STATE AFFAIRS COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 **"An Act restricting certain investments of state funds in certain Russian entities; and**
2 **providing for an effective date."**

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 * **Section 1.** The uncoded law of the State of Alaska is amended by adding a new section
5 to read:

6 **RUSSIA DIVESTMENT; DIVESTMENT EXEMPTIONS, IMMUNITY, AND**
7 **INDEMNIFICATION; NOTICE.** (a) Notwithstanding any other provision of law and except
8 as provided otherwise in (g) of this section, the commissioner or a fiduciary of a fund subject
9 to AS 37 may not invest in and shall cause the fund to divest ownership, if any, in the publicly
10 traded securities of Russian entities. Divestment of an ownership interest in a Russian entity
11 shall occur within 180 days after the entity is identified as a Russian entity under (c) of this
12 section. If a fund has investments managed by an outside investment manager, the fiduciary
13 shall, within 180 days after the entity is identified as a Russian entity under (c) of this section,
14 direct the investment manager not to invest in and to divest, within 180 days after receiving

1 the direction, ownership, if any, in the publicly traded securities of a company identified
2 under this section as a Russian entity.

3 (b) If an investment in a fund under (a) of this section is managed as a commingled
4 investment or other business structure in which the fund is not the sole owner of the
5 investment interest or if the investment is an index fund, the provisions of (a) of this section
6 do not apply. The commissioner shall require that, within 180 days after the commissioner
7 identifies a Russian entity under (c) of this section, the fiduciary submit letters to the
8 managers of commingled investments requesting the managers to consider removing the
9 Russian entity from the commingled investment.

10 (c) The commissioner shall

11 (1) identify Russian entities and create and regularly update a list of Russian
12 entities;

13 (2) provide each Russian entity identified under this subsection written notice
14 and an opportunity to comment in writing.

15 (d) On or before January 31, 2023, the commissioner shall advise the president of the
16 senate, the speaker of the house of representatives, and the United States presidential special
17 envoy for Russia of the Russian entities identified under (c) of this section.

18 (e) For actions taken or inaction done, in good faith, in compliance with this section,
19 the commissioner or a fiduciary, or an agent, attorney, trustee, officer, employee, staff
20 member, custodian, research firm, or investment manager under contract of the commissioner
21 or the fiduciary, or a board member is

22 (1) exempt from a conflicting state statutory or common law obligation,
23 including an obligation with respect to choice of an asset manager, investment fund, or
24 investment for the securities portfolio of the public fund;

25 (2) immune from liability under state or local law;

26 (3) indemnified and held harmless by the state from claims, demands, suits,
27 actions, damages, judgments, costs, charges, and expenses, including costs and attorney fees,
28 and against all liability, losses, and damages of any nature that the commissioner or the
29 fiduciary, or the agent, attorney, trustee, officer, employee, staff member, custodian, research
30 firm, or investment manager under contract of the commissioner or the fiduciary, or the board
31 member may, at any time, sustain because of a decision to restrict, reduce, or eliminate an

1 investment made in compliance with this section; and

2 (4) immune from adverse licensing actions under AS 08.

3 (f) Not later than 30 days after the enactment of this Act, the Department of Law shall
4 submit written notice to the Attorney General of the United States describing this Act.

5 (g) The commissioner or a fiduciary of a fund is not required to divest from an
6 investment under this section if the commissioner or fiduciary determines that divestment is
7 not consistent with the fiduciary responsibilities of the commissioner or the fiduciary.

8 (h) The commissioner may adopt regulations under AS 44.62 (Administrative
9 Procedure Act) to carry out the purposes of this section.

10 (i) In this section,

11 (1) "commissioner" means the commissioner of revenue;

12 (2) "Russian entity"

13 (A) means a debt instrument issued by the government of Russia;

14 (B) means an entity identified by the Office of Foreign Assets Control
15 of the United States Department of the Treasury as

16 (i) being owned or controlled by, or having acted or purported
17 to act for or on behalf of, the government of Russia; or

18 (ii) operating or having operated in the financial services sector
19 of the economy of Russia;

20 (C) does not include a company the United States federal government
21 excludes from federal sanctions relating to Russia.

22 * **Sec. 2.** The uncodified law of the State of Alaska is amended by adding a new section to
23 read:

24 **TRANSITION.** (a) Within 30 days after the effective date of this Act, the
25 commissioner of revenue shall create an initial list of Russian entities under sec. 1(c)(1) of
26 this Act.

27 (b) Except as otherwise provided in sec. 1(g) of this Act, notwithstanding

28 (1) sec. 1(a) of this Act, the commissioner of revenue, a fiduciary of a fund
29 subject to AS 37, or an outside investment manager shall, within 180 days after the effective
30 date of this Act, divest ownership in the initial list of Russian entities created under (a) of this
31 section;

1 (2) sec. 1(b) of this Act, the commissioner of revenue shall, or shall require a
2 fiduciary to, within 180 days after the effective date of this Act, submit a letter consistent with
3 sec. 1(b) of this Act to a manager of a commingled investment that includes a Russian entity
4 on the initial list created under (a) of this section.

5 * **Sec. 3.** Section 1 of this Act is repealed January 1, 2024.

6 * **Sec. 4.** This Act takes effect immediately under AS 01.10.070(c).