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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2013

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A N A C T

RELATING TO PUBLIC FINANCE

Introduced By: Representatives Ackerman, Blazejewski, Ferri, Silva, and Tanzi

Date Introduced: February 27, 2013

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 35 of the General Laws entitled "PUBLIC FINANCE" is hereby  
2 amended by adding thereto the following chapter:

3 CHAPTER 10.3

4 DIVESTITURE OF INVESTMENTS IN IRAN

5 **35-10.3-1. Legislative findings. --** It is hereby found by the general assembly as follows:

6 (1) The United States Department of State has determined that Iran supports acts of  
7 international terrorism; and

8 (2) A resolution of the United Nations Security Council imposes sanctions on Iran for its  
9 failure to suspend its uranium-enrichment activities; and

10 (3) The United Nations Security Council voted unanimously for an additional embargo  
11 on Iranian arms exports, which is a freeze on assets abroad of an expanded list of individuals and  
12 companies involved in Iran's nuclear and ballistic missile programs and further, calls for nations  
13 and institutions to bar new grants or loans to Iran except for humanitarian and developmental  
14 purposes; and

15 (4) All United States and foreign entities that have invested more than twenty million  
16 dollars (\$20,000,000.00) in Iran's energy sector since August 5, 1996, are subject to sanctions  
17 under United States law pursuant to the Iran and Libya Sanctions Act of 1996; and

18 (5) The United States renewed the Iran and Libya Sanctions Act of 1996 in 2001 and  
19 2006; and

1           (6) The United States Congress recently acted to pass the Comprehensive Iran Sanctions,  
2 Accountability, and Divestment Act of 2009, in light of diplomatic efforts to address Iran's illicit  
3 nuclear efforts, unconventional and ballistic missile development programs, and support for  
4 international terrorism are more likely to be effective if the President is empowered with explicit  
5 authority to impose additional sanctions on the government of Iran; the people of the United  
6 States have feelings of friendship for the people of Iran and regret that developments in recent  
7 decades have created impediments to that friendship; and additional funding should be provided  
8 to the Secretary of State to document and disseminate information about human rights abuses in  
9 Iran, including abuses that have taken place since the June 2009 presidential election in Iran.  
10 Furthermore, the proposal states that it is United States policy to support the decision of state  
11 governments to divest from, and to prohibit the investment of assets they control in entities with  
12 certain investments in Iran; and

13           (7) It is a fundamental responsibility of the state of Rhode Island to decide where, how,  
14 and by whom financial resources in its control should be invested, taking into account numerous  
15 pertinent factors; and

16           (8) It is the judgment of the Rhode Island general assembly that this act should remain in  
17 effect only insofar as it continues to be consistent with, and does not unduly interfere with, the  
18 foreign policy of the United States as determined by the federal government; and

19           (9) While the Rhode Island general assembly is sensitive to the welfare of the people of  
20 Iran, divestiture may improve the human condition, safety, and security of those currently living  
21 in Iran and surrounding states, and it is the responsibility of the state of Iran to provide human  
22 rights to its people; and,

23           (10) It is the judgment of this Rhode Island general assembly that mandatory divestment  
24 of public funds from certain companies is a measure that should be employed sparingly and  
25 judiciously, and with the hope that these peaceful sanctions will prevent the Iranian regime from  
26 obtaining nuclear weapons and continuing the spread of terror.

27           **35-10.3-2. Definitions.** -- As used in this act, the following definitions shall apply:

28           (1) "Active business operations" means all business operations that are not inactive  
29 business operations.

30           (2) "Business operations" means engaging in commerce in any form in Iran, including by  
31 acquiring, developing, maintaining, owning, selling, possessing, leasing, or operating equipment,  
32 facilities, personnel, products, services, personal property, real property, or any other apparatus of  
33 business or commerce.

34           (3) "Company" means any sole proprietorship, organization, association, corporation,

1 partnership, joint venture, limited partnership, limited liability partnership, limited liability  
2 company, or other entity or business association, including all wholly-owned subsidiaries,  
3 majority-owned subsidiaries, parent companies, or affiliates of such entities or business  
4 associations, that exist for profit-making purposes.

5 (4) "Direct holdings" in a company, means all securities of that company held directly by  
6 the public fund or in an account or fund in which the public fund owns all shares or interests.

