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## **S.F. No. 3928 – Divestment from certain investments relating to Russia requirement; contracts with Russian entities termination – as proposed to be amended by the A-1 amendment**

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**Section 1 [11A.245; Investment in Russia and Belarus]** requires the State Board of Investment (SBI) to divest holdings in certain securities, currency, and derivatives with specified connections to Russia or Belarus according to a specified schedule. The SBI is precluded from making new investments in scrutinized companies.

**Subdivision 1 [Definitions]** defines the following terms: active business operations; Belarus; company; direct holdings; inactive business operations; indirect holdings; Russia.

**Subdivision 2 [Divestment]** requires the SBI to divest its holdings in: (1) securities issued by a company with a principal place of business in Russia or Belarus or depository receipts representing ownership rights in such securities; (2) securities issued by Russia or Belarus; (3) securities issued by any governmental unit of Russia or Belarus; (4) the currency of Russia, Belarus, or a governmental unit of Russia or Belarus; or (5) derivatives or notes representing exposure to these assets. The director of the SBI must report quarterly to the board on the status of divestment actions taken.

**Subd. 3 [Schedule]** sets a schedule for the SBI to divest.

**Subd. 4 [Prohibition on new acquisitions]** precludes the SBI from acquiring new securities subject to the divestment requirement.

**Subd. 5 [Relation to federal action]** exempts from the divestment requirement assets that the federal government excludes from federal sanctions.

**Subd. 6 [Exemptions]** certain investments from the divestment requirement.

**Subd. 7 [Excluded securities]** excludes indirect holdings in actively managed investment funds from the divestment requirement. Requires the board to submit letters to managers of funds containing assets subject to the divestment requirement requesting the managers to consider removing those assets or to create a similar fund with indirect holdings that do not include those assets. If the manager creates a similar fund, the board must replace all applicable investments with investments in the similar fund, consistent with prudent investing standards.

**Subd. 8 [Reporting]** requires the board to report to the legislature regarding the list of prohibited investments, a list of divested investments, and a progress report.

**Subd. 9 [Expiration]** makes this section inoperative if the President of the United States certifies that state laws like this section interfere with the conduct of United States foreign policy.

**Subd. 10 [Other legal obligations]** exempts the board and its director and staff from legal obligations that conflict with actions taken to comply with this section.

**Subd. 11 [Severability]** provides that if any provisions in this section are held invalid, other sections should still be given effect.

This section is effective the day after enactment.

**Section 2 [16C.051; Contracts with Russia or Belarus]** requires state agencies to terminate, and not enter into, contracts with Russian or Belarussian entities.

**Subd. 1 [Definitions]** defines Belarussian entity and Russian entity.

**Subd. 2. [Terminating contracts with Russia or Belarus]** requires state agencies to terminate contracts with Russian and Belarussian entities as practicable and to refrain from entering new contracts with those entities unless there are no suitable alternatives.

**Subd. 3 [Severability]** provides that if any provisions in this section are held invalid, other sections should still be given effect.

This section is effective the day after enactment.