



Legislative Council Staff

Research Note

Version: Final

Date: 10/6/2016

Bill Number

House Bill 16-1284

Sponsors

*Representatives Nordberg &
Moreno
Senators Hill & Garcia*

Short Title

*Divest From Companies With
Prohibitions Against Israel*

Research Analyst

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Status

This research note reflects the final version of the bill, which became effective on August 10, 2016.

Summary

This bill requires that the Public Employees' Retirement Association (PERA) take steps to identify all companies that have economic prohibitions against Israel. A list of these companies, referred to as restricted companies, is to be compiled by January 1, 2017, and updated biannually thereafter. PERA is required to notify each restricted company of its status in writing and to remove companies that cease to have prohibitions.

If a company does not cease its prohibitions within 180 days of being contacted by PERA, PERA is required to sell, redeem, divest, or withdraw its assets of all publically traded securities in the restricted company within 12 months. An exception is created if divestments result in the value of all assets falling below 99.5 percent or 50 basis points of the assumed value of the portfolio with the inclusion of restricted companies. While a company is listed as restricted, PERA is prohibited from acquiring direct holdings in it.

Upon request, and at least annually, PERA is required to post information about divestments of restricted companies on its website.

Background

PERA was created in 1931 and provides retirement benefits to state employees. PERA

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currently has similar restrictions in place for foreign companies doing business in Iran and Sudan (House Bill 07-1184).

House Action

House Business Affairs and Labor Committee (February 23, 2016). At the hearing, representatives from Jewish Colorado, Jewish Community Relations Council, and one private citizen testified in support of the bill. Representatives from the Colorado Green Party, Jewish Voice for Peace, Friends of Sabeel, Coloradans for Justice in Palestine, and three private citizens testified in opposition to the bill. A representative from PERA responded to questions from the committee. The committee adopted amendment L.001 and referred the bill to the House Committee of the Whole. Amendment L.001 removed language from the legislative declaration related to an increase in anti-Israel activities.

House second reading (February 25, 2016). The House adopted the House Business Affairs and Labor Committee report and amendments No. 2 and No. 3, and passed the bill on second reading. Amendment No. 2 specified that any actions permitted under applicable federal anti-boycott laws shall not be considered economic prohibitions against Israel. Amendment No. 3 removed the legislative declaration from the bill.

House third reading (February 26, 2016). The House passed the bill, unamended, on third reading.

Senate Action

Senate Finance Committee (March 3, 2016). At the hearing, representatives from Jewish Colorado, the Jewish Community Relations Council, and one private citizen testified in support of the bill. Representatives from Jewish Voice for Peace, PERA, Coloradans for Justice in Palestine, Friends of Sabeel, ACLU of Colorado, and three private citizens testified in opposition to the bill. The committee adopted amendment L.013, which added language to the definition of "economic prohibitions against Israel," and referred the bill to the Senate Committee of the Whole.

Senate second reading (March 8, 2016). The Senate adopted the Finance Committee report and passed the bill on second reading.

Senate third reading (March 9, 2016). The Senate passed the bill, unamended, on third reading.

