

Committee on Governmental Oversight and Accountability

CS/CS/SB 86 — Scrutinized Companies

by Appropriations Committee; Governmental Oversight and Accountability Committee; and Senators Negron, Gaetz, Braynon, Margolis, Soto, Abruzzo, Sobel, Flores, Sachs, Benacquisto, Hays, Gardiner, Altman, Bean, Bradley, Brandes, Bullard, Clemens, Dean, Detert, Diaz de la Portilla, Evers, Galvano, Garcia, Gibson, Grimsley, Hutson, Joyner, Latvala, Lee, Montford, Richter, Simmons, Simpson, Smith, Stargel, Thompson, and Hukill

The bill (Chapter 2016-36, L.O.F.) requires the State Board of Administration (SBA) to identify and assemble a list of all companies that boycott Israel. The bill requires the SBA to update and make publicly available on a quarterly basis a Scrutinized Companies that Boycott Israel List (List). The List must be distributed to the trustees of the SBA, the President of the Florida Senate and the Speaker of the Florida House of Representatives.

The SBA must provide written notice to the companies that may be placed on the List and give those companies an opportunity to respond prior to the company becoming subject to investment prohibition and placement on the List.

In terms of its investment responsibilities relating to the Florida Retirement System (FRS) pension plan, the SBA is not permitted to acquire securities, as direct holdings, of companies that appear on the List. The bill provides an exception for securities that are not subject to this prohibition. The bill requires the investment policy statement for the FRS pension plan to be updated to include the limitations set forth in this bill.

The bill limits governmental entities from contracting with scrutinized companies on the List. Specifically, the bill prohibits a state agency or local governmental entity from contracting for goods and services of \$1 million or more with a company that has been placed on the List. In addition, the bill requires certain governmental contracts to contain provisions allowing the awarding body to terminate the contract if a company is placed on the List. Additionally, the bill requires certification by a company that the company is not participating in a boycott of Israel upon submission of bid or renewal of existing contract. A case-by-case exception is provided to state agencies and local governmental entities for contracting with companies on the List under specified circumstances. These provisions take effect October 1, 2016.

The provisions were approved by the Governor and took effect on March 10, 2016, except as otherwise provided.

Vote: Senate 38-0; House 112-2