7 (5) "Iran" means the government of Iran, and includes the territory of Iran and any other  
8 territory or marine area, including the exclusive economic zone and continental shelf, over which  
9 the government of Iran claims sovereignty, sovereign rights, or jurisdiction, provided that the  
10 government of Iran exercises partial or total control over the area or derives a benefit from  
11 economic activity in the area pursuant to international arrangements.

12 (6) "Inactive business operations" means the mere continued holding or renewal of rights  
13 to property previously operated for the purpose of generating revenues but not presently deployed  
14 for such purpose.

15 (7) "Indirect holdings" in a company means all securities of that company held in an  
16 account or fund, such as a mutual fund, managed by one or more persons not employed by the  
17 public fund, in which the public fund owns shares or interests together with other investors not  
18 subject to the provisions of this chapter.

19 (8) "Public fund" means Rhode Island state pension funds or the state investment  
20 commission in charge of the Rhode Island state pension funds.

21 (9) "Scrutinized company" means any company engaged in any and all active business  
22 operations that are subject or liable to sanctions under Public Law 104-172, as amended, the "Iran  
23 Sanctions Act of 1996", and that involve the maintenance of a company's existing assets or  
24 investments in Iran, or the deployment of new investments to Iran that meet or exceed the twenty  
25 million dollars (\$20,000,000) threshold referred to in Public Law 104-172, as amended, the "Iran  
26 Sanctions Act of 1996". These "scrutinized business operations" do not include the retail sale of  
27 gasoline and related products.

28 (10) "Substantial action" means adopting, publicizing, and implementing a formal plan to  
29 cease scrutinized business operations within one year and to refrain from any such new business  
30 operations; undertaking significant humanitarian efforts on behalf of one or more marginalized  
31 populations of Iran; or through engagement with the government of Iran.

32 **35-10.3-3. Identification of companies.** -- (a) Within ninety (90) days following the  
33 effective date of this chapter, the public fund shall make its best efforts to identify all scrutinized  
34 companies in which the public fund has direct or indirect holdings or could possibly have such

1 holdings in the future. Such efforts shall include, as appropriate:

2 (1) Reviewing and relying, as appropriate in the public fund's judgment, on publicly  
3 available information regarding companies with business operations in Iran, including  
4 information provided by non-profit organizations, research firms, international organizations, and  
5 government entities; and/or

6 (2) Contacting asset managers contracted by the public fund that invest in companies  
7 with business operations in Iran; and/or

8 (3) Contacting other institutional investors that have divested from and/or engaged with  
9 companies that have business operations in Iran.

10 (b) By the first meeting of the public fund following the ninety (90) day period described  
11 in subsection (a), the public fund shall assemble all scrutinized companies identified into a  
12 "scrutinized companies list."

13 (c) The public fund shall update the scrutinized companies list on a quarterly basis based  
14 on evolving information from, among other sources, those listed in subsection (a).

15 **35-10.3-4. Required actions. --** The public fund shall adhere to the following procedures  
16 for companies on the scrutinized companies list:

17 (1) Engagement:

18 (i) The public fund shall immediately determine the companies on the scrutinized  
19 companies list in which the public fund owns direct or indirect holdings.

20 (ii) For each company identified in subsection (1) (i) with only inactive business  
21 operations, the public fund shall send a written notice informing the company of this chapter and  
22 encouraging it to continue to refrain from initiating active business operations in Iran until it is  
23 able to avoid scrutinized business operations. The public fund shall continue such correspondence  
24 on a semi-annual basis.

25 (iii) For each company newly identified in subsection (1) (i) with active business  
26 operations, the public fund shall send a written notice informing the company of its scrutinized  
27 company status and that it may become subject to divestment by the public fund. The notice shall  
28 offer the company the opportunity to clarify its Iran-related activities and shall encourage the  
29 company, within ninety (90) days, to either cease its scrutinized business operations or convert  
30 such operations to inactive business operations in order to avoid qualifying for divestment by the  
31 public fund.

32 (iv) If, within ninety (90) days following the public fund's first engagement with a  
33 company pursuant to subsection (1)(iii), that company ceases scrutinized business operations, the  
34 company shall be removed from the scrutinized companies list and the provisions of this section

1 shall cease to apply to it unless it resumes scrutinized business operations. If, within ninety (90)  
2 days following the public fund's first engagement, the company converts its scrutinized active  
3 business operations to inactive business operations, the company shall be subject to all provisions  
4 relating thereto.

