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LEGISLATIVE ACTION

Senate	.	House
Comm: RCS	.	
04/13/2023	.	
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The Committee on Appropriations (Hooper) recommended the following:

**Senate Amendment (with title amendment)**

Between lines 247 and 248

insert:

Section 5. Section 215.4725, Florida Statutes, is amended to read:

215.4725 Prohibited investments by the State Board of Administration; companies that boycott Israel.—

(1) DEFINITIONS.—As used in this section, the term:

(a) "Boycott Israel" or "boycott of Israel" means refusing



11 to deal, terminating business activities, or taking other  
12 actions to limit commercial relations with Israel, or persons or  
13 entities doing business in Israel or in Israeli-controlled  
14 territories, in a discriminatory manner. A statement by a  
15 company that it is participating in a boycott of Israel, or that  
16 it has initiated a boycott in response to a request for a  
17 boycott of Israel or in compliance with, or in furtherance of,  
18 calls for a boycott of Israel, may be considered by the State  
19 Board of Administration to be evidence that a company is  
20 participating in a boycott of Israel. The term includes taking  
21 adverse action, including changes to published commercial  
22 financial ratings, risk ratings, and controversy ratings based  
23 on non-pecuniary factors, to inflict economic harm on Israel or  
24 persons or entities doing business in Israel or in Israeli-  
25 controlled territories. ~~The term does not include restrictive~~  
26 ~~trade practices or boycotts fostered or imposed by foreign~~  
27 ~~countries against Israel.~~

28 (b) "Company" means a sole proprietorship, organization,  
29 association, corporation, partnership, joint venture, limited  
30 partnership, limited liability partnership, limited liability  
31 company, or other entity or business association, including all  
32 wholly owned subsidiaries, majority-owned subsidiaries, and  
33 parent companies, that exists for the purpose of making profit.

34 (c) "Direct holdings" in a company means all securities of  
35 that company that are held directly by the public fund or in an  
36 account or fund in which the public fund owns all shares or  
37 interests.

38 (d) "Indirect holdings" in a company means all securities  
39 of that company that are held in a commingled fund or other



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40 collective investment, such as a mutual fund, in which the  
41 public fund owns shares or interests, together with other  
42 investors not subject to this section or which are held in an  
43 index fund.

44 (e) "Public fund" means all funds, assets, trustee, and  
45 other designates under the State Board of Administration  
46 pursuant to part I of chapter 121.

47 (f) "Scrutinized companies" means companies that boycott  
48 Israel or engage in a boycott of Israel.

49 (2) IDENTIFICATION OF COMPANIES.—

50 (a) The public fund shall make its best efforts to identify  
51 all scrutinized companies in which the public fund has direct or  
52 indirect holdings or could possibly have such holdings in the  
53 future. Such efforts include:

54 1. To the extent that the public fund finds it appropriate,  
55 reviewing and relying on publicly available information  
56 regarding companies that boycott Israel, including information  
57 provided by nonprofit organizations, research firms,  
58 international organizations, and government entities;

59 2. Contacting asset managers contracted by the public fund  
60 for information regarding companies that boycott Israel; or

61 3. Contacting other institutional investors that prohibit  
62 such investments or that have engaged with companies that  
63 boycott Israel.

64 (b) By the first meeting of the public fund following the  
65 identification of scrutinized companies in accordance with  
66 paragraph (a), the public fund shall compile and make available  
67 the "Scrutinized Companies that Boycott Israel List."

68 (c) The public fund shall update and make publicly



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69 available quarterly the Scrutinized Companies that Boycott  
70 Israel List based on evolving information from, among other  
71 sources, those listed in paragraph (a).

72 (3) REQUIRED ACTIONS.—The public fund shall adhere to the  
73 following procedures for assembling companies on the Scrutinized  
74 Companies that Boycott Israel List.

75 (a) *Engagement.*—

76 1. The public fund shall immediately determine the  
77 companies on the Scrutinized Companies that Boycott Israel List  
78 in which the public fund owns direct or indirect holdings.

79 2. For each company newly identified under this paragraph,  
80 the public fund shall send a written notice informing the  
81 company of its scrutinized company status and that it may become  
82 subject to investment prohibition or divestment by the public  
83 fund. The notice must inform the company of the opportunity to  
84 clarify its activities regarding the boycott of Israel and  
85 encourage the company to cease the boycott of Israel within 90  
86 days in order to avoid qualifying for investment prohibition or  
87 divestment.

88 3. If, within 90 days after the public fund's first  
89 engagement with a company pursuant to this paragraph, the  
90 company ceases a boycott of Israel, the company shall be removed  
91 from the Scrutinized Companies that Boycott Israel List, and the  
92 provisions of this section shall cease to apply to that company  
93 unless that company resumes a boycott of Israel.

94 (b) *Divestment.*—

95 1. If, after 90 days following the public fund's first  
96 engagement with a company pursuant to paragraph (a), the company  
97 continues to boycott Israel, the public fund shall sell, redeem,



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98 divest, or withdraw all publicly traded securities of the  
99 company from the public fund within 12 months after the  
100 company's most recent appearance on the Scrutinized Companies  
101 that Boycott Israel List.

