CHAPTER 2024-187
House Bill No. 7071

An act relating to foreign investments by the State Board of Administration; amending s. 215.47, F.S.; conforming a provision to changes made by the act; creating s. 215.4735, F.S.; defining terms; prohibiting the State Board of Administration from acquiring certain holdings on behalf of a specified entity; requiring the board to initiate a review of its direct holdings to make a specified determination by a date certain; requiring the board to develop a certain divestment plan for such holdings by a date certain; requiring the board to divest from such holdings according to the required plan by a date certain; providing for an extension under specified conditions; requiring that certain actions be adopted and incorporated into a specified statement; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Subsection (10) of section 215.47, Florida Statutes, is amended to read:

215.47 Investments; authorized securities; loan of securities.—Subject to the limitations and conditions of the State Constitution or of the trust agreement relating to a trust fund, moneys available for investments under ss. 215.44-215.53 may be invested as follows:

(10)(a) As used in this subsection, the term "pecuniary factor" means a factor that the State Board of Administration prudently determines is expected to have a material effect on the risk or returns of an investment based on appropriate investment horizons consistent with applicable investment objectives and funding policy. The term does not include the consideration of the furtherance of any social, political, or ideological interests.

(b) Notwithstanding any other law except for ss. 215.471, 215.4725, and 215.473, and 215.4735, when deciding whether to invest and when investing the assets of any fund, the State Board of Administration must make decisions based solely on pecuniary factors and may not subordinate the interests of the participants and beneficiaries of the fund to other objectives, including sacrificing investment return or undertaking additional investment risk to promote any nonpecuniary factor. The weight given to any pecuniary factor must appropriately reflect a prudent assessment of its impact on risk or returns.

(c) Investments made by the State Board of Administration shall be designed to maximize the financial return to the fund consistent with the risks incumbent in each investment and shall be designed to preserve an appropriate diversification of the portfolio. The board shall discharge its duties with respect to a plan solely in the interest of its participants and

CODING: Words stricken are deletions; words underlined are additions.
beneficiaries. The board in performing the above investment duties shall comply with the fiduciary standards set forth in the Employee Retirement Income Security Act of 1974 at 29 U.S.C. s. 1104(a)(1)(A) through (C). Except as provided in paragraph (b), in case of conflict with other provisions of law authorizing investments, the investment and fiduciary standards set forth in this paragraph prevail.

Section 2. Section 215.4735, Florida Statutes, is created to read:

215.4735 Prohibited foreign investments.—

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

(a) “Board” means the State Board of Administration.

(b) “China” means the government of the People’s Republic of China, the Chinese Communist Party, the Chinese military, or any instrumentality thereof, or any combination thereof.

(c) “Chinese company” means a company that is publicly known to be majority-owned by China.

(d) “Company” means a sole proprietorship, an organization, an association, a corporation, a partnership, a joint venture, a limited partnership, a limited liability partnership, a limited liability company, or any other entity or business association, including all wholly owned subsidiaries, majority-owned subsidiaries, and parent companies, or an affiliate of such entity or business association which exists for the purpose of making a profit.

(e) “Direct holdings” in a company means all securities of that company which are held directly by the Florida Retirement System Trust Fund or in an account or fund in which the Florida Retirement System Trust Fund owns all shares or interests. The term does not include indirect holdings in actively managed investment funds, including a private equity fund, or holdings in exchange-traded funds.

(f) “Florida Retirement System Trust Fund” means all assets of the Florida Retirement System held by the board in its capacity as a fiduciary pursuant to part I of chapter 121.

(g) “Indirect holdings” in a company means all securities of that company which are held in a commingled fund or other collective investment, such as a mutual fund, in which the Florida Retirement System Trust Fund owns shares or interests, together with other investors not subject to this section.

(h) “Majority-owned” means to have ownership of 50.1 percent or more of the outstanding equity interests of a company.

(2)(a) The board may not acquire, on behalf of the Florida Retirement System Trust Fund, direct holdings in a Chinese company.
(b) The board must:

1. Initiate, no later than June 1, 2024, a review of all current direct holdings to determine which direct holdings, if any, include securities of a Chinese company.

2. Develop, no later than September 1, 2024, a divestment plan for all direct holdings in Chinese companies. The divestment plan must be developed and implemented consistent with the fiduciary standards set forth in s. 215.47(10).

3. Complete divestment from direct holdings in Chinese companies included in the divestment plan developed pursuant to subparagraph 2, no later than September 1, 2025, or at such later time if necessary for the board to implement the divestment plan consistent with the fiduciary standards set forth in s. 215.47(10).

(3) The board’s actions taken in compliance with this section, including all good faith determinations regarding companies as required by this section, must be adopted and incorporated into the investment policy statement as provided in s. 215.475.

Section 3. This act shall take effect upon becoming a law.

Approved by the Governor May 15, 2024.

Filed in Office Secretary of State May 15, 2024.