

2018 -- H 8140

LC005499

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2018

A N A C T

RELATING TO PUBLIC FINANCE - DIVESTITURE OF INVESTMENTS IN
MANUFACTURERS OF FIREARMS

Introduced By: Representatives Regunberg, Donovan, Ranglin-Vassell, Tanzi, and
Handy

Date Introduced: April 27, 2018

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 10.4

4 DIVESTITURE OF INVESTMENTS IN MANUFACTURERS OF FIREARMS

5 **35-10.4-1. Definitions.**

6 As used in this chapter, the following definitions shall apply:

7 (1) "Assault weapon" means any semi-automatic firearm capable of being fired with a
8 detachable magazine and which contains any one of the following features: a pistol grip; a fore
9 grip; a flash suppressor or muzzle brake; a bayonet or bayonet lug; or a folding or sliding stock.

10 (2) "Assault weapon ammunition" means ammunition manufactured to United States
11 military specifications and shall include, but not be limited to, 5.56 NATO full metal jacket
12 ammunition.

13 (3) "High-volume ammunition magazine" means any firearm magazine capable of
14 holding in excess of fifteen (15) rounds of ammunition.

15 (2) "Manufacturer" means any company that processes raw materials or parts into assault
16 weapons, high-volume ammunition magazines or assault weapon ammunition.

17 (3) "Public fund" means the Rhode Island state pension funds or the state investment
18 commission in charge of the Rhode Island state pension funds.

1 **35-10.4-2. Identification of companies.**

2 (a) Within ninety (90) days following the effective date of this chapter, the public fund
3 shall make its best efforts to identify all manufacturers of assault weapons, high-volume
4 ammunition magazines and assault weapon ammunition in which the public fund has direct or
5 indirect holdings or could possibly have such holdings in the future.

6 (b) By the first meeting of the public fund following the ninety (90) day period described
7 in subsection (a) of this section, the public fund shall assemble all manufacturers of assault
8 weapons, high-volume ammunition magazines and assault weapon ammunition identified into a
9 manufacturers of assault weapons, magazines and ammunition list.

10 (c) The public fund shall update the list on an annual basis.

11 **35-10.4-3. Required action - Divestment.**

12 (a) Divestment of public funds. After the public fund's compilation of the list, the public
13 fund shall sell, redeem, divest, or withdraw all publicly-traded securities of the manufacturer,
14 except as provided below, according to the following schedule:

15 (1) At least fifty percent (50%) of such assets shall be removed from the public fund's
16 assets under management within six (6) months after the manufacturer's most recent appearance
17 on the list.

18 (2) One hundred percent (100%) of such assets shall be removed from the public fund's
19 assets under management within twelve (12) months after the manufacturer's most recent
20 appearance on the list.

21 (b) Excluded securities.

22 Notwithstanding anything herein to the contrary, subsection (a) of this section shall not
23 apply to indirect holdings in actively managed investment funds. The public fund shall, however,
24 submit letters to the managers of such investment funds containing manufacturers of firearms
25 requesting that they consider removing such manufacturers from the fund or create a similar
26 actively managed fund with indirect holdings devoid of such manufacturers. If the manager
27 creates a similar fund, the public fund shall replace all applicable investments with investments in
28 the similar fund in an expedited timeframe consistent with prudent investing standards. For the
29 purposes of this section, "private equity" funds shall be deemed to be actively managed
30 investment funds.

31 **35-10.4-4. Required actions - Reporting.**

32 The public fund shall file a publicly available report to the Rhode Island general
33 assembly and office of the attorney general that includes the manufacturer's list within thirty (30)
34 days after the list is created.

1 **35-10.4-5. Other legal obligations.**

2 With respect to actions taken in compliance with this chapter, including all good faith
3 determinations regarding manufacturers as required by this chapter, the public fund shall be
4 exempt from any conflicting statutory or common law obligations, including any such obligations
5 with respect to choice of asset managers, investment funds, or investments for the public fund's
6 securities portfolios.

7 **35-10.4-6. Enforcement.**

8 The attorney general is charged with enforcing the provisions of this chapter and, through
9 any lawful designee, may bring such actions in court as are necessary to do so.

10 **35-10.4-7. Severability.**

11 If any one or more provision, section, subsection, sentence, clause, phrase, or word of this
12 chapter or the application thereof to any person or circumstance is found to be invalid, illegal,
13 unenforceable or unconstitutional, the same is hereby declared to be severable and the balance of
14 this chapter shall remain effective and functional notwithstanding such invalidity, illegality,
15 unenforceability or unconstitutionality. The general assembly hereby declares that it would have
16 passed this chapter, and each provision, section, subsection, sentence, clause, phrase or word
17 thereof, irrespective of the fact that any one or more provision, section, subsection, sentence,
18 clause, phrase, or word be declared invalid, illegal, unenforceable or unconstitutional, including,
19 but not limited to, each of the engagement, divestment, and prohibition provisions of this chapter.

20 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
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1 This act would prohibit the investing of assets of any pension or annuity fund managed
2 by the state investment commission in companies that manufacture assault weapons, high
3 capacity magazine and assault weapon ammunition. The act would also require divestiture of any
4 existing investments that are held in violation of that prohibition.

5 This act would take effect upon passage.

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