5 (2) Divestment:

6 (i) If, after ninety (90) days following the public fund's first engagement with a company  
7 pursuant to subsection (1)(iii) of this section, the company continues to have scrutinized active  
8 business operations, and only while such company continues to have scrutinized active business  
9 operations, the public fund shall sell, redeem, divest, or withdraw all publicly-traded securities of  
10 the company, except as provided below, according to the following schedule:

11 (A) At least fifty percent (50%) of such assets shall be removed from the public fund's  
12 assets under management by nine (9) months after the company's most recent appearance on the  
13 scrutinized companies list.

14 (B) One hundred percent (100%) of such assets shall be removed from the public fund's  
15 assets under management within fifteen (15) months after the company's most recent appearance  
16 on the scrutinized companies list.

17 (ii) If a company that ceased scrutinized active business operations following engagement  
18 pursuant to subsection (1)(iii) of this section resumes such operations, subsection (2) (i) shall  
19 immediately apply, and the public fund shall send a written notice to the company. The company  
20 shall also be immediately reintroduced onto the scrutinized companies list.

21 (3) Prohibition:

22 At no time shall the public fund acquire securities of companies on the scrutinized  
23 companies list that have active business operations, except as provided below.

24 (4) Exemption:

25 No company which the United States government affirmatively declares to be excluded  
26 from its present or any future federal sanctions regime relating to Iran shall be subject to  
27 divestment or investment prohibition pursuant to subsections (2) and (3), nor any company which  
28 is primarily engaged in supplying goods or services intended to relieve human suffering in Iran or  
29 that is primarily engaged in promoting health, education, or journalistic, religious, or welfare  
30 activities in Iran.

31 (5) Excluded Securities:

32 Notwithstanding anything herein to the contrary, subsections (2) and (3) shall not apply  
33 to indirect holdings in actively managed investment funds. The public fund shall, however,  
34 submit letters to the managers of such investment funds containing companies with scrutinized

1 active business operations requesting that they consider removing such companies from the fund  
2 or create a similar actively managed fund with indirect holdings devoid of such companies. If the  
3 manager creates a similar fund, the public fund shall replace all applicable investments with  
4 investments in the similar fund in an expedited timeframe consistent with prudent investing  
5 standards. For the purposes of this section, "private equity" funds shall be deemed to be actively  
6 managed investment funds.

7 **35-10.3-5. Required actions--Reporting.** -- (1) The public fund shall file a publicly  
8 available report to the Rhode Island general assembly and office of the attorney general that  
9 includes the scrutinized companies list within thirty (30) days after the list is created.

10 (2) Annually thereafter, the public fund shall file a publicly available report to the Rhode  
11 Island general assembly and the office of the attorney general and send a copy of that report to the  
12 United States Presidential Special Envoy to Iran (or an appropriate designee or successor) that  
13 includes:

14 (i) A summary of correspondence with companies engaged by the public fund under  
15 subsections 35-10.3-4(1)(ii) and 35-10.3-4(1)(iii);

16 (ii) All investments sold, redeemed, divested, or withdrawn in compliance with  
17 subsection 35-10.3-4(2);

18 (iii) All prohibited investments under subsection 35-10.3-4(3); and

19 (iv) Any progress made under subsection 35-10.3-4(5).

20 **35-10.3-6. Provisions for repeal of chapter.** -- This chapter shall be repealed upon  
21 affirmative action of the general assembly. Provided, that in determining whether to repeal this  
22 chapter, by way of suggestion and guidance only and without binding or in any way inhibiting the  
23 discretion of future sessions of the general assembly, it is submitted that the occurrence of any of  
24 the following should be construed and deemed to be a basis for repealing this chapter:

25 (1) Iran is removed from the United States Department of State's list of countries that  
26 have been determined to repeatedly provide support for acts of international terrorism; or

27 (2) The President of the United States determines and certifies that state legislation  
28 similar to this section interferes with the conduct of United States foreign policy.

29 **35-10.3-7. Other legal obligations.** -- With respect to actions taken in compliance with  
30 this chapter, including all good faith determinations regarding companies as required by this  
31 chapter, the public fund shall be exempt from any conflicting statutory or common law  
32 obligations, including any such obligations with respect to choice of asset managers, investment  
33 funds, or investments for the public fund's securities portfolios.

