

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 296

BY WAYS AND MEANS COMMITTEE

AN ACT

RELATING TO FOREIGN ADVERSARIES; PROVIDING LEGISLATIVE INTENT; AMENDING TITLE 57, IDAHO CODE, BY THE ADDITION OF A NEW CHAPTER 21, TITLE 57, IDAHO CODE, TO DEFINE TERMS, TO ESTABLISH PROVISIONS PROHIBITING INVESTMENTS IN FOREIGN ADVERSARIES, TO ESTABLISH PROVISIONS TO REQUIRE CERTAIN INVESTMENTS, TO ESTABLISH PROVISIONS REGARDING A STATE INVESTMENT AUDIT, AND TO PROVIDE FOR CERTAIN LIMITATIONS; PROVIDING SEVERABILITY; AND DECLARING AN EMERGENCY AND PROVIDING AN EFFECTIVE DATE.

Be It Enacted by the Legislature of the State of Idaho:

SECTION 1. LEGISLATIVE INTENT. The Foreign Adversary Divestment Act will ensure that the State of Idaho's public investment dollars are not put at risk in countries of concern and do not fund the development of the military technologies and surveillance tools of foreign adversaries that impede the furthering of the State of Idaho's interests and the interests of the United States of America, by requiring the divestment of public pension dollars and university endowment funds from countries of concern.

SECTION 2. That Title 57, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW CHAPTER, to be known and designated as Chapter 21, Title 57, Idaho Code, and to read as follows:

CHAPTER 21
THE FOREIGN ADVERSARY DIVESTMENT ACT

57-2101. DEFINITIONS. As used in this chapter:

(1) "Company" means any sole proprietorship, organization, association, corporation, partnership, joint venture, limited partnership, limited liability partnership, limited liability company, or other entity or business association, including wholly owned subsidiaries, majority-owned subsidiaries, parent companies, or affiliates of those entities or business associations, that exist for the purpose of making profit.

(2) "Divestment" means the sale or otherwise contractual end of any current or planned investments.

(3) "Domicile" means either the country in which a company is registered, where the company's affairs are primarily completed, or where the majority of ownership share is held.

(4) "Foreign adversary" means any foreign country, foreign government, or foreign government person engaged in a long-term pattern of serious instances of conduct significantly adverse to the national security of the United States or security and safety of United States persons as determined in 15 CFR 791.4. The list of foreign adversaries provided in 15 CFR 791.4, as it existed on January 1, 2025, includes the People's Republic of China, including the Hong Kong special administrative region, the Republic of Cuba,

1 the Islamic Republic of Iran, the Democratic People's Republic of Korea, the
2 Russian Federation, and the Venezuelan regime of Nicolás Maduro.

3 (5) "Governmental entity" means the state of Idaho, any state agency,
4 any political subdivision within the state of Idaho, any public institution
5 of higher education within the state of Idaho, any local government within
6 the state of Idaho, any taxing district within the state of Idaho, or any
7 agency or organization controlled by such entities.

8 (6) "Investment" means any transfer of funds in any active or passive
9 structure, whether direct or indirect, that seeks to generate revenue or ac-
10 complish any other gain, including any non-monetary gain.

11 (7) "Official government capacity" means any role in a government or
12 its subsidiaries, whether elected or appointed.

13 (8) "State-managed fund" means any short-term or long-term investment
14 structure that is managed, run, controlled, or otherwise overseen by any
15 governmental entity that such governmental entity has primary discretion
16 over or vested interest in. This definition shall apply to any fund that
17 is managed by a third-party entity, such as a fiduciary, but subject to the
18 purview or direction of a governmental entity and populated with any funds
19 from such governmental entity. This shall include but is not limited to:

20 (a) Public pension funds, public retirement funds, or other funds that
21 are sponsored, maintained, or contributed to or required to be con-
22 tributed to by any governmental entity;

23 (b) Investment funds, rainy day funds, savings accounts, or other in-
24 vestment structures of any governmental entity; and

25 (c) University or college endowments, trusts, or other investment
26 structures that constitute, wholly or in part, a public institution of
27 higher education's investable assets.

