

1 SENATE BILL NO. 161

2 INTRODUCED BY B. MOLNAR, K. REGIER, L. DEMING

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4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING BOARD OF INVESTMENT LAWS; LIMITING STATE
5 INVESTMENT IN FOREIGN ADVERSARIES; AND MANDATING DIVESTMENT FROM FOREIGN
6 ADVERSARIES."

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8 WHEREAS, it is not in the best interests of Montanans serving in active duty to invest in adversary
9 nations' economic or military capacity; and

10 WHEREAS, it is inconceivable the Montana government would invest its retirement contributions in
11 those that will oppose America on the field of battle; and

12 WHEREAS, it is important to invest in the Montana economy; and

13 WHEREAS, it is important that Montana take a leadership role in not investing in companies that
14 habitually commit human rights violations; and

15 WHEREAS, Montana should invest only in companies in which a thorough scrutiny has been
16 completed; and

17 WHEREAS, owning shares in companies that are not in the above groups but that own companies that
18 are in the above groups is just as wrong regardless of the profit motive; and

19 WHEREAS, Montana owns shares in about 1,100 of these companies; and

20 WHEREAS, in February 2020 Montana had \$11,191,219 invested in Russian firms; and

21 WHEREAS, in September 2022 Montana holdings in Russian firms was about \$31,113, mainly in
22 Rubles, which is a substantial loss; and

23 WHEREAS, in February 2020 Montana had \$102,191,219 invested in Chinese holdings; and

24 WHEREAS, those investments are now worth \$83,000,000, which is only 0.0035% of our Chinese
25 holdings, not including Hong Kong; and

26 WHEREAS, if President Trump had not acted at the time, Montana would still be invested in the China
27 National Nuclear Corporation, which refines the nuclear material used to make the atomic bombs sitting atop
28 China's intercontinental ballistic missiles aimed at the United States.

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2 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

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4 NEW SECTION. Section 1. Foreign adversary noninvestment and divestment. (1) The board may
5 not invest in any security listed on an exchange in a jurisdiction in which the public company accounting
6 oversight board:

7 (a) has not conducted an inspection of a registered public accounting firm required by federal law;

8 and

9 (b) is prevented from conducting an inspection required by federal law because of a law or policy
10 of an authority in the jurisdiction.

11 (2) The board shall consult with the securities and exchange commission on a biennial basis in
12 order to ensure compliance with subsection (1).

13 (3) The board shall divest from securities in which investment is precluded by subsection (1):

14 (a) when divestment can be achieved without a loss of capital or revenue; or

15 (b) whenever prudent.

16 (4) As used in this section, the following definitions apply:

17 (a) "Board" means the Montana board of investments.

18 (b) "Registered public accounting firm" has the meaning provided in 15 U.S.C. 7201 as of August
19 4, 2022.

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21 NEW SECTION. Section 2. Promoting better investments. (1) The board of investments shall work
22 with similar boards and state entities that invest state funds to promote international funds that do not include
23 investments that are not compliant with the Sarbanes-Oxley Act of 2002 or investments in companies that are
24 in or belong to foreign adversaries.

25 (2) As used in this section, "foreign adversary" means any foreign government or foreign
26 nongovernment person determined by the secretary of commerce to have engaged in a long-term pattern or
27 serious instances of conduct significantly adverse to the national security of the United States or the security
28 and safety of the people of the United States for the purposes of sections (3)(a) and (3)(b) of Executive Order

1 No. 13873 of May 15, 2019.

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3 NEW SECTION. Section 3. Codification instruction. [Sections 1 and 2] are intended to be codified
4 as an integral part of Title 17, chapter 6, part 2, and the provisions of Title 17, chapter 6, part 2, apply to
5 [sections 1 and 2].

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