

HB504 INTRODUCED



1 HB504
2 EJP512C-1
3 By Representative Stadthagen
4 RFD: Fiscal Responsibility
5 First Read: 01-Apr-25



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SYNOPSIS:

Under existing law, the Board of Control of the Retirement Systems of Alabama is authorized to act as trustee of several funds and is granted full power to invest and reinvest funds.

This bill would enforce the prohibition placed on investment activities by certain Presidential Executive Orders addressing an identified national emergency regarding the threat from securities investments that finance Communist Chinese military companies.

This bill would prohibit the purchase or sale of any publicly traded securities to or from certain entities affiliated with Communist Chinese military companies or any publicly traded securities that are derivative of such securities or are designed to provide investment exposure to such securities.

The bills would also provide for certain definitions.

A BILL
TO BE ENTITLED
AN ACT



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29 Relating to public investments; to add Section
30 16-25-20.1, to the Code of Alabama 1975, to prohibit the Board
31 of Control of the Teachers' Retirement System of Alabama from
32 making certain investments; and to add Section 36-27-25.1 to
33 the Code of Alabama 1975, to prohibit the Board of Control for
34 the Employees' Retirement System of Alabama from making
35 certain investments.

36 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

37 Section 1. Sections 16-25-20.1 and 36-27-25.1 are added
38 to the Code of Alabama 1975, to read as follows:

39 §16-25-20.1

40 (a) As used in this section, the following terms have
41 the following meanings:

42 (1) INVESTMENT ACTIVITIES. The act of investing or the
43 lending of assets of the Teachers' Retirement System of
44 Alabama.

45 (2) RESTRICTED ENTITY. All of the following:

46 a. A Chinese Entity that is:

47 1. Designated by Presidential Executive Order 13959,
48 relating to addressing the threat from securities investments
49 that finance Communist Chinese military companies;

50 2. Designated by Presidential Executive Order 14105 (88
51 Fed. Reg. 54867), relating to addressing United States
52 investments in certain national security technologies and
53 products in countries of concern; and

54 3. Included in the List of Specially Designated
55 Nationals and Blocked Persons maintained by the U.S.
56 Department of the Treasury, Office of Foreign Assets Control.



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57 b. A Chinese Entity that is:

58 1. Included on the Non-SDN Chinese Military-Industrial
59 Complex Companies List (NS-CMIC List) maintained by the U.S.
60 Department of the Treasury, Office of Foreign Assets Control
61 under Executive Order 14032;

62 2. A Chinese military company or a military-civil
63 fusion contributor and included on the list maintained by the
64 Department of Defense in accordance with Section 1260H(b) of
65 the National Defense Authorization Act for Fiscal Year 2021;

66 3. Included on the list required under Section 1237 of
67 the National Defense Authorization Act for Fiscal Year 1999;

68 4. Included on the Entity List in 15 C.F.R. Supplement
69 No. 4 to Part 744 of the federal government's Export
70 Administration Regulations;

71 5. Included on the Denied Persons List described in 15
72 C.F.R. § 764.3(a)(2) of the federal government's Export
73 Administration Regulations;

74 6. Included on the Unverified List set forth in 15
75 C.F.R. Supplement No.6 to Part 744 of the Export
76 Administration Regulations;

77 7. Included on the Military End User List set forth in
78 15 C.F.R. Supplement No.7 to Part 744 of the Export
79 Administration Regulations;

80 8. Produces or provides communications equipment or
81 service on the list published by the Federal Communications
82 Commission under 47 U.S.C. § 1601(a) of the Secure and Trusted
83 Communications Networks Act of 2019;

84 9. Included on the Uyghur Forced Labor Prevention Act



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85 Entity List maintained by the Department of Homeland Security;

86 10. Included on the Withhold Release Orders and
87 Findings List maintained by the Commissioner of U.S. Customs
88 and Border Protection pursuant to the Uyghur Forced Labor
89 Prevention Act 88 Fed. Reg. 85899;

90 11. Included on the list of covered issuers, as defined
91 in Section 104 of the Sarbanes Oxley Act of 2002 15 U.S.C. §
92 7214, maintained by the Securities and Exchange Commission;
93 and

94 12. Otherwise included on any other list maintained by
95 the United States Government that designates a Chinese entity
96 for a restriction relating to investment, contracting, or
97 procurement.

