



General Assembly

January Session, 2019

Committee Bill No. 6874

LCO No. 5044



Referred to Committee on GOVERNMENT ADMINISTRATION
AND ELECTIONS

Introduced by:
(GAE)

***AN ACT CONCERNING THE DIVESTMENT OF STATE FUNDS FROM
COMPANIES THAT HOLD PUERTO RICAN DEBT.***

Be it enacted by the Senate and House of Representatives in General
Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2019*): (a) For the purposes of
2 this section:

3 (1) "Company" means any corporation, utility, partnership, joint
4 venture, franchisor, franchisee, trust, entity investment vehicle,
5 financial institution or other entity or business association, including
6 all wholly-owned subsidiaries, majority-owned subsidiaries, parent
7 companies or affiliates of such entities or business associations, that
8 exist for the purpose of making profit;

9 (2) "Holding debt in Puerto Rico" means holding general obligation
10 bonds or other debt instruments issued by Puerto Rico;

11 (3) "Invest" means the commitment of funds or other assets to a
12 company, including, but not limited to, the ownership or control of a
13 share or interest in the company, and the ownership or control of a
14 bond or other debt instrument by the company; and

15 (4) "Puerto Rico" means the Commonwealth of Puerto Rico,
16 including its government, and any of its agencies, instrumentalities or
17 political subdivisions, but does not include the United States
18 government.

19 (b) The State Treasurer shall review the major investment holdings
20 of the state for the purpose of determining the extent to which state
21 funds are invested in companies holding debt in Puerto Rico.
22 Whenever feasible and consistent with the fiduciary duties of the
23 Treasurer, the Treasurer shall encourage companies in which state
24 funds are invested and that are holding debt in Puerto Rico, as
25 identified by the United States Department of Treasury, the United
26 States Government Accountability Office or the Treasurer, to act
27 responsibly and not take actions that promote or otherwise add to the
28 fiscal or humanitarian crisis in Puerto Rico.

29 (c) The State Treasurer may divest state funds, decide to not further
30 invest state funds or not enter into any future investment in any
31 company holding debt in Puerto Rico. In determining whether to
32 divest state funds in accordance with this subsection, the factors which
33 the Treasurer shall consider shall include, but not be limited to, the
34 extent of any humanitarian activities undertaken by such company in
35 Puerto Rico, the amount of debt in Puerto Rico held by such company
36 and any other factor that the Treasurer deems prudent. If the Treasurer
37 determines that divestment of state funds is warranted from a
38 company in which state funds are invested due to such company
39 holding debt in Puerto Rico, the Treasurer shall give notice to such
40 company that such funds shall be divested from such company for as
41 long as such company is holding debt in Puerto Rico.

42 (d) The State Treasurer shall, at least once each fiscal year, provide a
43 report to the Investment Advisory Council on actions taken by the
44 Treasurer pursuant to this section.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2019	New section

Statement of Purpose:

To authorize the State Treasurer to divest from any companies that hold the debt of the Commonwealth of Puerto Rico due to the ongoing fiscal and humanitarian crisis on the island.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]

Co-Sponsors: REP. ROSARIO, 128th Dist.

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