

HOUSE BILL NO. 419

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-SECOND LEGISLATURE - SECOND SESSION

BY THE HOUSE LABOR AND COMMERCE COMMITTEE

Introduced: 4/25/22

Referred: State Affairs, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to state agency contracts and state funds; prohibiting contracts with**
2 **certain Russian businesses, persons, and agencies; prohibiting investment in publicly**
3 **traded securities of Russian entities; requiring divestment of publicly traded securities**
4 **of Russian entities; and providing for an effective date."**

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

6 * **Section 1.** AS 36.90 is amended by adding a new section to read:

7 **Article 5. Prohibited Contracts.**

8 **Sec. 36.90.310. Prohibited state agency contracts.** (a) Notwithstanding any
9 other law, a state agency may not enter into a contract with

10 (1) a business that has its main base of operation in Russia;

11 (2) a Russian governmental agency; or

12 (3) a person identified by the Office of Foreign Assets Control of the
13 United States Department of the Treasury as being owned or controlled by, or having
14 acted or purported to act for or on behalf of, the government of Russia.

1 (b) In this section, "state agency" means a department, institution, board,
 2 commission, division, authority, public corporation, committee, school district,
 3 political subdivision, or other administrative unit of the executive or legislative branch
 4 of state government, including the University of Alaska, the Alaska Permanent Fund
 5 Corporation, the Alaska Housing Finance Corporation, the Alaska Industrial
 6 Development and Export Authority, the Alaska Aerospace Corporation, the Alaska
 7 Energy Authority, and the Alaska Railroad Corporation.

8 * **Sec. 2.** AS 37.10 is amended by adding a new section to read:

9 **Sec. 37.10.073. Russian investment prohibition; divestment of Russian**
 10 **interests.** (a) Notwithstanding any other provision of law, the commissioner or a
 11 fiduciary of a fund subject to this title may not invest in and shall cause the fund to
 12 divest ownership, if any, in the publicly traded securities of Russian entities.
 13 Divestment of an ownership interest in a Russian entity shall occur within 90 days
 14 after the entity is identified as a Russian entity under (c) of this section. If a fund has
 15 investments managed by an outside investment manager, the fiduciary shall, within 90
 16 days after the entity is identified as a Russian entity under (c) of this section, direct the
 17 investment manager not to invest in and to divest, within 90 days after receiving the
 18 direction, ownership, if any, in the publicly traded securities of a company identified
 19 under this section as a Russian entity.

20 (b) If an investment in a fund under (a) of this section is managed as a
 21 commingled investment or other business structure in which the fund is not the sole
 22 owner of the investment interest or if the investment is an index fund, the provisions
 23 of (a) of this section do not apply. The commissioner shall require that, within 90 days
 24 after the commissioner identifies a Russian entity under (c) of this section, the
 25 fiduciary submit letters to the managers of commingled investments requesting the
 26 managers to consider removing the Russian entity from the commingled investment.

27 (c) The commissioner shall

- 28 (1) identify Russian entities and create and regularly update a list of
 29 Russian entities;
 30 (2) provide each Russian entity identified under this subsection written
 31 notice and an opportunity to comment in writing.

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

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

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

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

13 (3) indemnified and held harmless by the state from claims, demands,
14 suits, actions, damages, judgments, costs, charges, and expenses, including costs and
15 attorney fees, and against all liability, losses, and damages of any nature that the
16 commissioner or the fiduciary, or the agent, attorney, trustee, officer, employee, staff
17 member, custodian, research firm, or investment manager under contract of the
18 commissioner or the fiduciary, or the board member may, at any time, sustain because
19 of a decision to restrict, reduce, or eliminate an investment made in compliance with
20 this section; and

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

22 (f) Not later than 30 days after the enactment of this section, the Department
23 of Law shall submit written notice to the Attorney General of the United States
24 describing this section.

25 (g) The commissioner may adopt regulations under AS 44.62 to carry out the
26 purposes of this section.

27 (h) In this section,

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

29 (2) "fiduciary" has the meaning given in AS 37.10.071;

30 (3) "Russian entity" means

31 (A) a Russian governmental agency; or

1 (B) an entity identified by the Office of Foreign Assets Control
2 of the United States Department of the Treasury as

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

5 (ii) operating or having operated in the financial
6 services sector of the economy of Russia.

7 * **Sec. 3.** AS 36.90.310 and AS 37.10.073 are repealed.

8 * **Sec. 4.** Section 3 of this Act takes effect July 1, 2032.

9 * **Sec. 5.** Except as provided in sec. 4 of this Act, this Act takes effect immediately under
10 AS 01.10.070(c).