34 **35-10.3-8. Reinvestment in certain companies with scrutinized active business**

1 **operations.** -- (a) Notwithstanding anything herein to the contrary, the public fund shall be  
2 permitted to cease divesting from certain scrutinized companies pursuant to section 35-10.3-4  
3 and/or reinvest in certain scrutinized companies from which it divested pursuant to section 35-  
4 10.3-4 if clear and convincing evidence shows that the value for all assets under management by  
5 the public fund becomes equal to or less than ninety-nine and one-half percent (99.50%) or fifty  
6 (50) basis points of the hypothetical value of all assets under management by the public fund  
7 assuming no divestment for any company had occurred under subsection 35-10.3-4(2).

8 (b) Cessation of divestment, reinvestment, and/or any subsequent ongoing investment  
9 authorized by this section shall be strictly limited to the minimum steps necessary to avoid the  
10 contingency set forth in subsection (a). For any cessation of divestment, reinvestment, and/or  
11 subsequent ongoing investment authorized by this section, the public fund shall provide a written  
12 report to the Rhode Island general assembly and the office of the attorney general in advance of  
13 initial reinvestment, updated semi-annually thereafter as applicable, setting forth the reasons and  
14 justification, supported by clear and convincing evidence, for its decisions to cease divestment,  
15 reinvest, and/or remain invested in companies with scrutinized active business operations.

16 (c) This section has no application to reinvestment in companies on the ground that they  
17 have ceased to be a scrutinized company engaged in active business operations.

18 **35-10.3-9. Enforcement.** -- The attorney general is charged with enforcing the provisions  
19 of this chapter and, through any lawful designee, may bring such actions in court as are necessary  
20 to do so.

21 **35-10.3-10. Severability.** -- If any one or more provision, section, subsection, sentence,  
22 clause, phrase, or word of this chapter or the application thereof to any person or circumstance is  
23 found to be invalid, illegal, unenforceable or unconstitutional, the same is hereby declared to be  
24 severable and the balance of this chapter shall remain effective and functional notwithstanding  
25 such invalidity, illegality, unenforceability or unconstitutionality. The Rhode Island general  
26 assembly hereby declares that it would have passed this chapter, and each provision, section,  
27 subsection, sentence, clause, phrase or word thereof, irrespective of the fact that any one or more  
28 provision, section, subsection, sentence, clause, phrase, or word be declared invalid, illegal,  
29 unenforceable or unconstitutional, including, but not limited to, each of the engagement,  
30 divestment, and prohibition provisions of this chapter.

31 SECTION 2. Title 37 of the General Laws entitled "PUBLIC PROPERTY AND  
32 WORKS" is hereby amended by adding thereto the following chapter:

33 CHAPTER 2.5

34 PROHIBITION ON CONTRACTING WITH IRAN

1           **37-2.5-1. Legislative findings. -- It is hereby found by the general assembly as follows:**

2           (1) In imposing sanctions on Iran, the United States Congress and the President of the  
3 United States have determined that the illicit nuclear activities of Iran, combined with its  
4 development of unconventional weapons and ballistic missiles, and its support of international  
5 terrorism, represent a serious threat to the security of the United States and its allies around the  
6 world.

7           (2) The International Atomic Energy Agency has repeatedly called attention to Iran's  
8 unlawful nuclear activities, and as a result, the United Nations Security Council has adopted four  
9 (4) rounds of sanctions designed to compel the government of Iran to cease those activities and  
10 comply with its obligations under the Treaty on the Non-Proliferation of Nuclear Weapons,  
11 commonly known as the Nuclear Non-Proliferation Treaty.

12           (3) The human rights situation in Iran has steadily deteriorated since the fraudulent  
13 elections of 2009, as evidenced by the brutal repression, torture, murder and arbitrary detention of  
14 peaceful protestors, dissidents and minorities.

15           (4) On July 1, 2010, President Obama signed into law the Comprehensive Iran Sanctions,  
16 Accountability, and Divestment Act of 2010, which expressly authorizes state and local  
17 governments to prevent investment in, including prohibiting entry into or renewing contracts  
18 with, companies operating in Iran and includes provisions that preclude companies that do  
19 business in Iran from contracting with the United States government.

20           (5) It is the intention of the general assembly to implement this authority granted under  
21 Section 202 of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010.