98 c. A Chinese entity otherwise subject to the control of
99 a Chinese entity listed in paragraph a. or b.

100 d. Any agency or instrumentality of the People's
101 Republic of China.

102 (b) The State Auditor or his or her designee, no later
103 than January 1, 2026, shall create a list of restricted
104 entities and shall update the list each six months. The
105 retirement system shall not engage in investment activities
106 with a listed restricted entity.

107 (c) Upon publication of the restricted entity list, the
108 Board of Control of the retirement system shall identify any
109 holdings of the retirement system in such a restricted entity
110 and, acting as a prudent investor, shall expeditiously divest
111 from any holdings or other investment activity in that entity.

112 §36-27-25.1



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113 (a) As used in this section, the following terms have
114 the following meanings:

115 (1) INVESTMENT ACTIVITIES. The act of investing or the
116 lending of assets of the retirement system.

117 (2) RESTRICTED ENTITY. All of the following:

118 a. A Chinese Entity that is:

119 1. Designated by Presidential Executive Order 13959,
120 relating to addressing the threat from securities investments
121 that finance Communist Chinese military companies;

122 2. Designated by Presidential Executive Order 14105 (88
123 Fed. Reg. 54867), relating to addressing United States
124 investments in certain national security technologies and
125 products in countries of concern; and

126 3. Included in the List of Specially Designated
127 Nationals and Blocked Persons maintained by the U.S.
128 Department of the Treasury, Office of Foreign Assets Control.

129 b. A Chinese Entity that is:

130 1. Included on the Non-SDN Chinese Military-Industrial
131 Complex Companies List (NS-CMIC List) maintained by the U.S.
132 Department of the Treasury, Office of Foreign Assets Control
133 under Executive Order 14032;

134 2. A Chinese military company or a military-civil
135 fusion contributor and included on the list maintained by the
136 Department of Defense in accordance with Section 1260H(b) of
137 the National Defense Authorization Act for Fiscal Year 2021;

138 3. Included on the list required under Section 1237 of
139 the National Defense Authorization Act for Fiscal Year 1999;

140 4. Included on the Entity List in 15 C.F.R. Supplement



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141 No. 4 to Part 744 of the federal government's Export
142 Administration Regulations;

143 5. Included on the Denied Persons List described in 15
144 C.F.R. § 764.3(a)(2) of the federal government's Export
145 Administration Regulations;

146 6. Included on the Unverified List set forth in 15
147 C.F.R. Supplement No.6 to Part 744 of the Export
148 Administration Regulations;

149 7. Included on the Military End User List set forth in
150 15 C.F.R. Supplement No.7 to Part 744 of the Export
151 Administration Regulations;

152 8. Produces or provides communications equipment or
153 service on the list published by the Federal Communications
154 Commission under 47 U.S.C. § 1601(a) of the Secure and Trusted
155 Communications Networks Act of 2019;

156 9. Included on the Uyghur Forced Labor Prevention Act
157 Entity List maintained by the Department of Homeland Security;

158 10. Included on the Withhold Release Orders and
159 Findings List maintained by the Commissioner of U.S. Customs
160 and Border Protection pursuant to the Uyghur Forced Labor
161 Prevention Act 88 Fed. Reg. 855899;

162 11. Included on the list of covered issuers, as defined
163 in Section 104 of the Sarbanes Oxley Act of 2002, 15 U.S.C. §
164 7214, maintained by the Securities and Exchange Commission;
165 and

166 12. Otherwise included on any other list maintained by
167 the United States Government that designates a Chinese entity
168 for a restriction relating to investment, contracting, or



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169 procurement.

170 c. A Chinese entity otherwise subject to the control of
171 a Chinese entity listed in paragraph b.

172 d. Any agency or instrumentality of the People's
173 Republic of China.

174 (b) The State Auditor or his or her designee, no later
175 than January 1, 2026, shall create a list of restricted
176 entities and shall update the list each six months. The
177 retirement system shall not engage in investment activities
178 with a listed restricted entity.

179 (c) Upon publication of the restricted entity list, the
180 Board of Control of the retirement system shall identify any
181 holdings of the retirement system in such a restricted entity
182 and, acting as a prudent investor, shall expeditiously divest
183 from any holdings or other investment activity in that entity.

184 Section 2. This act shall become effective on October
185 1, 2025.