

HOUSE SUMMARY OF SENATE AMENDMENTS

HB 34

2018 Regular Session

Pearson

RETIREMENT/STATE-STWIDE: Provides relative to the use of terror-free index funds by the state and statewide retirement systems

Synopsis of Senate Amendments

1. Removes deadlines, relative to the investment in terror-free funds, by which the state and statewide retirement systems were required to work with investment managers to allocate a portion of the investment portfolio to a terror-free fund thereby creating an ongoing obligation to do so.

Digest of Bill as Finally Passed by Senate

Present law requires each state or statewide retirement system with an investment strategy including allocation to international markets to establish an international index fund that identifies and excludes from the fund companies having facilities or employees in a prohibited nation (terror-free index fund). As part of managing such fund, an investment manager shall replace any equity with facilities or employees in a prohibited nation (screened equities) with comparable equities or adjust the weighting of remaining equities held in a system's portfolio. Each such system shall allocate a portion of its international investments to such terror-free index fund.

Proposed law requires that such systems invest in an international fund or separately managed account which identifies and excludes equities in companies having facilities or employees located in a prohibited nation; removes requirement for the use of an index fund. Further gives the investment manager the option to either replace screened equities with comparable *terror-free* equities or adjust the weighting of remaining equities held in a system's portfolio and provides the additional option to sell the screened equities.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Amends R.S. 11:316)