22           (6) There are moral and reputational reasons for state and local governments to not  
23 engage in business with foreign companies that have business activities benefiting foreign states,  
24 such as Iran, that pursue illegal nuclear programs, support acts of terrorism and commit violations  
25 of human rights.

26           (7) Short-term economic profits cannot be a justification to circumvent even in spirit  
27 those international sanctions designed to thwart Iran from developing nuclear weapons.

28           (8) The concerns of this general assembly regarding Iran are strictly the result of the  
29 actions of the government of Iran and should not be construed as enmity toward the Iranian  
30 people.

31           **37-2.5-2. Definitions. --** (a) As used in this act, the following definitions shall apply:

32           (1) "Energy sector" of Iran means activities to develop, invest in, explore , refine,  
33 transfer, purchase or sell petroleum, gasoline, or other refined petroleum products, or natural gas,  
34 liquefied natural gas resources or nuclear power in Iran.



1 (2) "Financial institution" means the term as used in Section 14 of the Iran Sanctions Act  
2 of 1996, Section 14 of Pub.L.104-172 (50 U.S.C. 1701 note), as amended.

3 (3) "Iran" means the government of Iran, and includes the territory of Iran and any other  
4 territory or marine area, including the exclusive economic zone and continental shelf, over which  
5 the government of Iran claims sovereignty, sovereign rights, or jurisdiction, provided that the  
6 government of Iran exercises partial or total control over the area or derives a benefit from  
7 economic activity in the area pursuant to international arrangements.

8 (4) "Person or entity" means any of the following:

9 (i) A natural person, corporation, company, limited partnership, limited liability  
10 partnership, limited liability company, business association, sole proprietorship, joint venture,  
11 partnership, society, trust, or any other nongovernmental entity, organization, or group;

12 (ii) Any governmental entity or instrumentality of a government, including a multilateral  
13 development institution, as defined in Section 1701(c)(3) of the International Financial  
14 Institutions Act, 22 U.S.C. 262r(c)(3), as amended; or

15 (iii) Any parent, successor, subunit, direct or indirect subsidiary, or any entity under  
16 common ownership or control with, any entity described in paragraph (1) or (2).

17 (5) "State" means the state of Rhode Island and any of its departments or agencies and  
18 public agencies, including, but not limited to, any commission, council, board, bureau,  
19 committee, institution, or other governmental entity of the executive or judicial branch of this  
20 state and the general assembly and any office, board, bureau or commission within or created by  
21 the legislative branch.

22 (6) "Treasurer" means the general treasurer or the department of treasury.

23 (b) For the purposes of this act, a person engages in investment activities in Iran, if:

24 (1) the person provides goods or services of twenty million dollars (\$20,000,000) or more  
25 in the energy sector of Iran, including a person that provides oil or liquefied natural gas tankers,  
26 or products used to construct or maintain pipelines used to transport oil or liquefied natural gas,  
27 for the energy sector of Iran; or

28 (2) the person is a financial institution that extends twenty million dollars (\$20,000,000)  
29 or more in credit to another person, for forty five (45) days or more, if that person will use the  
30 credit to provide goods or services in the energy sector in Iran and is identified on a list created  
31 pursuant to subsection 37-2.5-3(b) as a person engaging in investment activities in Iran as  
32 described in 37-2.5-3(a).

33 (c) The treasurer shall adopt regulations that reduce the amounts provided for in this  
34 subsection if the treasurer determines that such change is permitted or required under Section 202

1 of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010, as amended.

2 **37-2.5-3. Certain persons, entities prohibited from bidding on certain public**  
3 **contracts, maintenance of list. --** (a) A person or entity that, at the time of bid or proposal for a  
4 new contract or renewal of an existing contract, is identified on a list created pursuant to  
5 subsection (b) as a person or entity engaging in investment activities in Iran as described in  
6 section 37-2.5-2(b), shall be ineligible to, and shall not, bid on, submit a proposal for, or enter  
7 into or renew, a contract with the state for goods or services.

8 (b) Within ninety (90) days of the effective date of this act, the treasurer shall, using  
9 credible information available to the public, develop a list of persons or entities it determines  
10 engage in investment activities in Iran as described in section 37-2.5-2(b).

11 (c) The treasurer shall update the list every one hundred and eighty (180) days.