28 (9) "State-owned enterprise" means any company owned or controlled,
29 wholly or in part, by a government or by individuals acting in official gov-
30 ernment capacities in any form.

31 (10) "Total divestment" means reducing the value of investments that
32 are prohibited under the provisions of this chapter to no more than five-hun-
33 dredths percent (0.05%) of the market value of all assets under management by
34 a state-managed fund.

35 57-2102. INVESTMENTS IN FOREIGN ADVERSARIES PROHIBITED. (1) All
36 state-managed funds are prohibited from holding investments in any foreign
37 adversary, state-owned enterprise of a foreign adversary, company domiciled
38 within a foreign adversary, or company owned or controlled by a foreign ad-
39 versary, state-owned enterprise of a foreign adversary, company domiciled
40 within a foreign adversary, or any other entity within a foreign adversary.

41 (2) All state-managed funds are prohibited from investing or deposit-
42 ing public funds in any bank that is domiciled or has its principal place of
43 business in a foreign adversary.

44 57-2103. REQUIRED DIVESTMENT. All state-managed funds shall immedi-
45 ately in good faith begin divestment of any holdings prohibited by the provi-
46 sions of this chapter and shall complete total divestment of all such prohib-
47 ited holdings no later than June 30, 2026.

1 57-2104. STATE INVESTMENT AUDIT. No later than January 1, 2026, the
2 state treasurer investment advisory board shall investigate and identify
3 all companies that are state-owned enterprises of, are domiciled within,
4 the primary affairs of which are conducted within, or the majority owner-
5 ship shares of which is held within a foreign adversary and include those
6 companies in a list of restricted companies to be distributed to each
7 state-managed fund. To identify such companies, the state treasurer invest-
8 ment advisory board's investigation shall include but not be limited to the
9 following:

10 (1) Reviewing publicly available information regarding companies that
11 are state-owned enterprises of, are domiciled within, the primary affairs
12 of which are conducted within, or the majority ownership shares of which
13 are held within a foreign adversary, including information provided by non-
14 profit organizations, research firms, or governmental entities;

15 (2) Contacting asset managers and fund managers contracted by a state-
16 managed fund that invest in companies and in funds that are state-owned en-
17 terprises of, are domiciled within, the primary affairs of which are con-
18 ducted within, or the majority ownership shares of which are held within a
19 foreign adversary;

20 (3) Contacting other institutional investors that have divested from
21 or engaged with companies that are state-owned enterprises of, are domiciled
22 within, the primary affairs of which are conducted within, or the majority
23 ownership shares of which are held within a foreign adversary; and

24 (4) Retaining independent research firms to identify companies that
25 are directly or indirectly investment holdings of a state or local fund that
26 are state-owned enterprises of, are domiciled within, the primary affairs
27 of which are conducted within, or the majority ownership shares of which are
28 held within a foreign adversary.

29 57-2105. LIMITATIONS. Nothing in this chapter shall be construed to
30 limit, inhibit, conflict, impede, or otherwise interfere with required fi-
31 nancial safeguards, fiduciary requirements, or other sound investment cri-
32 teria that any state-managed fund is subject to that are unrelated to divest-
33 ment from foreign adversaries or required to comply with any applicable fed-
34 eral law.

35 SECTION 3. SEVERABILITY. The provisions of this act are hereby declared
36 to be severable and if any provision of this act or the application of such
37 provision to any person or circumstance is declared invalid for any reason,
38 such declaration shall not affect the validity of the remaining portions of
39 this act.

40 SECTION 4. An emergency existing therefor, which emergency is hereby
41 declared to exist, this act shall be in full force and effect on and after
42 July 1, 2025.