102 2. If a company that ceased a boycott of Israel following  
103 engagement pursuant to paragraph (a) resumes such activities,  
104 this paragraph immediately applies, and the board shall send a  
105 written notice to the company. The company shall also be  
106 immediately reintroduced onto the Scrutinized Companies that  
107 Boycott Israel List, as applicable.

108 (c) ~~(b)~~ Prohibition.—The public fund is prohibited from  
109 acquiring ~~may not acquire~~ securities of companies on the  
110 Scrutinized Companies that Boycott Israel List, except as  
111 provided in paragraph (c) and subsection (6).

112 (d) ~~(e)~~ Excluded securities.—Notwithstanding the provisions  
113 of this section, paragraph (b) does not apply to:

114 1. Indirect holdings. However, the public fund shall submit  
115 letters to the managers of such investment funds containing  
116 companies that boycott Israel requesting that they consider  
117 removing such companies from the fund or create a similar fund  
118 having indirect holdings devoid of such companies. If the  
119 manager creates a similar fund, the public fund shall replace  
120 all applicable investments with investments in the similar fund  
121 in an expedited timeframe consistent with prudent investing  
122 standards. For the purposes of this section, an alternative  
123 investment, as the term is defined in s. 215.4401, and  
124 securities that are not publicly traded are deemed to be  
125 indirect holdings.

126 2. Exchange-traded funds.



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127 (4) REPORTING.—

128 (a) The public fund shall file a report with each member of  
129 the Board of Trustees of the State Board of Administration, the  
130 President of the Senate, and the Speaker of the House of  
131 Representatives which includes the Scrutinized Companies that  
132 Boycott Israel List within 30 days after the list is created.  
133 This report shall be made available to the public.

134 (b) At each quarterly meeting of the Board of Trustees  
135 thereafter, the public fund shall file a report, which shall be  
136 made available to the public and to each member of the Board of  
137 Trustees of the State Board of Administration, the President of  
138 the Senate, and the Speaker of the House of Representatives,  
139 which includes:

140 1. A summary of correspondence with companies engaged by  
141 the public fund under subparagraph (3) (a)2.;

142 2. All prohibited investments under paragraph (3) (c) ~~(b)~~;

143 3. Any progress made under paragraph (3) (d) ~~(e)~~; and

144 4. A list of all publicly traded securities held directly  
145 by the public fund.

146 (5) INVESTMENT POLICY STATEMENT OBLIGATIONS.—The public  
147 fund's actions taken in compliance with this section, including  
148 all good faith determinations regarding companies as required by  
149 this act, shall be adopted and incorporated into the public  
150 fund's investment policy statement as provided in s. 215.475.

151 (6) INVESTMENT AND REINVESTMENT IN CERTAIN SCRUTINIZED  
152 COMPANIES.—Notwithstanding any other provision of this section,  
153 the public fund may invest in, cease divesting from, or reinvest  
154 in, certain scrutinized companies if clear and convincing  
155 evidence shows that the value of all assets under management by



156 the public fund becomes equal to or less than 99.50 percent, or  
157 50 basis points, of the hypothetical value of all assets under  
158 management by the public fund, assuming no investment  
159 prohibition or divestment for any company had occurred under  
160 paragraph (3) (b). Cessation of the investment prohibition,  
161 divestment, reinvestment, or~~and~~ any new investment in a  
162 scrutinized company is limited to the minimum steps necessary to  
163 avoid the contingency described in this subsection. For any  
164 cessation of the investment prohibition, divestment,  
165 reinvestment, or~~and~~ new investment authorized by this  
166 subsection, the public fund shall provide a written report to  
167 each member of the Board of Trustees of the State Board of  
168 Administration, the President of the Senate, and the Speaker of  
169 the House of Representatives in advance of the divestment,  
170 reinvestment, or new investment, updated semiannually thereafter  
171 as applicable, setting forth the reasons and justification,  
172 supported by clear and convincing evidence, for its decisions to  
173 cease the investment prohibition, divestment, or reinvestment in  
174 scrutinized companies.

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176  
177 ===== T I T L E A M E N D M E N T =====

178 And the title is amended as follows:

179 Delete line 38

180 and insert:

181 investments; amending s. 215.4725, F.S.; amending the  
182 definition of the terms "Boycott Israel" or "boycott  
183 of Israel"; requiring the public fund to notify  
184 companies it places on the Scrutinized Companies that



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185       Boycott Israel List that they may be subject to  
186       divestment; providing a timeframe for the public  
187       fund's divestment from companies that boycott Israel,  
188       and processes for the companies' reintroduction on the  
189       Scrutinized Companies that Boycott Israel List in  
190       certain circumstances; authorizing the public fund to  
191       cease its divestment from or reinvest in certain  
192       scrutinized companies if the value of all assets under  
193       management by the public fund becomes equal to or less  
194       than a specified amount, pursuant to specified  
195       procedures; reenacting ss. 112.661(5)(a),