

IN THE SENATE

SENATE BILL NO. 1405

BY STATE AFFAIRS COMMITTEE

AN ACT

1 RELATING TO DISFAVORED STATE INVESTMENTS; AMENDING CHAPTER 23, TITLE 67,
2 IDAHO CODE, BY THE ADDITION OF A NEW SECTION 67-2345, IDAHO CODE, TO PRO-
3 VIDE FOR DISFAVORED STATE INVESTMENTS; AND DECLARING AN EMERGENCY AND
4 PROVIDING AN EFFECTIVE DATE.
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6 Be It Enacted by the Legislature of the State of Idaho:

7 SECTION 1. That Chapter 23, Title 67, Idaho Code, be, and the same is
8 hereby amended by the addition thereto of a NEW SECTION, to be known and des-
9 ignated as Section 67-2345, Idaho Code, and to read as follows:

10 67-2345. DISFAVORED STATE INVESTMENTS. (1) In addition to investment
11 standards in applicable law, public entities engaging in investment activi-
12 ties with an investment agent shall apply the Idaho uniform prudent investor
13 act, chapter 5, title 68, Idaho Code, when selecting investments. No pub-
14 lic entity engaged in investment activities shall consider environmental,
15 social, or governance characteristics in a manner that could override the
16 prudent investor rule. A public entity serving as a fiduciary to select in-
17 vestment options for investors may offer environmental, social, and gover-
18 nance preferred investment alternatives, but such investments shall not be
19 required and sufficient alternatives must be also offered.

20 (2) Public entities engaging in investment activities with an invest-
21 ment agent shall require notification to the public entity if the investment
22 agent adopts a policy or revises a policy related to disfavored investments
23 applicable to the public entity's investment.

24 (3) Proxies for all public entities belong to that entity. If voting of
25 proxies is delegated to the investment agent, they shall be exercised in the
26 best interests and for the exclusive benefit of the public entity or the ben-
27 efitaries of the investment. All voting proxies will be posted quarterly or
28 may be provided subject to a public records request as provided in chapter 1,
29 title 74, Idaho Code.

30 (4) As used in this section:

31 (a) "Disfavored investments" include but are not limited to invest-
32 ments or investment limitations identified as against the public policy
33 of the state of Idaho by statute, concurrent resolution, or executive
34 order.

35 (b) "Investment activities" means the placement of moneys with an in-
36 vestment agent to acquire an asset on behalf of the public entity with
37 the goal of generating income or appreciation.

38 (c) "Investment agent" means a third-party investment manager.

39 (d) "Public entity" means the state of Idaho or any political subdi-
40 vision thereof, including all boards, commissions, agencies, institu-
41 tions, authorities, and bodies politic and corporate of the state, cre-
42 ated by or in accordance with state law or regulations.

1 SECTION 2. An emergency existing therefor, which emergency is hereby
2 declared to exist, this act shall be in full force and effect on and after
3 July 1, 2022.