12 (d) Before finalizing an initial list pursuant to subsection (b) or an updated list pursuant to  
13 subsection (c) of this section, the treasurer shall do the following before a person or entity is  
14 included on the list:

15 (1) Provide ninety (90) days written notice of its intent to include the person or entity on  
16 the list. The notice shall inform the person or entity that inclusion on the list would make the  
17 person or entity ineligible to bid on, submit a proposal for, or enter into or renew, a contract for  
18 goods or services with the state; and

19 (2) Provide a person or entity with an opportunity to comment in writing that it is not  
20 engaged in investment activities in Iran. If the person or entity demonstrates to the treasurer that  
21 the person or entity is not engaged in investment activities in Iran as described in section 37-2.5-  
22 2(b), the person or entity shall not be included on the list, unless the person or entity is otherwise  
23 ineligible to bid on a contract as described in section 37-2.5-5(a)(3).

24 (3) The treasurer shall make every effort to avoid erroneously including a person or entity  
25 on the list.

26 **37-2.5-4. Certification required. --** (a) The state shall require a person or entity that  
27 submits a bid or proposal or otherwise proposes to enter into or renew a contract to certify, at the  
28 time the bid is submitted or the contract is renewed, that the person or entity is not identified on a  
29 list created pursuant to section 37-2.5-3(b) as a person or entity engaging in investment activities  
30 in Iran described in section 37-2.5-2(b).

31 (b) The certification required shall be executed on behalf of the applicable person or  
32 entity, by an authorized officer or representative of the person or entity.

33 (c) In the event that a person or entity is unable to make the certification required because  
34 it or one of its parents, subsidiaries, or affiliates, as defined in 37-2.5-2(a)(4), has engaged in one

1 or more of the activities specified in section 37-2.5-2(b), the person or entity shall provide to the  
2 state, prior to the deadline for delivery of such certification, a detailed and precise description of  
3 such activities, such description to be provided under penalty of perjury.

4 (d) The certifications provided under subsection (a) of this section and disclosures  
5 provided under subsection (c) of this section shall be disclosed to the public.

6 **37-2.5-5. False certification; Penalties.** -- (a) If the treasurer determines, using credible  
7 information available to the public and after providing ninety (90) days written notice and an  
8 opportunity to comment in writing for the person or entity to demonstrate that it is not engaged in  
9 investment activities in Iran, that the person or entity has submitted a false certification pursuant  
10 to section 37-2.5-4, and the person or entity fails to demonstrate to the treasurer that the person or  
11 entity has ceased its engagement in the investment activities in Iran within ninety (90) days after  
12 the determination of a false certification, the following shall apply:

13 (1) Pursuant to an action under subsection (b) of this section, a civil penalty in an amount  
14 that is equal to the greater of one million dollars (\$1,000,000) or twice the amount of the contract  
15 for which the false certification was made;

16 (2) Termination of an existing contract with the state as deemed appropriate by the state;  
17 and

18 (3) Ineligibility to bid on a contract for a period of three (3) years from the date of the  
19 determination that the person or entity submitted the false certification.

20 (b) The treasurer shall report to the attorney general the name of the person or entity that  
21 the state determines has submitted a false certification under section 37-2.5-4, together with its  
22 information as to the false certification, and the attorney general shall determine whether to bring  
23 a civil action against the person or entity to collect the penalty described in subsection (a)(1).  
24 Only one civil action against the person or entity to collect the penalty described in subsection  
25 (a)(1) may be brought for a false certification on a contract. A civil action to collect such penalty  
26 shall commence within three (3) years from the date the certification is made.

27 **37-2.5-6. Written notice to Attorney General.** -- The governor shall submit to the  
28 attorney general of the United States a written notice describing this act within thirty (30) days  
29 after its effective date.

30 SECTION 3. Section 1 of this act shall take effect upon passage. Section 2 of the act shall  
31 take effect upon passage, but shall apply to contracts awarded or renewed commencing thirty (30)  
32 days after the effective date of this act.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF  
A N A C T  
RELATING TO PUBLIC FINANCE

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1           This act would require that Rhode Island's financial resource be divested from companies  
2 doing business in Iran, and would establish a procedure for such divestment. Further, this act  
3 would set forth the procedure to be followed by the state of Rhode Island should such divestment  
4 not take place.

5           The act also prohibits the state from providing public contracts with persons or entities  
6 that are engaged in certain investment activities in the energy and financial sectors of Iran.

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