

By: Campbell

S.B. No. 620

A BILL TO BE ENTITLED

AN ACT

1  
2 relating to prohibiting the investment of state funds in certain  
3 companies doing business with significant foreign narcotics  
4 traffickers.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

6 SECTION 1. Section 2270.0001, Government Code, is amended  
7 by adding Subdivision (3-a) and amending Subdivision (9) to read as  
8 follows:

9 (3-a) "Designated significant foreign narcotics  
10 trafficker" means a person listed by the comptroller under Section  
11 2270.0163.

12 (9) "Scrutinized company" means:

13 (A) a company that:

14 (i) engages in scrutinized business  
15 operations described by Section 2270.0052; or

16 (ii) has been complicit in the Darfur  
17 genocide during any preceding 20-month period;

18 (B) a company that engages in scrutinized  
19 business operations described by Section 2270.0102; ~~and~~

20 (C) a company that engages in scrutinized  
21 business operations described by Section 2270.0152; and

22 (D) a company that engages in scrutinized  
23 business operations described by Section 2270.0162.

24 SECTION 2. Section 2270.0002, Government Code, is amended

1 to read as follows:

2           Sec. 2270.0002. EXCEPTION. Notwithstanding any other law,  
3 a company that the United States government affirmatively declares  
4 to be excluded from its federal sanctions regime relating to Sudan,  
5 its federal sanctions regime relating to Iran, ~~[or]~~ any federal  
6 sanctions regime relating to a designated foreign terrorist  
7 organization, or any federal sanctions regime relating to a  
8 significant foreign narcotics trafficker is not subject to  
9 divestment or investment prohibition under this chapter.

10           SECTION 3. Chapter 2270, Government Code, is amended by  
11 adding Subchapter D-1 to read as follows:

12           SUBCHAPTER D-1. GENERAL PROVISIONS RELATING TO INVESTMENTS IN  
13           CERTAIN SIGNIFICANT FOREIGN NARCOTICS TRAFFICKERS

14           Sec. 2270.0161. BUSINESS OPERATIONS DEFINED. In this  
15 subchapter, "business operations" has the meaning assigned by  
16 Section 2270.0151.

17           Sec. 2270.0162. SCRUTINIZED BUSINESS OPERATIONS WITH  
18 DESIGNATED SIGNIFICANT FOREIGN NARCOTICS TRAFFICKER. A company  
19 engages in scrutinized business operations with a designated  
20 significant foreign narcotics trafficker if the company has  
21 business operations that involve:

22           (1) a contract with or providing supplies or services  
23 to a designated significant foreign narcotics trafficker;

24           (2) a company in which a designated significant  
25 foreign narcotics trafficker has any direct or indirect equity  
26 share;

27           (3) a consortium or project commissioned by a

1 designated significant foreign narcotics trafficker; or

2 (4) a company involved in a consortium or project  
3 commissioned by a designated significant foreign narcotics  
4 trafficker.

5 Sec. 2270.0163. LIST OF DESIGNATED SIGNIFICANT FOREIGN  
6 NARCOTICS TRAFFICKERS. (a) The comptroller shall prepare and  
7 maintain a list of designated significant foreign narcotics  
8 traffickers that is made up of significant foreign narcotics  
9 traffickers and other related persons designated by the president  
10 of the United States or the United States secretary of the treasury  
11 under 21 U.S.C. Sections 1903-1904.

12 (b) The comptroller shall maintain the list by updating the  
13 list as necessary to reflect changes in the persons designated as  
14 significant foreign narcotics traffickers and other related  
15 persons as described by Subsection (a).

16 (c) Not later than the 30th day after the date the  
17 comptroller first prepares or updates the list of designated  
18 significant foreign narcotics traffickers as required by this  
19 section, the comptroller shall:

20 (1) file the list with the presiding officer of each  
21 house of the legislature and the attorney general; and

22 (2) post the list on the comptroller's Internet  
23 website.

24 SECTION 4. Sections 2270.0201(a) and (b), Government Code,  
25 are amended to read as follows:

26 (a) The comptroller shall prepare and maintain a list of all  
27 scrutinized companies. The list must be categorized according to:

- 1           (1) companies that are scrutinized companies under  
2 Section 2270.0001(9)(A);  
3           (2) companies that are scrutinized companies under  
4 Section 2270.0001(9)(B); ~~and~~  
5           (3) companies that are scrutinized companies under  
6 Section 2270.0001(9)(C); and  
7           (4) companies that are scrutinized companies under  
8 Section 2270.0001(9)(D).

9           (b) In maintaining the list of scrutinized companies under  
10 Subsection (a), the comptroller may review and rely, as appropriate  
11 in the comptroller's judgment, on publicly available information  
12 regarding companies with business operations in Sudan, in Iran,  
13 ~~or~~ with designated foreign terrorist organizations, or with  
14 designated significant foreign narcotics traffickers, as  
15 applicable, including information provided by the state, nonprofit  
16 organizations, research firms, international organizations, and  
17 governmental entities.

18           SECTION 5. Section 2270.0203, Government Code, is amended  
19 to read as follows:

20           Sec. 2270.0203. NOTICE TO LISTED COMPANY ENGAGED IN  
21 INACTIVE BUSINESS OPERATIONS. For each listed company identified  
22 under Section 2270.0202 that is engaged in only inactive  
23 scrutinized business operations, the investing entity shall send a  
24 written notice informing the company of this chapter and  
25 encouraging the company to continue to refrain from initiating  
26 active business operations in Sudan, in Iran, ~~and~~ with designated  
27 foreign terrorist organizations, and with designated significant

1 foreign narcotics traffickers until it is able to avoid being  
2 considered a listed company. The investing entity shall continue  
3 the correspondence as the entity considers necessary, but is not  
4 required to initiate correspondence more often than semiannually.

5 SECTION 6. Section [2270.0204](#)(b), Government Code, is  
6 amended to read as follows:

7 (b) The notice shall offer the company the opportunity to  
8 clarify its Sudan-related, Iran-related, [~~or~~] designated foreign  
9 terrorist organization-related, or designated significant foreign  
10 narcotics trafficker-related activities, as applicable, and shall  
11 encourage the company, not later than the 90th day after the date  
12 the company receives notice under this section, to either cease all  
13 scrutinized business operations as described by Sections  
14 [2270.0052](#), [2270.0102](#), [~~and~~] [2270.0152](#), and [2270.0162](#), or convert  
15 such operations to inactive business operations in order to avoid  
16 qualifying for divestment by investing entities.

17 SECTION 7. Not later than December 1, 2023, the comptroller  
18 of public accounts shall prepare the initial list of designated  
19 significant foreign narcotics traffickers as required by Section  
20 [2270.0163](#), Government Code, as added by this Act.

21 SECTION 8. Not later than January 1, 2024, the comptroller  
22 shall:

23 (1) prepare an updated list of scrutinized companies  
24 required by Section [2270.0201](#), Government Code, as amended by this  
25 Act, that includes companies that are scrutinized companies  
26 described by Section [2270.0001](#)(9)(D), Government Code, as added by  
27 this Act;

1           (2) provide the list to each investing entity, as  
2 defined by Section [2270.0001](#)(7), Government Code; and

3           (3) post the list on the comptroller's Internet  
4 website.

5           SECTION 9. This Act takes effect September 1, 2023.