LEGISLATURE OF THE STATE OF IDAHO
Sixty-sixth Legislature Second Regular Session – 2022

IN THE SENATE

SENATE BILL NO. 1405

BY STATE AFFAIRS COMMITTEE

AN ACT
RELATING TO DISFAVORED STATE INVESTMENTS; AMENDING CHAPTER 23, TITLE 67, IDAHO CODE, BY THE ADDITION OF A NEW SECTION 67-2345, IDAHO CODE, TO PROVIDE FOR DISFAVORED STATE INVESTMENTS; AND DECLARING AN EMERGENCY AND PROVIDING AN EFFECTIVE DATE.

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

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

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

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

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

(4) As used in this section:
   (a) "Disfavored investments" include but are not limited to investments or investment limitations identified as against the public policy of the state of Idaho by statute, concurrent resolution, or executive order.
   (b) "Investment activities" means the placement of moneys with an investment agent to acquire an asset on behalf of the public entity with the goal of generating income or appreciation.
   (c) "Investment agent" means a third-party investment manager.
   (d) "Public entity" means the state of Idaho or any political subdivision thereof, including all boards, commissions, agencies, institutions, authorities, and bodies politic and corporate of the state, created by or in accordance with state law or regulations.
SECTION 2. An emergency existing therefor, which emergency is hereby declared to exist, this act shall be in full force and effect on and after July 1, 2022.