



HOUSE REPUBLICAN STAFF ANALYSIS

Bill:	Senate File 418	House Committee:	PASSED 3/30/23 (22-0)
Committee:	Commerce	House Floor:	
Floor Manager:	Rep. Shannon Lundgren	Senate Floor:	PASSED 3/22/23 (49-1)
Date:	April 19, 2023	Governor:	
Staff:	Natalie Ginty (5-2063)		

China – Public Fund Investment

- This bill requires Iowa’s public funds to establish a list of prohibited companies that are owned or controlled by Chinese military or government services, and prohibits public investment in those prohibited companies.
- Similar restrictions currently exist in Iowa Code for Sudan, Iran, and companies that boycott Israel.

Section by Section Analysis

Section 1 (Iowa Code 12.8)

Conforming change

Sections 2 and 3 (Iowa Code 12F.3, 12H.3)

Changes quarterly to annual basis for updating the scrutinized companies list for Sudan-related and Iran-related investments.

Section 4 (Iowa Code 12K.1) – New Section – Definitions

Defines “company”, “direct holdings”, “indirect holdings”, “prohibited company”, and “public fund”.

“Prohibited company” is defined as a company that is owned or controlled by Chinese military or government services and has been designated by the United States government as a company that citizens of the United States are restricted or prohibited from entering into transactions with, limited to certain federal lists.

Section 5 (Iowa Code 12K.2) – New Section – Identification of Companies – Notice

Requires public funds to identify all prohibited companies in which the public fund has direct or indirect holdings by January 1, 2024. A prohibited companies list will be made public and updated on an annual basis.

Allows the public funds to contact asset managers and investors to identify prohibited companies. IPERS may do an RFP to complete this.

Once the public fund determines a company is on the list of prohibited companies list, the public fund “shall scrutinize and engage the company for a period of not more than 12 months.”

Section 6 (Iowa Code 12K.3) – New Section – Divestment

Prohibits public funds from acquiring any direct holdings in publicly traded securities of a prohibited company, and must remove all funds within 180 days of being included on the prohibited list.

Section 7 (Iowa Code 12K.4) – New Section – Reports

Public funds must make the list available by October 1, 2024, including what investments were withdrawn due to this bill.

Section 8 (Iowa Code 12K.5) – New Section – Legal Obligations

Exempts public funds from any conflicting statutory or common law obligations.

Section 9 (Iowa Code 12K.6) – New Section – Applicability

The requirements of this bill if they conflict with actions by Congress or the president.

Sections 10-14 (Iowa Code 97A.7, 97B.4, 262.14, 411.7, 602.9111)

Conforming changes