

AMENDED IN SENATE MARCH 27, 2000

SENATE BILL

No. 1928

Introduced by Senator Haynes

February 24, 2000

~~An act relating to public retirement funds. An act to add Chapter 21.6 (commencing with Section 7521) to Division 7 of Title 1 of the Government Code, relating to public retirement fund investments.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 1928, as amended, Haynes. Capital Markets Task Force Board.

Under existing law, the retirement boards of public pension or retirement systems have plenary authority over the investment of pension funds, subject to their fiduciary duties to the members of the system.

~~This bill would declare the Legislature's intent to create a Capital Markets Task Force to oversee and review investments by the Public Employees' Retirement System and the State Teachers' Retirement System, as specified.~~

~~This bill would declare Legislature's concern over investments by the Public Employees' Retirement System in foreign companies that promote terrorism, the proliferation of weapons of mass destruction, and the violation of human rights. This bill would encourage the Board of Administration of the Public Employees' Retirement System and the State Teachers' Retirement Board not to invest in foreign companies that pose threats to national security and human rights. This bill would establish the Capitol Markets Task~~

Force Board, which would make recommendations to the Board of Administration of the Public Employees’ Retirement System and the State Teachers’ Retirement Board regarding national security, human rights, and social concerns material to the performance of investments.

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~ yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 ~~SECTION 1. (a) It is the intent of the Legislature~~
2 SECTION 1. (a) *The Legislature is concerned about*
3 *recent public revelations that the Board of*
4 *Administration of the Public Employees’ Retirement*
5 *System has invested pension funds in foreign companies*
6 *that may pose threats to national security by promoting*
7 *terrorism and the proliferation of weapons of mass*
8 *destruction, and has also invested in a foreign company*
9 *that is financially supporting a dictatorial regime in Sudan*
10 *that has been accused of abominable human rights*
11 *violations, including genocide and slavery.*

12 (b) *The Legislature encourages the Board of*
13 *Administration of the Public Employees’ Retirement*
14 *System and the Teachers’ Retirement Board, pursuant to*
15 *the fiduciary standards prescribed by Section 17 of Article*
16 *XVI of the California Constitution and related statutes,*
17 *not to invest in foreign companies that pose threats to*
18 *national security and fundamental human rights.*

19 SEC. 2. *Chapter 21.6 (commencing with Section*
20 *7521) is added to Division 7 of Title 1 of the Government*
21 *Code, to read:*

22

23 CHAPTER 21.6. CAPITAL MARKETS TASK FORCE BOARD

24

25 7521. *The Capital Markets Task Force Board is hereby*
26 *established. As used in this chapter, “board” shall mean*
27 *the Capital Markets Task Force Board. The board shall*
28 *consist of:*

29 (a) _____

30 (b) _____



1 (c) _____

2 (d) _____

3 7522. *The board shall make recommendations to the*
4 *Board of Administration of the Public Employees'*
5 *Retirement System and the Teachers' Retirement Board*
6 *with respect to the following:*

7 (a) *National security concerns.*

8 (b) *Human rights concerns.*

9 (c) *Social concerns material to the performance of*
10 *investments.*

11 ~~that a Capital Markets Task Force shall be created to~~
12 ~~oversee pension fund investments by the Public~~
13 ~~Employees' Retirement System and the State Teachers'~~
14 ~~Retirement System.~~

15 ~~(b) The task force shall review potential investments~~
16 ~~by those systems in international equity and debt~~
17 ~~holdings, in order to identify human rights, national~~
18 ~~security, and other social concerns that could be material~~
19 ~~to the performance of those investments.~~

20 ~~(c) The task force shall be comprised of appointed~~
21 ~~experts in the fields of trade and national security.~~

